

The Roots of Executive Power:

Explaining Gubernatorial Success and Failure in the Legislative Arena*

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February 2007

Abstract: In this paper we develop a model of executive-legislative bargaining that is based up the divide-the-dollar game of Rubinstein (1982) and Osborne and Rubinstein (1990). Our approach differs significantly from the more traditionally utilized setter or spatial models. We treat budget bargaining as a “staring match” in which the importance of proposal power and status quo policy is swamped by the political and personal costs of a delayed budget. Our model predicts that the governor’s ability to win the staring match depends upon a legislature’s institutional capacities and constraints, specifically its level of professionalization. To test this expectation we construct an original dataset of annual gubernatorial budget proposals and corresponding legislative enactments over a fifteen-year period. Our empirical analysis generates strong support for our model. We find striking evidence of gubernatorial strength in budgetary negotiations as well as strong support for our hypothesis that governors are most successful when negotiating with a citizen legislature.

* Prepared for presentation at the 2007 Annual State Politics and Policy Conference (Austin, Texas).

I. Introduction

How influential are governors when they bargain with the legislature over the size of the state budget? What institutional features and strategic contexts help to determine their levels of success? In any system of separated powers, understanding bargaining between the executive and legislative branches holds the key to predicting policy outcomes and uncovering the determinants of political power.

Efforts aimed at assessing the budgetary influence of chief executives have traditionally relied upon spatial models of policymaking. In these models, the outcome of inter-branch bargaining is a function of the various players' preferences, the order of interactions, and the location of status quo policy (Romer and Rosenthal 1978). Typically, the legislature is treated as a monopoly proposer, submitting "take it or leave it" offers to the executive who possess an absolute veto. The executive is then forced to choose between the appropriations figures contained in the bill and the reversionary or status quo point. The reversionary point is assumed to be last year's spending and, in the absence of executive-legislative agreement on a new budget, is maintained through the use of continuing resolutions.

In spatial models, the legislature's proposal power combined with its ability to credibly threaten to keep expenditures at the status quo level gives the legislature substantially greater influence over budgetary outcomes than the executive. Kiewiet and McCubbins (1988), for instance, demonstrate this to be the case at the national-level. Using a spatial model of presidential-congressional bargaining they demonstrate that when the President prefers smaller expenditures than Congress, the circumstance most favorable to the President, he exerts only a limited influence over budgetary outcomes. When the President prefers a higher level of expenditures, they show that he has no

influence at all. These insights are supported in both Kiewiet and McCubbins' formal and empirical analysis as well as a subsequent empirical investigation by McCarty and Poole (1995).

At the state level, setter models also imply executive weakness. In their influential analysis of state budgeting under divided government, Alt and Lowry (2000) amend the spatial model developed by Kiewiet and McCubbins to account for the balanced budget requirements that exist in most states. In their model, the legislature and governor must reach agreement on fiscal balance (whether there is a surplus, deficit, or balanced budget) in addition to fiscal scale. They also add an assumption that fiscal imbalance will result in significant electoral losses for the governor's co-partisans in the legislature.¹

Alt and Lowry's model, like that of Kiewiet and McCubbins, points out the limits on executive power. In the face of inter-branch disagreement over the size of the budget, the legislature, using its monopoly proposal power, can threaten the governor with fiscal imbalance by passing a continuing resolution rather than a new budget. Since deficits or surpluses put the governor's co-partisans in the legislature at risk, she will concede to the legislature its desired fiscal scale in return for passing a balanced budget. According to Alt and Lowry's model, this result holds regardless of whether the governor wants to increase or decrease the size of the budget.

While spatial models and their progeny have unquestionably provided important insights into executive-legislative bargaining, we believe that these models are not the most appropriate simplification for budgeting at the state-level. Their portrayal of

¹ This assumption is driven by Lowry, Alt and Ferree's (1998) empirical finding that voters punish the governor's party *in the legislature* when the state's budget is not balanced.

gubernatorial weakness contradicts much of the existing scholarship in the state politics literature. Case studies (Bernick and Wiggins 1991; Gross 1991; Murphy 1992), surveys of political insiders (Abney and Lauth 1987; Francis 1989; Carey et al. 2003), and other qualitative works (Rosenthal 1990, 1998, 2004; Beyle 2004) all point to the extraordinary power of governors, many even referring to the governor as the “chief legislator.” According to these analyses, governors can, and often do, dominate the legislature when it comes to the eternal question of how much to tax and spend.

Additionally, the conclusion that chief executives are weak is driven largely by the assumption that the reversion point in the absence of a budget agreement is the status quo, preserved through a continuing resolution. Continuing resolutions, while frequent in federal budgeting (Fenno 1966; Meyers 1997; Patashnik 1999), are not common or important considerations in state budget negotiations. Only nine states permit some form of continuing resolutions (Grooters and Eckl, 1998), and even these are labeled as “minibudgets” (Connecticut), “interim budgets” (New York) or “stop gap funding” (Pennsylvania). None can become permanent and the players in budget negotiations do not hope or fear that they will avoid crafting a new budget.

We argue that a late budget, with all of the political and private costs that it entails, is the relevant reversion that drives inter-branch negotiations. In 23 states, a delayed budget triggers an automatic shutdown of the government (Grooters and Eckl, 1998). In all states, it generates unfavorable press and usually a special legislative session. This evens the field on which the budget bargaining game is played. Neither branch likes a delayed budget agreement or a government shutdown, so both sides face incentives to deal. The impact of the legislature’s proposal power erodes when it cannot

fall back on an acceptable status quo. This should make governors more powerful in the budgetary process than spatial models contend and suggests that an alternative should be sought for describing state budget making.

In this paper we offer and test an alternative simplification. Our theory is based on formal models devised by Rubinstein (1982, 1985) and Osborne and Rubinstein (1990) and treats the outcomes of inter-branch bargaining as a function of the institutional capacities and constraints of the legislature. We view budget bargaining as a “staring match” in which the importance of proposal power or status quo policies is swamped by the political and personal costs of a delayed budget. Because they face shared costs of delay, both the governor and legislature have an incentive to reach an agreement quickly. Negotiations are carried out informally, behind closed doors, rather than in a sequence of sending bills to the governor’s desk. In the staring match dynamic that this creates, the identity of the “winner” depends on relative levels of patience or endurance. Governors can prevail in this game if they are willing to endure a longer period of budget negotiations than the legislative branch.

In our model, governors are viewed as patient bargainers, but legislative patience is treated as a function of professionalization. The governorship, in all states, is a full-time and well-paid job, meaning that governors can afford to engage in long and protracted negotiations over the budget. State legislatures, on the other hand, vary widely in session length and the financial remuneration members receive for their service. It is not uncommon for the legislative branch to meet in short annual or biennial sessions and provide their members with only a small salary or per-diem. Legislators in these less professionalized chambers usually hold second jobs to which they must return soon after

the legislative session. These individuals pay high opportunity costs if the governor vetoes their budget and calls them in to a special session. This makes them less patient, relative to the governor and their counterparts in more professionalized legislatures, giving the governor a bargaining advantage. Our starting match model predicts that the governor will be more successful when bargaining with “citizen” as opposed to highly professionalized legislatures, and, since relatively few state legislatures are highly professionalized, it suggests that governors will be quite powerful in the budgetary arena.

While we are clearly not the first to argue that full-time high-paying legislatures exert a greater influence over budgetary matters than their part-time counterparts, our treatment of professionalization differs significantly from much of the existing literature. Traditionally, it is argued that professionalized legislatures are more powerful because they possess an increased intelligence capacity (Rosenthal 1990). These legislatures usually have a large staff dedicated exclusively towards fiscal policy, revenue-estimating capability that is independent of the executive branch, and a sizeable contingent of experienced legislators. These features are believed to reduce the governor’s traditional informational advantages and enhance legislative independence and assertiveness (National Conference of State Legislatures 2005). While professionalization may indeed have the effects, we argue that its real advantage is that it increases the willingness of legislators to endure extended and conflictual inter-branch negotiations over the size of the budget.

