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University of Houston Law Center/Institute for Higher Education Law and Governance (IHELG)

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Partisanship, Political Polarization, and State Budget Outcomes:
The Case of Higher Education*

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Abstract

How does partisanship affect policy expenditures and priorities in the U.S. states? Although an extensive literature addresses this question, much less is known for areas when the distribution of policy positions does not fall clearly on the standard left-right political spectrum. In these cases, we argue that partisanship matters, but that the relevance and size of its effect is influenced by the degree of ideological polarization and the prevailing economic conditions. Using data on state higher education budget share and spending from 1976 to 2004, we find that in times of high polarization and/or high unemployment, an additional state Democratic legislator has a large impact on higher education's budget share or spending levels. These findings suggest that, for policy areas that do not follow the standard left-right issue dimension, political parties have predictable conditional effects.

We ask a familiar question about unfamiliar issues. Do political parties matter when policies do not fall clearly along the left-right spectrum? That is, do they influence budgets, and thereby establish policy priorities, even in areas that have no clear partisan divides? Scholars have produced a wealth of research addressing this question for typical policy issues (Besley and Case 2003). However, much less is known for the case of issues for which policy positions do not fall clearly on the standard left-right political spectrum or for which legislators often share similar preferences (Stokes 1963). We focus our analysis on a policy area fitting this category that has been little studied by political scientists: higher education (Lowry 2007).

We produce three main findings. First, there are conditional and policy-specific partisan effects in states' decisions regarding support for public higher education. We find that political polarization and economic conditions affect how political parties matter. Democrats are more likely to support higher education when polarization increases but less likely to do so when unemployment is high. When both political polarization and unemployment are high, Democrats are much less likely to spend on higher education.

Second, our findings suggest that higher education is an issue that cuts across party lines in complex ways. Those who model politics spatially would call this "higher-dimensionality", as opposed to simpler "one-dimensional" issues that frequently overlap with partisan identification. This is because the provision of higher education produces a combination of collective and particularized benefits, often occurring jointly and favoring constituents across socioeconomic levels (Jacoby and Schneider 2009; Wright, Osborn and Windburn 2004). In policy expenditures of this type, e.g., K-12 and higher education,

legislators consider both sets of benefits simultaneously, based on their changing priorities.

Third, increasing income inequality and ideological polarization are promising explanations for why legislators' focus has shifted disproportionately from the collective benefits toward the individual benefits of higher education (Bartels 2008; McCarty, Poole, and Rosenthal 2006; McMahan 2009; Rizzo 2006). Coupled with the fact that much of states' commitments to higher education are discretionary, the impact of political-business cycles tends to be more significant relative to other policy areas (Hovey 1999; Humphreys 2000).

From a social scientific perspective, our findings demonstrate that, even in policy areas for which there is more agreement across the political spectrum, political parties still matter in significant, albeit conditional, ways. Higher education policy is multi-issue and multi-constituency, providing collective and particularized benefits with funding coming from both public and private sources. It offers a rich setting for theory development and testing as well as for the production of empirical predictions about how the same institutions may have varied effects on different policy issues (Besley and Case 2003; Lowry 2001a, Lowry 2001b, Lowry 2007).

From a normative perspective, our findings offer a potential explanation for why higher education has systematically lost status in the priorities of most of the U.S. states (Ehrenberg 2006). This trend has taken place despite increasing demand for higher education and the expansion of access, along with widespread recognition of the importance of an educated workforce for economic growth and democratic stability (Acemoglu and Robinson 2005; Goldin and Katz 2008). The economic reasons for this

trend are well established, yet the political reasons and policy processes leading to this mismatch between demand and supply of government subsidies remain unexplored. Available research has provided conflicting evidence on the role of political parties in regard to states' decisions about spending on higher education, both in relative and absolute terms (see McLendon, Hearn and Mokher 2009 for a comprehensive review).

Part of the reason we are able to test these claims is thanks to recent developments in political methodology. We use the spatial proximity model developed by Jacoby and Schneider (2009) to produce relative measures of policy priorities for each state/year as a way to control for that state's idiosyncratic policy priorities. These measures allow us to construct a much more parsimonious model than one that includes raw spending data, making our hypothesis tests feasible.

We proceed as follows. First, we briefly survey the literature on political parties and state budget outcomes. Next, we provide a brief summary of previous results in the higher education and political science empirical literatures. We then present our theoretical argument and testable hypotheses, followed by a review of our data and empirical strategy. Finally, we discuss the results and draw conclusions.