To test the predictions generated by our simplification of the budgeting process, we estimate an econometric model of the outcomes of inter-branch bargaining over the size of the state budget. Our estimations utilize an original dataset of annual

gubernatorial budget proposals and the corresponding legislative enactments. This dataset was culled from various issues of the *Fiscal Survey of States* and includes data for all states over a sixteen-year period – fiscal years 1988 through 2004.

Our analysis reveals striking evidence of gubernatorial strength in budgetary negotiations. Across all types of states and legislatures our econometric estimations show that the chief executive’s proposed budget has a positive and statistically significant effect on the budget that is ultimately passed and signed into law. Most importantly, however, we find that gubernatorial influence is indeed inversely related to legislative professionalization. Among states with citizen legislatures there is nearly a one-to-one relationship between the size of the gubernatorial proposal and the size of the enacted budget. In states with professional legislative bodies, however, the magnitude of gubernatorial falls by about half. These results are consistent with the expectations of our starring match model and provide systematic empirical evidence that this simplification of budget may be more appropriate for the state context than the more traditionally utilized setter or spatial models.

The remainder of the paper is organized as follows. In the proceeding section, we present in greater detail our starring match model of state budget bargaining. We discuss the logic of the game, its assumptions, and its predictions. Next, we estimate an econometric model of the outcomes of executive-legislative bargaining and interpret the results. Following this discussion, we explore the implications of analysis for the study of state politics. In an addendum, we present an initial exploration of the success that governors have in passing the agendas that they set forth in their “State of the State” addresses, in order to test an extension of our theory.

II. Gubernatorial Influence on State Budgeting

A Staring-Match Model of the Appropriations Process

In analyzing the outcomes of gubernatorial-legislative bargaining over the size of the budget, we apply the divide-the-dollar framework of Rubenstein (1982, 1985) and Osborne and Rubenstein (1990). Our application of the model treats bargaining between a governor and state legislature as a staring match, in which blinking means signing or passing the proposal of one's opponent. The "winner" of this game is largely determined by the relative patience levels of the players, which we argue are a function of their institutional characteristics.

The game we use here, like its spatial counterparts, is highly stylized and abstract, lacking much of the detailed discussion of the appropriations process that is contained in many descriptive analyses of state budgeting (c.f., National Association of State Budget Officers 2002; Garand 2003; Rosenthal 2004). This abstraction, however, is useful for conveying the logic of our argument in a simple and direct manner. Furthermore, many of the assumptions made in the game, as well as its basic intuition, conform nicely to budget bargaining at the state level and are consistent with observations made by qualitative studies and in interviews with legislative staff.

We begin by setting forth the substantive assumptions employed in the divide-the-dollar game and applying them to the state context. The first, and the one that may be most difficult to defend, is that each branch behaves as if it were a single unified actor. While governors may be the top elected executive officials, they must contend with agencies that demand higher budgets and with cabinet officials who have independent policy agendas. Still, governors possess the institutional weapons – such as departments

of finance to rein in the budget requests of high-demand agencies – as well as the personal authority – embodied in the ability to remove uncooperative agency heads – necessary to maintain control. These powers allow governors to enter negotiations in clear command of their branch.

Even though many legislators may, and often do, participate in bargaining, their several voices communicate a single set of acceptable offers. First, the demands of individual members are often funneled through their party leaders. These leaders use their formal powers (the majority party’s ability to control the flow of legislation toward committees and on the floor) and informal privileges (both majority and minority leaders’ higher profile in the press) to speak for their caucuses. When they negotiate with the governor, these leaders do not have to agree in order to communicate the legislature’s aggregate preferences. As long as they exercise sufficient discipline over their caucuses, what each has to say can convey information about the types of bargains that the legislature is willing to accept.²

The second assumption is that the players divide a dollar. The players, in our case the governor and legislature, each elected by different constituencies, bargain over various ways to divide a mythical dollar. This assumption says nothing about the absolute size of the dispute between the two players. When both the legislature and the governor’s office are controlled by one political party, their disagreements may be fewer

² This mechanism of aggregating individual legislators’ preferences will be faulty if shifting coalitions of legislators lead to paradoxical preferences for the legislature as a whole. Arrow (1951) famously showed that a democratic body could cycle between many outcomes, leaving the body with aggregate preferences that violate the assumption of transitivity – if Proposal A is preferred to B by the house and B is preferred to C, then A must be preferred to C – that underlies this application of Rubinstein’s model. The work of Shepsle (1979) and Shepsle and Weingast (1987), however, has shown that the internal structure of legislatures can induce stable and transitive preferences. The strong role that party leaders play in negotiating major issues with the governor also discourages the fracturing of coalitions.

than under divided government.³ But whenever there is a dispute, the prize that the two branches fight over can be captured by this figurative dollar. The dollar can be thought of as a one-dimensional policy issue, with a larger share representing more control over the direction of the budget.

The third assumption is that the players make alternating offers. The game begins when one of the players proposes a division of the dollar. The opponent may choose to end the game by accepting and taking the immediate payoff that it offers, or to prolong the contest by rejecting the division, making a counteroffer, and thus initiating another round of bargaining. Rounds of alternating offers will continue until one player accepts the other's proposal. The most natural application of this model features the legislature as the first mover,⁴ drafting a bill that the governor can either sign or veto. We assume that the governor does not have the ability to veto any line items of the final budget or bill, just the overall proposal.⁵

The final assumption is that delays in reaching an agreement over the division of the dollar are costly. When they fail to adopt a state budget quickly and on time the governor and legislature's public images are harmed. In many states, a late budget also

³ Unified government does not guarantee gubernatorial-legislative agreement over the budget. In Massachusetts, for instance, Democratic governor Michael Dukakis consistently had his budget rewritten by the states legislature, which was overwhelmingly controlled by his own party (Rosenthal 1990; Beyle 2004).

⁴ I will adopt that structure here for the sake of clarity. In state politics, though, governors often initiate policies or budget agreements, and bargaining can take place through private communications rather than public actions like vetoes. In any empirical application of this model, the specific context of a bargaining situation should be examined before determining who makes the first move.

⁵ While governors in 44 states possess the line item veto, it is not clear that the presence of this rule merits a separate theoretical treatment of the bargaining process. Quite often in budget negotiations, the legislature's acceptance that certain lines will be vetoed is part of the bargaining agreement. When line item vetoes do come as a surprise, the legislature possesses tools of retaliation, such as the capacity to override the vetoes or to hold off on other gubernatorial requests. Rather than granting a governor the power to make permanent unilateral decisions, the line item veto serves to delay the final resolution of one small area in a legislative-executive conflict. This can be efficient for both players, since it allows them to resolve a major issue like a budget but still fight over individual items while facing a smaller cost of delay.

results in a government shutdown. Because of this, each player is willing give up some of the dollar to reach an agreement early. A player's level of patience is conventionally represented by the Greek symbol δ . For every round that a bargain is delayed, the satisfaction or "utility" that a player receives from her portion of the dollar is that portion multiplied by δ . This means that when a player's patience is set at $\delta = 0.8$, she will be indifferent between receiving 40 cents in one round and getting 50 cents in the next (because 50 cents deflated by 0.8 gives her 40 cents of satisfaction).

The appendix summarizes these assumptions and more formally outlines the structure of the game. Briefly, play begins with the legislature, P_L , proposing some division of the dollar (X_L, X_G). X_L can fall anywhere in the interval $[0, 1]$ and the players may divide the dollar finely as the like. Rounds of play are numbered as $T = \{0, 1, 2, \dots\}$. A player's level of patience, δ , can be thought of as a discount factor. Under the assumption that this discount factor remains constant from round to round, the present value at the beginning of the game to P_L of an agreement in round t is given by $X_L \delta^t$.