Partisanship and State Budget Outcomes

The literature on political parties and state policy outcomes is vast and has expanded rapidly for the past few years. Scholars interested in political parties are using the U.S. states as a "natural policy laboratory" to better explain the interactions between partisanship, ideology, political competition, and their effects on various policy outcomes. More recent scholarship has intensified the focus on explaining the causes and effects of political polarization on redistributive policies, including the role of political

gridlock in this process (Brady, Ferejohn, and Harbridge 2008; McCarty, Poole and Rosenthal 2006; Rigby and Wright 2008).

Historically, a significant share of the state politics and policy empirical literature has focused on fiscal, welfare, and healthcare policies. As a result, much less is known about the role of political parties in decision-making in policy areas for which there is less disagreement over issues and for which policy preferences tend to converge, e.g., education. Although the assumption that partisanship does not matter in these cases is common in political science scholarship, more recent developments show some evidence to the contrary (Debray 2006).

The U.S. states present a more complex coalition structure than that seen at the national level, leading scholars to expect the existence of stable second or higher level dimensions of political competition (Wright and Osborn 2002). Initial evidence from the analysis of state legislatures' roll call votes appears to support that assumption. Partisan effects are shown to be conditional on dimensional salience and the distribution of political preferences (Ansolabehere and Snyder 2000; Aldrich and Battista 2002; Rigby and Wright 2008). There is also a growing consensus that, when present, these effects are policy specific and vary with time (Barrilleaux and Bernick 2003; Grogan 1994; Jacoby and Schneider 2001, Rigby 2007).

Higher education has not been the focus of much political science research (Lowry 2007). Yet, it has great potential as a testing ground for theories and the development of more nuanced explanations for the complex relationships between political processes and policy outcomes. Higher education involves the provision of various combinations of collective and particularized benefits, serves a very diverse set of

constituencies, and uses both public and private sources of financial support. It is also unique in the sense that the *type* and *amount* of the public provision of higher education vary considerably across states and that there are barriers to entry based on merit and price (Doyle 2007).

A brief overview of the available literature on the politics of higher education shows that there is no clear pattern to the role of political parties in regard to the amount of state government expenditures. Some studies show that Democrats are found to be more likely to support higher education relative to other policy areas and in absolute amounts (e.g., Archibald and Feldman 2006; McLendon, Hearn and Deaton 2006; Tandberg, forthcoming), while others show that parties do not matter (e.g., Bailey, Rom and Taylor 2004; Hearn and Griswold 1994).

In any case, meaningful comparisons across studies are difficult due to differences in methodology, sample sizes, variable measurements, and time periods covered. Some scholars point out that the downward trend in states' commitments to higher education are due to a "conservative shift" in state legislatures with a growing Republican presence, but this effect is attributed to changes in average ideological preferences instead of political parties themselves. In any case, Republican- and Democratic-controlled states can differ on their willingness to support higher education (Fischer 2007; Schmidt 2005).

Inconsistent results relating to the direct effects of political parties in higher education policy choices are to be expected, given the aforementioned variety of constituencies served, the contentious nature of the debate over the need for government to support for higher education, and the growing costs of running a higher education institution (McMahon 2009; Vedder 2007). For example, one can argue that Democrats

are more likely to support higher education because they spend more on average than do Republicans (Alt and Lowry 1994), favor more redistribution (Besley and Case, 2003), or are more likely to support the public provision of higher education. Nevertheless, it is plausible to assume that, because higher education competes directly with other policy areas favored by Democrats (K-12 education, welfare, and healthcare), Republicans may be, on average, more supportive of higher education. Coupled with balanced budget requirements in the U.S. states, spending on higher education means spending less in other policy areas, putting increasing pressure on states' budgets (Hovey 1999; Kane, Orszag and Apostolov 2005).

It is also common to observe Democrats and Republicans supporting the same policies but for different reasons. For example, government support for community colleges tends to be bipartisan, and Democrats think of community colleges as an access point for low-income students and an instrument for social mobility. Republicans also consider community colleges a priority but usually because they are more cost-effective and efficient alternatives to four-year institutions, especially research universities. Both parties tend to support spending on research universities due to the perceived collective economic benefits (e.g., economic growth and development) to their state. However, they may argue the opposite, either because research universities are too expensive (Republicans) or because spending on higher education is a regressive transfer of resources from the general population to the middle and upper middle classes (Democrats).

One strategy to explain these differences is to consider shifts in the perceived goals of higher education under certain conditions. That is, if the collective good is the

key perceived goal of higher education, then there will be a higher probability of convergence of political preferences and parties should matter less. If the redistribution of resources is the main perceived outcome of higher education spending, promoting access and social mobility, as well as reducing social inequalities, then a higher proportion of Democrats in state legislatures should lead to more spending.

We argue that that the specific effect of partisanship on higher education spending will vary based on the degree of polarization between the two parties and the local economic conditions. In times with low polarization and low unemployment, we expect that the collective-benefit nature of higher education will shine through, and that Democrats and Republicans will cooperate to support higher education. With increasing polarization but low unemployment, we expect that the collective-benefit nature of higher education will become less salient and that partisan differences will emerge. We expect that Democrats will continue to support higher education, because they find the redistributive aspect of public higher education in line with their platform, while Republican support for higher education will attenuate, as Republicans shift toward spending less.

As discussed above, however, Democrats do not wholeheartedly support higher education; they prefer supporting K-12 education and other forms of redistribution that go directly to their base voters. Thus, when the economy turns sour and unemployment rises, we expect that Democrats will abandon support for higher education. In these bad economic times, we expect that an additional Democrat will result in less extra spending than in good economic times.

Empirical Analysis

As dependent variables, we look at both a state's total commitment to higher education, as measured by appropriations per \$1000 in personal income, and its commitment relative to other priorities, as measured by the share of its budget directed to higher education. As a result, we address one level of how political processes affect policy expenditures covering both concentrated and diffuse benefits (Wilson 1974). The nature and direction of partisan effects are different when *types* of higher education spending are analyzed. In this case, the direct effects of partisanship are clearer and more dependent on the particular area of higher education policy under consideration, e.g., expenditures on students versus institutions, merit-aid versus need-based financial aid, expenditures on community colleges versus research universities. Finally, when considering types of higher education spending, partisan effects also will vary, over time, with changes in policy priorities (Jacoby and Schneider 2009). In the following section, we test our hypotheses and explore in detail the conditional effects of partisanship.

State higher education funding levels vary a great deal across states and over time. Total state spending per \$1,000 of personal state income has dropped over 30% since the 1970s, and higher education's share of states' budgets has dropped consistently for the past 30 years. Despite the fact that states' expenditures in real terms have grown, the average share of public universities' costs covered by public funds has dropped from 78% in 1974 to 43% in 2000 (Rizzo 2006). These trends are summarized in Figure A.1 in the Appendix.

There are many causes for this shift in higher education's fortunes. States'

budgetary pressures have grown exponentially. Expenditures on entitlement programs such as health care, K-12 education, and welfare have diminished discretionary spending ability across all states (Kane, Orszag and Apostolov 2005; Rizzo 2006; Toutkoushian 2009). As described by Hovey (1999) and later empirically tested by Doyle and Delaney (2009), due to its share of states' budgets and discretionary status, higher education became the "balance wheel" of states' budgets. The fact that higher education has both public and private alternative sources of funding (e.g., federal student aid, tuition, research grants, and private donations), means that states can shirk financial responsibility and prioritize spending in other policy areas.

Scholars in the field of higher education also argue that this continuous shift away from a mainly publicly-funded higher education system has been a result of growing support for the idea that the private provision and privately-borne costs of higher education are more efficient and equitable (Pusser 2002). Global economic trends and the growing earnings gap between college and non-college graduates also have contributed to the aforementioned trend (Marginson and Considine 2000). One important consequence of this change in policy positions is a drop in the political benefits of spending on higher education, an effect amplified by rising levels in social inequality (Bartels 2008; Quingley and Rubinfeld 1993).

We seek to explain the variation across states and years of spending on higher education. We measure higher education spending in two ways: as **total appropriations per \$1,000 of state personal income** and as a **share of the state budget**. The first is a proxy for the level of states' commitment to higher education as a share of available wealth. The second seeks to capture the relative standing of higher education as a state

priority compared to other policy areas in a particular year. Our dataset covers observations for 49 states from 1976 to 2004. We have excluded Nebraska due to its unicameral and non-partisan legislature. We have three main independent variables: political polarization, partisanship, and unemployment.