Once the legislature has made an initial offer the governor, P_G , may choose to end the game by accepting and taking the immediate payoff that it offers, or prolong the contest by rejecting the division. If she rejects it, play moves into the second round, where P_G makes a counteroffer of some other division (Y_L, Y_G) and P_L chooses to take it or begin another round of negotiations. A rejected offer becomes void, and does not bind the next proposal to fall within any range. There is no limit on how long the process can continue. Since $X_L + X_G = 1$, an agreement in round t can be completely characterized by (X_L, t) . Rounds of alternating offers will continue until one player accepts the other's proposal. Since both the governor and legislature lose some of their utility in each

subsequent round, they have good reason to strike a bargain quickly. Failure to reach any agreement is, of course, the worst possible outcome for both players, giving each zero utility.

These features, combined with three more technical assumptions about players' preferences,⁶ characterize Rubinstein's basic bargaining game. The proof of this proposition is presented in the appendix.

Proposition 1. In a game satisfying all of these assumptions, and where both players face the same discount factor δ , there exists a unique subgame perfect equilibrium.⁷ P_L will always propose the division (X_L^*, X_G^*) detailed below, and accept an offer only if it is better than or equal to Y_L^* . Whenever it is her turn to make an offer, P_G will propose (Y_L^*, Y_G^*) and always accept an offer that matches or beats X_G^* . In equilibrium, P_L proposes (X_L^*, X_G^*) in round $t=0$, and P_G accepts.

$$(X_L^*, X_G^*) = \left(\frac{1}{1+\delta}, \frac{\delta}{1+\delta} \right) \quad (Y_L^*, Y_G^*) = \left(\frac{\delta}{1+\delta}, \frac{1}{1+\delta} \right)$$

The game's solution always has three characteristics. First, the governor immediately accepts the legislature's initial offer, to avoid the costs of delay that would be brought by another round of bargaining. Second, this offer is fairly equitable, because

⁶ Osborne and Rubinstein (1990) also assume: a. "stationarity," that the rate of deflation does not increase with time and depends only on the number of rounds for which an agreement is delayed, b. "continuity," that a player's preference orderings are continuous, and c. that the losses to delay are increasing with the portion of the dollar that a player receives (Osborne and Rubinstein, 1990, Assumptions A4-A6, pp. 33-35).

⁷ The solution to this game depends on the equilibrium concept that is employed. The most general concept is the Nash equilibrium, which specifies that each player is pursuing a best response, holding the opponent's strategy constant. The Nash prediction is very vague in this case, allowing any division of the dollar to be reached during the initial round in equilibrium. The problem with this solution concept is that it allows players to make threats that are not credible. For instance, if P_G plays a strategy of accepting only offers where $X_G = 1$ (threatening to veto any bill that does not give her exactly what she wants), it is in equilibrium for P_L to make an initial offer of zero for himself. The two strategies, which must be filled in with plans about how to respond to other situations, are best responses to each other. But notice that if the legislature proposes more for himself in round $t = 0$, taking the game off its equilibrium path, the governor may have an incentive to accept the deal in order to avoid delay. To analyze such situations, Selten's (1975) notion of a subgame perfect equilibrium requires that best responses are played at every point in the game that begins a subgame (see Morrow 1994). Subgame perfection generally refines the set of acceptable equilibrium strategies, and in this case generates a unique prediction.

the legislature's impatience motivates him to give the governor a share of the dollar that she will not have to reject. Third, the legislature reaps a reward for being the "first mover," although this advantage becomes less and less important as the sides grow more patient. If a payoff in the next round is worth only half of this round's outcome (if $\delta=0.5$), the legislature will be able to force the governor to accept just a third of the dollar while he keeps two thirds for himself. Predictions change radically when the costs of delay are low. When a bargain reached in the second round of play gives both players 90% of the satisfaction they would have received had they reached the same bargain in the first round (when $\delta=0.9$), the legislature's offer of a 53 cents to 47 cents split will be accepted immediately. The governor can afford to wait for a good offer, and the legislature knows it, so he offers a nearly even division. The dynamics of this basic bargaining game point to the paramount importance of patience.

Varying Legislative Patience

While the basic model discussed above assumes that the governors and legislators possess the same patience level, we believe that this will not always be true. In particular, legislatures in many states should be significantly less willing to engage in protected budgetary disputes with the governor than their counterparts elsewhere. The rationale here is that, in addition to the criticism that both branches receive from the public when there is budgetary gridlock, lawmakers serving in "citizen" or less professionalized legislatures face additional *private* costs of delay. These costs will decrease the legislature's patience and advantage the governor.

There are, of course, several relatively professionalized state legislatures. These chambers resemble the U.S. House of Representatives in that they meet in lengthy sessions, their members are well paid, and the legislature employs numerous non-elected staff. In states such as California, New York, and Michigan, there are few if any restrictions on the number of days the legislature may meet and, as a result, lawmakers are in session virtually year round. Furthermore, legislators serving in these chambers receive an annual salary in excess of \$75,000 as well as generous per diems (Council of State Governments 2005).⁸ This compensation allows lawmakers to treat their legislative service as a career and makes holding a second job unnecessary.

Most state legislatures, however, are notably less professionalized. In these chambers, the number of days legislators are allowed to meet is often constitutionally restricted. On average, regular sessions are limited to approximately 90 calendar days per year, and in extreme cases are constrained to no more than 60 or 90 days biennially. Compensation for service in most chambers is also low or non-existent. Nine states provide legislators with no annual salary and among those that do the average is around \$39,000 (Council of State Governments 2005).⁹ To support themselves and their families, legislators in less professionalized chambers usually hold second jobs to which they must return soon after the legislative session.

As a result, members of part-time bodies face high opportunity costs when they fail to reach agreement on a budget with the governor. In the absence of such an agreement, legislators are usually forced into what may be a time consuming special

⁸ Legislators are most highly compensated in California where they receive a salary of \$99,000 and a maximum daily per diem of \$140.

⁹ If California, New York, and Michigan are excluded the average salary drops to \$25,000 a year.

session and are prevented from getting on with the rest of their lives. The prospect of leaving their “day jobs” to resolve budget conflict should make members impatient. On the other hand, governors pay no private costs when they veto a bill at the end of a session. They may force a special session,¹⁰ but because governors are all paid well to do their job full-time,¹¹ they have the ability to endure round after round of negotiations. Participants in gubernatorial negotiations with the less professional legislatures point out the paramount importance of this dynamic. A senior advisor to Oregon Governor John Kitzhaber explained that, “As session goes on, the wait is in our favor.”¹² We therefore anticipate that professional chambers should be able to match the governor’s endurance, while part-time bodies will be vulnerable to her threats of a veto and extended negotiations.

Differences in patience can be explicitly included in our basic bargaining model by giving each branch its own value of δ . If the disparity between these patience levels is non-negligible, it swamps any first-mover advantage that the legislature might have and gives a larger portion of the dollar to the more patient governor. Proposition 2, which is proven in the appendix, shows the exact quantification that our model gives to this dynamic, while Figure 1 below displays the effects graphically.

Proposition 2. In a game similar to the basic game, but where players face individual discount factors δ_L and δ_G , there exists a unique subgame perfect equilibrium. P_L will always propose the division (X_L^*, X_G^*) detailed below, and accept an offer only if it is better than or equal to Y_L^* . Whenever it is her turn to make an offer, P_G will propose

¹⁰ Legislatures in 30 states have the authority to call their own special sessions (Council of State Governments, 2000), but they are often forced into this by a governor’s veto. Although special sessions are not often called to resolve legislative-executive conflicts, that does not mean that the threat they pose is unimportant. Delayed bargains are off the equilibrium path of Rubinstein’s basic model, but they are weapons that do not need to be unsheathed to be powerful.

¹¹ The lowest-paid governor, Nebraska’s chief executive, earns \$65,000 a year (Council of State Governments, 2000).

¹² Interview by author, Salem, Oregon, 8 July 2001.

(Y_L^*, Y_G^*) and always accept an offer that matches or beats X_G^* . In equilibrium, P_L proposes (X_L^*, X_G^*) in round $t=0$, and P_G accepts.

$$(X_L^*, X_G^*) = \left(\frac{1 - \delta_G}{1 - \delta_G \delta_L}, \frac{\delta_G (1 - \delta_L)}{1 - \delta_G \delta_L} \right) \quad (Y_L^*, Y_G^*) = \left(\frac{\delta_L (1 - \delta_G)}{1 - \delta_G \delta_L}, \frac{1 - \delta_L}{1 - \delta_G \delta_L} \right)$$

The figure denotes how much the legislature's share of the dollar will shrink as its patience declines, assuming a governor with a patience level of 0.9.¹³ The solid line maps the payoffs when the legislature is the first mover, and the other shows the result if the governor can initiate the bargaining. This chart demonstrates that even a slight drop in the legislature's patience, from 0.9 to 0.8, decreases his share of the bargain by either 17 or 19 cents, depending upon who made the first offer. This steep decline continues as the legislature's patience declines toward 0.5, then begins to level off. The hypothesis below states the specific testable implication of this theoretical finding.

Hypothesis: Governors will exert influence over the size of the state budget and this influence will be largest when they face less professionalized legislatures.

Before testing our hypothesis, it is worth noting that the centrality of patience or discount rates in our model is one of the features that most clearly distinguishes it from existing analyses. Spatial approaches to executive-legislative bargaining, at both the national and state levels, rarely consider the potential effect on outcomes of shifts in discount rates (Kiewiet and McCubbins 1988, McCarty and Poole 1995; Alt and Lowry 2000). Even when the patience levels of the players are allowed to vary, spatial models predict no effect. Primo (2002), for instance, examines how some of these dynamics might affect Romer and Rosenthal's (1978) model. He shows that even when spatial

¹³ Although I do not investigate variations in the governor's patience level here, it likely changes with such factors as approval ratings, the timing of the next election, and the governor's political ambitions. In the federal context, Polsby (1986) points to the president's relatively temporary stay in Washington as a source of Congress' power over the bureaucracy.

models are extended to multiple stages of bargaining, discount rates do not factor into the equilibrium. Primo's results suggest that impatient citizen legislatures should not face a bargaining disadvantage because "impatience and time preferences may not be key features of political bargaining" (p.421).

III. Evaluating the Staring Match Model

In this section, we test our hypothesis by systematically examining the relationship between the size of the governor's proposed budget and the size of the enacted budget – i.e., the budget that is ultimately adopted by the legislature and signed into law. The dependent variable used in our analysis is the yearly change in the size of the enacted state budget, as measured in per-capita general fund expenditures. Our key independent variable is thus the per-capita change in state expenditures proposed by the governor.¹⁴

Collecting data for gubernatorial budget proposals and enacted state budgets was relatively straightforward. We culled these data from various issues of *The Fiscal Survey of States*, a publication of the National Association of State Budget Officers (NASBO). Each year, NASBO conducts two surveys of states budget officials to identify trends and changes in state fiscal policy. The spring survey gathers information concerning the governor's proposed general fund budget, while the autumn surveys identifies details of the enacted budget (usually Table A-3 in both reports). Our analysis includes data for all states over a fifteen-year period – fiscal years 1989 through 2004. Data prior to fiscal

¹⁴ While an empirical investigation of executive-legislative bargaining across different categories of expenditures or an analysis of the number of line-by-line changes a legislature makes to the governor's proposal would certainly be informative, such a project would require a very large and time consuming data collection effort.

year 1988 are unavailable. Since NASBO consistently reports their data in current dollars, we have converted the values for each year into 2000 dollars using the Consumer Price Index for all urban consumers (CPI-U).

Evaluating the predictive power of the starting match model also requires us to identify an appropriate measure of the professionalization of state legislatures. Unfortunately, there is little agreement within the political science literature as to the most appropriate method for doing so. Arguments have been made for considering the time demands of legislative service, the financial incentives offered to legislators, and the staff resources that they are provided (Fiorina 1994; Hamm and Moncreif 2004; Squire and Hamm 2005). So as to not bias our results by favoring one approach over the others, we use a measure which incorporates all three.¹⁵

Specifically, we measure a state legislature's degree of professionalization by employing the widely-used trichotomous categorization developed by the National Conference of State Legislatures (NCSL). The NCSL measure is based upon the length of time legislators spend on the job, the amount of their total compensation, and the number of legislative staff members. We refer to the NCSL categories as professional, semi-professional, and citizen.¹⁶ Table 2, below, presents the average job time, compensation, and staff size by legislative type. As the table indicates, lawmakers in professionalized bodies, on average, are required to dedicate much more time toward legislative service, earn about four times as much, and have eight times as many staff members as their counterparts in citizen legislatures.

¹⁵ An alternative measure of professionalization is one that uses the relevant attributes of the U.S. House of Representatives as a baseline against which to compare the characteristics of state legislative chambers. (c.f., Squire 1992). This approach, however, still incorporates each of the aforementioned dimensions or characteristics of professionalization.

¹⁶ The NCSL identifies its categories using colors (red, white, and blue).

We begin our analysis by examining, for each type of legislature, the bivariate relationship between the governor's proposed budget and the enacted budget. All states, with three exceptions, are included in this analysis. Alaska and Wyoming are dropped because they both rely heavily upon severance taxes on natural resources. The use of severance taxes results in fairly dramatic year-to-year variation in tax revenues, and thus expenditures. These variations are driven largely by the global commodities market as opposed to the budgetary choices of legislators and governors (Matusaka 2004). Nebraska is also excluded due to its nonpartisan legislature.

Our preliminary results, reported in Table 3, are entirely consistent with the hypothesis derived from the staring match model. Across all three categories of legislatures, the coefficient on the variable that measures the size of the gubernatorial budget proposal is positive and statistically significant at the 99 percent level. This provides strong evidence that governors are consistently powerful in the budgetary arena.

As expected, however, the magnitude of the effect is inversely related to legislative professionalization. Among citizen bodies this coefficient is 0.86, suggesting near unity between the fiscal changes proposed by the governor and those that are eventually enacted. In states with semi-professional and professional bodies the value of the coefficient drops to 0.70 and 0.46 respectively. These differences, as will be shown in subsequent results, are statistically meaningful. Furthermore, among states with citizen legislatures, the governor's budgetary proposal alone explains almost half of the variation in outcomes, but accounts for less than 20 percent of the variation among states with more professionalized legislative bodies. Altogether, these results indicate that

governors, while powerful, are less influential in the face of a legislature that meets in long sessions and pays its members a livable salary.

The results reported in Table 3 may of course reflect the influence of omitted variables. We address this problem by conducting a multivariate analysis which includes a number of potentially influential political and economic variables. The first of these is the partisan composition of the legislature. Existing research in state politics has found evidence, albeit weak and oftentimes conditional, that Democratic control of the legislature leads to larger state public sector and larger year-to-year increases in expenditures or revenues (Alt and Lowry 1994, 2000; Kousser and Phillips 2005; Phillips 2005). To allow for this possibility, we employ a continuous measure of the legislative strength of the Democratic Party. This measure is calculated as the weighted percentage of Democrats serving in both the state's lower and upper legislative chambers. This approach is identified by Smith (1997) as the most appropriate method for capturing the partisan makeup of state government. Additionally, we account for cross-sectional variations in the timing of state budget processes to ensure that our measure accurately reflects the partisan composition of the legislature at the time in which the budget was passed and signed into law. We do not include a variable for the partisan identification of the governor.

Previous research has also shown that economic factors are important determinants of state budgetary policy (Dye, 1966; Dawson and Robinson, 1963; Winters, 1976). We allow for these influences by utilizing, as independent variables, per-capita income (measured in thousands of dollars) and the state-level unemployment rate. To control for the possibility that state expenditures increase during election years (i.e.,

the presence of a political business cycle), we include a dummy variable for years in which lawmakers must run for reelection. Finally, in keeping with Phillips (2005), we also include the previous year's per-capita expenditures. Doing so enables us to control for status quo fiscal policy. Table 1 reports summary statistics for each of the variables used in this analysis.