Polarization is a measure of the absolute distance between the average DW-NOMINATE scores for Democrats and Republicans in the congressional delegation. We use this as a proxy for the level of political polarization in the state legislature. We acknowledge that there are differences in the distribution of political preferences between the congressional delegation and state legislators as well as with the corresponding DW-NOMINATE scores (Wright and Osborn 2002). Ideally, we would have measures of individual state legislator ideologies that are comparable across states and over time.¹ Since the same constituents vote for both state and national representatives, and since representatives seeking re-election should attempt to vote in line with their constituents' ideologies, there are good reasons to believe that state-level and congressional DW-NOMINATE scores would be highly correlated. In any case, these congressional scores are one of the few alternatives to measure legislative ideological differences independent of partisanship, so we use them with caution.²

Democratic Strength is our measure for partisanship. We calculated the percentage of the total two-party seats held by Democrats in the states' lower and upper chambers. The final measure is the average of the proportion of Democrats in both

¹ Work is underway by Gerald Wright and colleagues to collect and code state-level roll-call votes in order to generate state legislator DW-NOMINATE scores. However, these efforts are ongoing and not yet complete. Moreover, they are unlikely to produce data for a longer time span.

² Berry, et al. (1998)'s groundbreaking measure of state legislator ideology, for example, includes the distribution of state legislative seats between parties as part of the composite measure. For this analysis, we needed to proxy ideology separately from partisanship, leading to our decision to adopt DW-NOMINATE.

chambers. This is a measure that captures the overall strength of the Democratic Party in the state legislature. Finally, we use **unemployment** rate as a continuous measure of business cycles. Changes in the unemployment rate have implications for states' revenues, demand for social policy expenditures, and constituency policy preferences.

We also include statistical controls for **state spending priorities**. Rather than controlling for spending on each individual policy-area – one variable for health care spending, another for highways, and so on – we use a summary measure designed to capture a state's *overall* spending preferences. To get this measure, we use the process designed by Jacoby and Schneider (2009). This process is most comparable to generating DW-NOMINATE scores, but it is also akin to factor analysis or latent variable analysis. First the process generates policy scores for each issue-area. As the authors discuss, these policies tend to bunch together: policies are either more “universalistic” or “particularized”. For example, some policies are universal like highways, law enforcement, and jails, while others are more particularistic benefits like welfare and housing. Then, using these policy scores and seeing how much each state spent on these policy areas, the authors generate priority scores for each state in each year that summarizes where states fall on that continuum between favoring the particularized or the universal. Essentially, these state priority scores give an overall summary of what states choose to spend their money on, much like DW-NOMINATE scores measure overall ideology rather than issue-specific preferences.

However, we alter the original scores somewhat. Jacoby and Schneider's (2009) original scores aggregate all state spending on education into one category, but we doubt that all education spending is driven by the same motivations. Given that we hypothesize

that the motivations for spending on higher education differ substantially from those of K-12 education, we create our own state priority score, keeping higher education spending and K-12 education spending separate but still employing Jacoby and Schneider's method. We used a dataset of state government finances, with small differences in the chosen expenditures categories, making our scores slightly different from theirs. Nonetheless, we were able to reproduce a comparable dot plot showing point coordinates clustered in two groups: one for policy areas favoring “particularized” benefits and another for policies favoring “collectivized” or universalistic goods.

We find that K-12 education is more closely grouped with public safety and general government expenditures: all considered more universalistic policies, benefiting a broader range of constituents (see Figure A.2 in the appendix). Higher education, in contrast, is grouped with health and social services, which are policies that provide more particularized benefits. This lends credence to our belief that higher education spending is driven by a very different set of motivations than is K-12 spending. But we do not use the individual policy-area scores in our models; rather, we are concerned with the scores assigned to each state in each year. These scores summarize how states choose to spend their money: whether relatively more on entitlements or corrections, health care or highways. For reference, Figure A.3 in the appendix shows each state's mean priority score across the entire period.

We consider these scores to be a reliable proxy for state spending priorities, and we use them as controls in our regression in place of absolute spending. As a robustness check, we also run models that use Jacoby and Schneider's (2009) original state priority scores that do not separate out spending on higher education. As a check, however, we ran several models including controls for absolute spending on entitlements, corrections,

and K-12 education in addition to our state priority scores, and our results remain intact. These results are available from the authors upon request.