All of our econometric estimations also utilize year and state fixed effects. The year fixed effects control for common shocks that affect all states in a given year, such as changes in the national or global economy or changes in the national political environment. The state fixed effects, on the other hand, capture all relevant variables that are idiosyncratic to individual states or that remain unchanged over the time period of our analysis, such as culture, voter ideology, and political institutions. The use of fixed effects means that our coefficient estimations will be based upon with-in state variation in the data and should be interpreted as such.

The first of our multivariate regression results are reported in Table 3. Model 1 is a baseline estimation that includes all states, but does not account for cross-sectional variation in legislative professionalization. Just as in Table 2, the coefficient on the governor's proposal is positive and statistically significant, indicating that governors are powerful actors in the budgetary arena even after controlling for a number of potentially confounding influences. Furthermore, four of our five control variables have a statistically meaningful affect on the size of the enacted budget. The state-level unemployment rate and our lagged measure of per-capita expenditures our negatively related to the dependent variable while income and the election-year dummy variable have positive coefficients. The one surprise in our results is the negative sign on the

weighted percent of legislators who are Democrats. This coefficient, however, fails to even approach statistical significance.

Model 2 is a direct test of our hypothesis. Here the governor's budgetary proposal is interacted with two dummy variables: one for the existence of a semi-professional legislature and the other for a citizen body. The reference category in this regression is obviously professional legislatures. Separate dummy variables for each legislative type are not included in the equation because of our use of fixed effects, which already account for the independent effect of professionalization.

This new estimation provides the strongest evidence yet for the staring match model. Once again, the size of the governor's proposed budget has a significant and positive effect on the size of the budget that is ultimately adopted by the legislature and signed into law. Most importantly, the coefficients on our interaction terms are also positive and significant at the 95 percent level. This means that the effect of the gubernatorial proposal on the final budget increases in a statistically meaningful fashion as the professionalization of the legislature declines. The particularly larger coefficient on the interaction between the governor's proposal and the existence of a citizen legislature indicates that a governor's influence is greatest when she negotiates with a citizen as opposed to a professional or semi-professional body.

Thus far we have employed a measure of legislative professionalization that aggregates the various components of this concept – session length, compensation, and staff – into a single indicator. While there are strong theoretical and empirical reasons to do so, the staring match model makes a prediction about which of these components matter. In particular, it argues for session length and salary. To examine this claim, and

to further explore the relationship between legislative structure and bargaining outcomes, we replace our trichotomous indicator of professionalization with continuous measures of legislative compensation (base salary plus per diem expenses), session length, and the ratio of staff per legislator. We then replicate Model 2, estimating our econometric model once for each of our new measures.

The results of these estimations are reported as models 3 through 5 in Table 4. Overall they provide modest support for the logic underlying the starting match model. As anticipated, length of the legislative session is a significant predictor of gubernatorial success. The longer legislatures are in session, the smaller the impact the governor's proposal has on the size of the enacted budget. Contrary to our expectations, however, legislative salary does not appear to have a similar effect on gubernatorial success, although the interaction term has the anticipated sign. Finally, our results indicate that the number of staff per legislator also fails to systematically shape the outcomes of inter-branch bargaining. This result is consistent with the starting match model in that the model predicts that session length and salary, rather than the number of staff members, will affect gubernatorial influence in the budgetary arena.

Gubernatorial Budget Requests

It is important for our empirical analysis to consider the extent to which state chief executives, when they submit their proposed budgets, have an incentive to misrepresent their preferences, and whether this misrepresentation will bias our econometric results. Governors may, for instance, anticipate legislative strength and adjust their budgetary proposal accordingly. Under this logic, a governor facing a

professional legislature may weaken her initial offer, moving it closer to the legislature's ideal point.¹⁷

We believe, however, that a governor is not likely to game her budgetary proposal in this manner. Denzau, Riker, and Shepsle (1985), show that the ability of elected officials to publicly misrepresent their preferences in the lawmaking process is severely limited by electoral considerations. Voters are not likely to understand or appreciate complicated strategies and officials may not be able to effectively explain them, especially to a public that is unaware of the intricacies of legislating. Instead, lawmakers design their public actions and statements to appeal to their constituents (Mayhew 1974; Fiorina 1974). Doing so is necessary to maintain and secure political support, campaign resource, and votes.

We should certainly expect this to be the case with state chief executives. When governors present their budget proposal they send a signal to voters, interest groups, and campaign contributors about their governing philosophy and legislative priorities.¹⁸ In drafting her proposal, the governor surely anticipates the signaling role of her actions and incorporates these considerations into her proposal. Such considerations should attenuate any impulse she may have to game her budget. In fact, the governor probably has an incentive to make a proposal that satisfies her preferences as well as those of her supporters, even if she knows in advance that the legislature is likely to give her very little of what she wants. For this reason, we expect that gubernatorial budget requests will truthfully reveal gubernatorial preferences.

¹⁷ Governors negotiating with a weak legislature do not face these incentives since they should be able to prevail in budgetary negotiations due to the institutional weakness of the legislative branch.

¹⁸ The budget proposal is also an opportunity for the governor to reward prior and current supporters.

If, however, we are wrong and governors do systematically move their initial budgetary proposal closer to the legislature's ideal point when bargaining with a highly professionalized body, the observed effect will be a stronger relationship between the governor's proposal and the enacted budget. In other words, the possibility of strategic misrepresentation should bias our results against finding that governors are less powerful in states with professionalized legislatures.¹⁹ This of course, is the opposite of what our econometric estimations actually reveal. We find strong evidence that governors are *least* powerful in states with these legislatures. The fact that we do indeed see this effect makes us even more confident that the insight provided by the staring match model is correct and that initial gubernatorial budget proposals are sincere.

IV. Conclusion and Implications

Efforts aimed at assessing the budgetary influence of governors have traditionally relied upon spatial or setter models of policymaking. In these models, the legislature, through its monopoly proposal power and ability to credibly threaten to keep expenditures at the status quo level, is seen as having substantially greater influence on budget making than the governor. This result contradicts numerous qualitative analyses in the state politics literature which find that governors are the chief legislators in the budgetary arena.

This paper proposes and tests an alternative simplification of state budgeting based upon the divide-the-dollar game. This model treats budget bargaining as a "staring

¹⁹ In the presence of strategic misrepresentation, we should find (falsely) that governors are particularly powerful among states with professional legislatures.

match” in which the importance of proposal power or past policies is swamped by the political and personal costs of a delayed budget. Negotiations are carried out informally, behind closed doors, rather than in a sequence of spending bills to the governor’s desk. In our staring match contest, the winner is the player whose relative level of patience is greatest. The governor’s ability to win the staring match depends upon a legislature’s level of professionalization. In particular, we predict that the governor is more likely to prevail when facing a citizen body and much less likely to do so when negotiating with a professional legislature.

Using an original dataset of gubernatorial budget proposals and enacted state budgets, we explore our model’s predictions. Overall, we find striking evidence of gubernatorial influence. Across all types of legislatures our econometric estimations show that the chief executive’s proposed budget has a positive and statistically significant effect on the budget that is ultimately passed and signed into law. Most importantly, however, we find that gubernatorial influence is indeed inversely related to legislative professionalization. By closely examining the way that institutional contexts shape the strategies available to political actors, we uncover links between rules, political reforms, and bargaining outcomes that may have implications for broader comparative studies.

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Figure 1. Payoffs for Legislatures with Different Levels of Patience

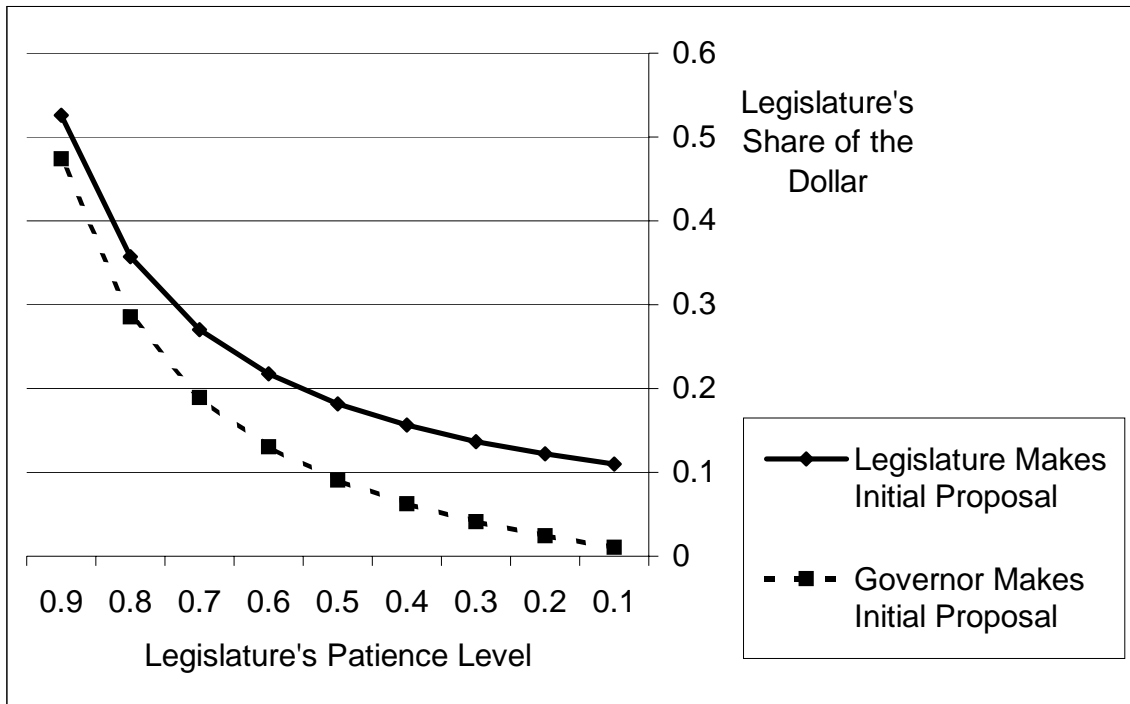


Table 1. Summary Statistics for Variables Used in Analysis

Variable	<i>Mean</i>	<i>SD</i>	<i>Minimum</i>	<i>Maximum</i>	Data Source
Final Appropriations	2.90	8.29	-24.13	107.71	(1)
Governor's Request	1.67	6.07	-21.25	69.84	(1)
Democratic Governor	0.46	0.50	0	1	(3)
% Democratic Leg.	55.54	15.83	.40	90.19	(3)
Final Appropriations _{t-1}	1,471	525	654	3,365	(1)
Gubernatorial Election	0.15	0.35	0	1	(3)
Legislative Election	0.30	0.46	0	1	(3)
Unemployment	5.18	1.40	2.2	11.3	(4)
Income Per Capita	26,266	4,232	17,333	41,392	(4)
Professional Legislature	0.21	0.41	0	1	(5)
Semi-Professional Legislature	0.46	0.50	0	1	(5)
Citizen Legislature	0.33	0.47	0	1	(5)
Salary	25.47	20.82	135.31	0.10	(3)
Session Length	165.28	108.07	41	627.80	(3)
Staff	3.50	4.36	0.20	23.90	(3)

Data sources: (1) National Association of State Budget Officers, *The Fiscal Survey of States*; (2) Squire 1992; (3) Council of State Governments, *Book of the States*; (4) U.S. Census Bureau, *Statistical Abstract of the United States*; (5) National Conference of State Legislatures 2005.

Table 2. Average Job Time, Compensation, and Staff by Category of Legislature

	Time on Job (1)	Compensation (2)	Staff per Member (3)
Professional	80%	\$68,599	8.9
Semi-Professional	70%	\$35,326	3.1
Citizen	54%	\$15,984	1.2

1) Estimated proportion of a full-time job spent on legislative work, including time spent campaigning

2) Includes salary, per-diem, and any other expense payments.

3) Ratio of total legislative staff to total number of legislators.

Source: National Conference of State Legislatures 2005

Table 3. Governor's Influence by Type of Legislature

	Citizen Legislatures	Semi-Professional Legislatures	Professional Legislatures
Governor's Proposal	.86** (.05)	.70** (.07)	.46** (.07)
Constant	1.34** (.29)	2.11** (.42)	1.57** (.56)
N	286	388	178
R ²	.48	.18	.19

**p<.05; *p<.10

Table 3. Determinants of the Adopted Budget

	Model 1	Model 2
Governor's Proposal	.51** (.05)	.29** (.07)
Governor's Proposal * Semi-Professional Legislature	—	.26** (.10)
Governor's Proposal * Citizen Legislature	—	.50** (.11)
% Democrat Legislature	-.06 (.05)	-.07 (.05)
Expenditures Per-capita _{t-1}	-.01** (.002)	-.01** (.002)
Legislative Election	1.51** (.77)	1.68** (.76)
Unemployment Rate	-.59* (.34)	-.60* (.37)
Personal Income Per-capita	1.04** (.37)	1.02** (.36)
Constant	-5.59 (9.51)	-3.61 (9.40)
N	788	788
R ²	.30	.32

**p<.05; *p<.10

Table 4. Determinants of the Adopted Budget

	Model 3	Model 4	Model 5
Governor's Proposal	.53** (.07)	.84** (.07)	.57** (.06)
Salary	.03 (.04)	—	—
Governor's Proposal * Salary	-.001 (.002)	—	—
Session Length	—	.0004 (.01)	—
Governor's Proposal * Session Length	—	-.001** (.0002)	—
Staff Per member	—	—	-.23 (.43)
Governor's Proposal * Staff Per member	—	—	-.01 (.01)
% Democrat Legislature	-.06 (.05)	-.07 (.05)	-.06 (.05)
Expenditures Per-capita _{t-1}	-.01** (.002)	-.01** (.002)	-.01** (.002)
Legislative Election	1.51** (.77)	1.77** (.75)	1.57** (.77)
Unemployment Rate	-.57* (.34)	-.59* (.33)	-.61* (.34)
Personal Income Per-capita	1.08** (.37)	.96** (.36)	1.04** (.36)
Constant	-6.58 (9.61)	-1.59 (9.37)	-4.81 (9.66)
N	788	788	788
R ²	.30	.33	.30

**p<.05; *p<.10

Appendix

Proof of Proposition 6.1. Rubinstein and Osborne (1990) show that in the case where payoffs are discounted such that $U_L[(X_L, t)] = \delta_L^t X_L$ and $U_G[(X_G, t)] = \delta_G^t X_G$ a subgame perfect equilibrium must satisfy:

$$Y_L^* = \delta_L X_L^* \quad \text{and} \quad X_G^* = \delta_G Y_G^*$$

Since the sum of both players' shares is 1, this leaves one to solve a system of four equations with four unknowns:

$$\begin{aligned} X_L^* + X_G^* &= 1 \\ Y_L^* + Y_G^* &= 1 \\ Y_L^* &= \delta_L X_L^* \\ X_G^* &= \delta_G Y_G^* \end{aligned}$$

We proceed by substitution:

$$X_G^* = \delta_G (1 - Y_L^*)$$

$$X_G^* = \delta_G (1 - \delta_L X_L^*)$$

$$X_G^* = \delta_G - \delta_G \delta_L X_L^*$$

$$X_G^* = \delta_G - \delta_G \delta_L (1 - X_G^*)$$

$$X_G^* = \delta_G - \delta_G \delta_L + \delta_G \delta_L X_G^*$$

$$X_G^* - \delta_G \delta_L X_G^* = \delta_G - \delta_G \delta_L$$

$$(1 - \delta_G \delta_L) X_G^* = \delta_G - \delta_G \delta_L$$

$$X_G^* = \frac{\delta_G - \delta_G \delta_L}{(1 - \delta_G \delta_L)}$$

$$X_G^* = \frac{\delta_G (1 - \delta_L)}{(1 - \delta_G \delta_L)}$$

and by further substitution

$$X_L^* = 1 - \frac{\delta_G (1 - \delta_L)}{(1 - \delta_G \delta_L)}$$

$$X_L^* = \frac{(1 - \delta_G \delta_L)}{(1 - \delta_G \delta_L)} - \frac{\delta_G (1 - \delta_L)}{(1 - \delta_G \delta_L)}$$

$$X_L^* = \frac{1 - \delta_G \delta_L - \delta_G + \delta_G \delta_L}{(1 - \delta_G \delta_L)}$$

$$X_L^* = \frac{(1 - \delta_L)}{(1 - \delta_G \delta_L)}$$

For the general case in which each player has a separate discount rate,

$$(X_L^*, X_G^*) = \left(\frac{(1 - \delta_L)}{(1 - \delta_G \delta_L)}, \frac{\delta_G (1 - \delta_L)}{(1 - \delta_G \delta_L)} \right)$$

Substituting a uniform discount rate δ for both δ_L and δ_G yields:

$$X_L^* = \frac{(1 - \delta)}{(1 - \delta^2)}$$

$$X_L^* = \frac{(1 - \delta)}{(1 - \delta)(1 + \delta)}$$

$$X_L^* = \frac{1}{(1 + \delta)}$$

and

$$X_G^* = \frac{\delta(1 - \delta)}{(1 - \delta^2)}$$

$$X_G^* = \frac{\delta(1 - \delta)}{(1 - \delta)(1 + \delta)}$$

$$X_G^* = \frac{\delta}{(1 + \delta)}$$

Solutions for Y_L^* and Y_G^* follow a similar pattern.

In the extension of the game, we loosen the assumption that players have the same level of patience. Instead of specifying a uniform discount factor δ , we express each branch's level of patience by δ_L and δ_G .

Addendum: The Success of Governors’ “State of the State” Proposals

This addendum present an initial exploration of a logical extension of our theory about executive versus legislative interactions: When the arena shifts from the budget to everyday legislation, the dynamics of inter-branch bargaining should change as well. Relieved of the pressure that is put on passing a budget every year, legislators can credibly threaten to stick with the status quo when the governor calls for a new policy. They can take advantage of their monopoly on the power to introduce legislation, either to get the concessions that they demand from the governor’s proposals or to stall her agenda completely. In formal terms, the game shifts from an alternating offers staring match to a setter model (Romer and Rosenthal 1978; Kiewiet and McCubbins 1985; Alt and Lowry 2000) in which the legislatures will be able to set the terms of deals.

The theoretical regime switch that we posit leads to three concrete hypotheses:

1. Governors should do much better in negotiations over the budget than they do in bargaining over everyday legislation.
2. Factors like legislative professionalism and gubernatorial popularity that create asymmetries in patience over the course of a session – and thus asymmetries in the power to shape the annual budget – should no longer constrain the legislature in everyday policy negotiations.
3. The success that governors have in passing their policy agendas should instead be influenced by factors that gauge how closely aligned the policy preferences of the branches are and how many institutional weapons governors have in their arsenals.

Our analysis of the measure introduced in Table 5 below – the governor’s success in passing the proposals set forth in their 1997 “State of the State” addresses – allows us to examine the second and third of these hypotheses. It does not allow a direct test of the first hypothesis, though data contained in the NASBO reports will make that possible.²⁰ Before laying out these tests, we describe our measure. It is an attempt to gauge gubernatorial success in the legislative arena by judging the accomplishments of chief executives against the goals that they set for themselves in a regularized feature of state politics. It is similar to the presidential “box scores” (Wayne, 1978) and “presidential support” (Bond and Fleisher 1990) used at the national level, with one important difference. As Mayhew (1991, p. 35) notes, because those scores count equally every one of the bills for which the executive branch issues a presidential request, they give the same weight to landmark legislation and relatively small bills alike. We wish to focus our attention only on the big policy upon which governors become personally engaged. By looking exclusively at the policies which governors deemed important enough to include in the State of the State addresses, we identify a set of consequential and comparable proposals that we use to score governors.

Perhaps for these reasons, we are preceded by other state scholars who have taken a similar approach. Rosenthal (1990, p. 113) records the effectiveness of a nine governors in enacting their proposals in various years, and Ferguson (2003) exhaustively tracks the outcomes of all bills that appear to encapsulate the proposals made in the State of the State addresses by all 50 governors in 1993-94. Her analysis of these bills yields

²⁰ For instance, we can conduct tests that are parallel to those reported in Tables 3 and 4, but which take policy enactments rather than budget outcomes as their dependent variables. Analyzing state reactions to federal policy devolutions will provide a way to see how much governors influence time-pressured policy when it is made outside of the budget process.

important lesson and some intriguing patterns. She finds that institutional features of the executive branch do little to explain gubernatorial success, that personal characteristics of governors indeed matter, and that governors paradoxically do better when negotiating with professional legislatures.

We view our measure as a quicker, and perhaps dirtier, version of the 1993-94 scores produced by Ferguson. They come from a journalistic source that, to our knowledge, was produced only during the 1997-1998 legislative session. During that time, the *StateNet Capitol Journal* news service produced a set of “State of the States” reports that listed the “key issues” contained in each governor’s speech in 1997. At the completion of the legislative cycle later in 1997 and again in 1998 (in states with two-year sessions), the service produced a “Session Recap” in each state designed to follow up on these State of the State reports. These recaps begin with a list of the major bills that passed and failed in that year, and then excerpt sections from newspapers that covered capitol proceedings. The excerpts often explicitly address the role that governors played in crafting legislation, and detail the nature of the inter-branch compromise. By having research assistants compare the “State of the State” reports from 1997 in a state with “Session Recaps” for 1997 and, in states with two-year sessions, 1998, we obtained the figures reported in Table 5.

These numbers demonstrate that some governors can have extraordinary success in moving their agendas, like Virginia’s George Allen, who saw five of the seven ideas he proposed enacted in legislation or Nevada’s Bob Miller, who got six of eight passed. At the same time, governors can be shut down in the legislative arena. Illinois’ Jim Edgar, Indiana’s Frank O’Bannon, Oregon’s John Kitzhaber, West Virginia’s

Table 5. Governors' Success in their State of the State Proposals

<i>State</i>	<i>Governor</i>	<i>Bills Requested</i>	<i>Bills Passed</i>	<i>Compromises</i>	<i>Success Scores</i>
Alabama^	James (R)				
Alaska^	Knowles (D)				
Arizona	Symington (R)	7	3	1	50.00%
Arkansas	Huckabee (R)	26	3	0	11.54%
California	Wilson (R)	6	1	0	16.67%
Colorado	Romer (D)	8	1	2	25.00%
Connecticut	Rowland (R)	7	1	3	35.71%
Delaware*	Carper (D)	9			
Florida^	Chiles (D)				
Georgia*	Miller (D)	11			
Hawaii	Cayetano (D)	9	3	0	33.33%
Idaho*	Batt (R)				
Illinois	Edgar (R)	9	0	0	0.00%
Indiana	O'Bannon (D)	4	0	0	0.00%
Iowa	Branstad (R)	7	2	1	35.71%
Kansas	Graves (R)	6	2	1	41.67%
Kentucky*^	Patton (D)				
Louisiana	Foster (R)	7	3	0	42.86%
Maine	King (Ind.)	6	1	0	16.67%
Maryland	Glendening (D)	11	2	0	18.18%
Massachusetts	Weld (R)	8	0	2	12.50%
Michigan*	Engler (R)	19			
Minnesota	Carlson (R)	7	2	0	28.57%
Mississippi	Fordice (R)	4	1	0	25.00%
Missouri	Carnahan (D)	9	1	0	11.11%
Montana	Racicot (R)	4	0	1	12.50%
Nebraska^	Nelson (D)				
Nevada	Miller (D)	8	6	0	75.00%
New Hampshire*	Shaheen (D)	5			
New Jersey*	Whitman (R)	6			
New Mexico	Johnson (R)	8	4	0	50.00%
New York	Pataki (R)	7	3	0	42.86%
North Carolina	Hunt (D)	8	3	0	37.50%
North Dakota	Schafer (R)	6	2	1	41.67%
Ohio*	Voinovich (R)	5			
Oklahoma	Keating (R)	10	3	0	30.00%
Oregon	Kitzhaber (D)	5	0	0	0.00%
Pennsylvania*	Ridge (R)	11			
Rhode Island	Almond (R)	8	4	1	56.25%
South Carolina	Beasley (R)	8	1	0	12.50%
South Dakota	Janklow (R)	8	1	0	12.50%
Tennessee^	Sundquist (R)				
Texas	Bush (R)	6	0	0	0.00%
Utah	Leavitt (R)	6	3	0	50.00%
Vermont	Dean (D)	8	4	0	50.00%
Virginia	Allen (R)	7	5	0	71.43%
Washington	Locke (D)	6	1	3	41.67%
West Virginia	Underwood (R)	7	0	0	0.00%
Wisconsin*	Thompson (R)	7			
Wyoming	Geringer (R)	6	3	0	50.00%
Average		7.9	2.0	0.5	29.7%

*Notes: A * indicates that “Session Recap” documents are missing and ^ indicates that “State of the States” documents are missing. The success score is calculated by adding the # of passed bills to 0.5*# of compromises, dividing the sum by the number of bills requested, and multiplying this ratio by 100.*

Cecil Underwood, and Gov. George W. Bush of Texas all failed to secure passage for any of their key State of the State proposals. On average, governors saw 2.0 of their ideas passed in roughly the same form that they were proposed, and 0.5 passed after making a significant compromise with the legislature. Their weighted success scores – computed by adding their passages together with half-credits for compromises, and dividing the sum by the number of proposals they made – averaged 29.7%.

These data reveal much variation in gubernatorial success; our second and third hypotheses make clear conjectures about the type of factors that should and should not be able to explain it. Table 6 presents the results of initial tests of these hypotheses. Our second hypothesis predicted that factors like legislative professionals and gubernatorial popularity that create asymmetries in patience and thus give governors an advantage in budget negotiations should not help them with their legislation. When legislatures can preserve the status quo by simply refusing to act, such advantages should prove ephemeral. We test this by including Squire’s (1992) measure of professionalism and the governor’s most recent popular approval rating at the time of the State of the State speech (Niemi, Beyle, and Sigelman, 2007) in our multivariate models of gubernatorial success.²¹

²¹ Because this source does not report a poll rating for the Indiana and West Virginia governors before their 1997 State of the State addresses, our multivariate models lose two of the 35 observations reported in Table 5.

Table 6. Models Explaining Governors' Success in their State of the State Proposals

	<i>Bills Passed</i> <i>(Poisson event count)</i>	<i>Success Scores</i> <i>(ordinary least squares)</i>
<i>Hypothesis #2:</i>		
<i>Patience Asymmetries that Should Not Constrain Governors</i>		
Legislative Professionalism (Squire's 1992 index)	-1.69 (1.22)	-29.21 (26.39)
Governor's Approval Rating (poll before State of the State)	-0.02* (0.01)	-0.37 (0.28)
<i>Hypothesis #3:</i>		
<i>Preference and Institutional Powers that Should Affect Power Balance</i>		
Divided Government (dichotomous indicator)	-0.04 (0.27)	-3.79 (7.57)
Veto Powers (from Beyle's 2004 index, 0-5)	-0.25** (0.10)	-6.93** (3.28)
Constant	3.22** (0.80)	88.54** (24.20)
N	33	33
R-Squared	0.09	0.22

*Note: Entries are estimated coefficients, with standard errors in parentheses. A ** indicates that a coefficient is significant at the 95% confidence level. A * indicates that a coefficient is significant at the 90% confidence level.*

The first of these is a Poisson event count model predicting the number of a governor's proposals that passed, and the second is a linear regression examining weighted success scores. Both tell the same story. In a pattern consistent with our second hypothesis, governors do not do better when they are popular or when they face citizen legislators. The estimated coefficient on Squire's measure of professionalism²² indicates that governors should expect to achieve slightly less when they deliver their addresses to state legislatures that look more like Congress, but this effect falls short of

²² We employ this measure of professionalism because it is used by much of the state politics literature. We also estimated models that used 1997-1998 legislator salaries, session lengths, and staffing levels, and all led to coefficients that were negative but not statistically significant, just as with the Squire measure.

statistical significance in both models. By contrast, the coefficient on a governor's approval rating is significant (though only at the 90% confidence level, and only in our model of passed bills). Notably, its estimated effect runs in a direction that is counter to intuition. More popular governors do worse, it appears, in the legislative arena. This finding also runs counter to Ferguson's (2003) results. But note that it is not necessarily inconsistent with our second hypothesis, which merely warns that popularity should not help governors.

The estimated effects of our other two variables, though, run completely counter to our third hypothesis. These variables operationalize the factors that should indeed influence gubernatorial power, if the setter logic holds here. A dichotomous measure of divided government, indicating that each major party held either the governorship or at least one legislative house, had no apparent impact whatsoever. This is surprising, because under unified government, both branches should presumably want to move policy in the same direction from the status quo, providing more opportunities for deals on the governor's agenda. Instead, unified government does not ease gridlock, yielding a possible "divided we govern" story in the states. And note that this unexpected finding on divided government is not unprecedented: van Assendelft's (1987, p. 50) study of overall bill passage rates found that "quantitative measures of legislative outcomes do not reveal consistent patterns of an impact of divided government." Perhaps we observe a null finding here because governors strategically scale back their ambition when faced with an opposition-controlled legislature, as Rosenthal (1990, p. 99) and Coffey (2006) suggest. Whether it is the result of endogenous agenda formation or not, this apparent non-effect is worth further study.

Lastly, the most puzzling finding reported in Table 6 is that when governors possess stronger veto powers (on Beyle's 2004 scale), they are less successful in passing bills. We had expected that governors would be able to turn their threats to line out items that legislators held dear into concessions on their agendas. Instead, institutional strength is correlated with weak performance.

What conclusions can we finally draw from the exploratory analysis presented here? Admittedly, the findings are not kind to our conjecture that a setter logic guides inter-branch policy negotiations. This could be due to poor theory, but it also may stem from flaws in our measure of gubernatorial success and in our research design, both of which we plan to rectify in future research.

First, relying on the *StateNet Capitol Journal* reports forces us to accept an abbreviated list of the items that governors talk about in their State of the State addresses, because the journal digests only a subset of them into its "key issues." It also gives us an uncertain record of the final fate of these items, since many of them appear nowhere in the session recaps. By using the actual text of these speeches and conducting our own search of journalistic coverage, we can do better. In a pilot study of eight State of the State addresses, we have found newspaper coverage that links nearly all gubernatorial proposals to specific pieces of legislation, identified by their bill numbers. This allows us to track their legislative histories through online archives to discover not only whether they passed or failed but where they ran into obstacles and how individual legislators voted on them. Though much more costly to collect, these data will provide a richer account of how gubernatorial proposals are treated in the legislative arena.

This data collection will also allow us to employ a much stronger research design by tracking gubernatorial success in session after session. Having a time series to examine passage rates before and after a switch from unified to divided government, a decline in gubernatorial popularity, or a change in formal rules will enable us to draw much firmer conclusions about the effects of these factors. Any 50-state snapshot risks confusing the effects of the variables in our model with omitted factors or the eccentricities of individual governors; a pretest/posttest analysis reduces these threats. Gathering gubernatorial success scores from many states over a sustained period (we have applied for funding to collect them from 1999-2006) could yield more confident and less puzzling lessons about a crucially important aspect of executive versus legislative branch bargaining.

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