Other control variables are the **private share of enrollment** in a state's postsecondary sector. States with smaller public higher education systems allocate fewer resources to their universities and colleges. **State revenues per capita** control for the amount of resources that states have available, and the **share of the population 18-24 years old** controls for the amount of demand for higher education in a particular state. We also include **state median income** as a proxy for levels of economic development and wealth. In several models, we include **lagged tuition**, which is the average tuition and required fees for full-time undergraduate students. These affect both the amount of resources available for policy expenditures and the demand for higher education. Contrary to common thinking, we found that a governor's party identification had no effect on either of our spending measures. Moreover, including governor's party as a control had no effect on the other coefficients in our model. We dropped this variable for brevity's sake, but the results are available from the authors upon request.

Results

We explore a series of conditional hypotheses. Table 1 shows how these variables of interest, along with their two-way interactions and relevant controls, are related to higher education appropriations per \$1,000 of personal income. Table 2 shows how the variables relate to higher education's share of states' general fund expenditures. For each table, the results from our baseline model are shown in the second column from the left, labeled "Baseline." We show results from several other models as a robustness check: one model adds a variable for lagged tuition, a third substitutes Jacoby and Schneider's (2009) original state priority scores for ours, and another adds lagged tuition and uses Jacoby and Schneider's original scores instead of ours. The last two columns add lagged dependent variables (LDV) to the baseline model and to the baseline model plus lagged

tuition, respectively. In all models, we include state fixed effects (FE) to capture state-level idiosyncratic effects.

We performed several checks for robustness, including checks on our model specification. Although we believe that including state fixed effects is the best model of the data-generating process, we also tried random effects models and models with two-way (year and state) fixed effects. Our main results do not change in size or significance. We also tried models that included corrections for heteroskedasticity and potential autocorrelation. When we ran models that deploy panel-corrected standard errors (and therefore correct for contemporaneously-correlated errors), we got results that are exactly in line with our main model findings. When we used Newey-West estimators to correct for generalized heteroskedasticity and autocorrelation, we also got results that are mostly in line with our main findings. Tables can be made available upon request.

Given that our results depend on interaction effects, we plot predicted values against our variables of interest in Figures 1 – 4, and we mainly base our discussion of the results on these plots. As shown in Table 1, our main variables of interest have a strong impact on higher education appropriations, across several model specifications. Polarization has a positive and significant effect across all of our baseline model specifications; the size of the coefficient attenuates in the two models with lagged dependent variables, but the correlation remains positive.

Insert Table 1 about here.

The direct effect for **unemployment** is statistically significant and positive in all models. As Brambor, Clark, and Golder (2006) argue, interpreting results from a model with multiplicative interactions is not as straightforward as interpreting results from normal linear-additive regressions. Simply looking at individual coefficients will lead to

erroneous conclusions. To avoid any confusion, we generate figures of predicted values to display our results graphically. Partisanship, represented here as Democratic Strength or proportion of state legislators who are Democratic, also has a positive and significant coefficient in all specifications. The size and significance of these main effects tells us that partisanship, polarization, and unemployment all relate to higher education spending, as we expected; the variation in higher education spending absolute and relative levels is to a great extent driven by political considerations. The interaction terms of this model are significant as well: the coefficients of Polarization*Unemployment and Unemployment*Democratic Strength are significant and negative in all specifications. The interaction term Polarization*Democratic Strength is generally insignificant. Overall, the significance of the interaction terms tells us that these observed political effects are conditional rather than direct.

Table 2 shows that our main variables of interest also have an impact on share of higher education spending. The coefficient for polarization is negative and significant in all models but those with lagged dependent variables. Unemployment is estimated to have a positive direct effect in our baseline models, but it loses significance at the 5% level in certain specifications. Democratic Strength positively and significantly affects share of higher education spending in our baseline models. Once again, we see that political factors and economic conditions affect the funding of higher education. Also, the interaction terms are mostly significant, again suggesting that these effects are conditional and dependent. The significant coefficients on Unemployment*Democratic Strength and on Polarization*Democratic Strength show that Democratic support for higher education depends on the economy and the partisan mood. The interaction of

Polarization and Unemployment has no significant effect on higher education spending.

Insert Table 2 about here.

Finally, in the models with lagged dependent variables (shown in the last two columns on the right of Table 2) all of our variables of interest have coefficients that are statistically indistinct from zero, which is a consequence of the explanatory power of the previous year's share of higher education spending. We take this to mean that legislators draw on numbers from the previous year in creating the budget for the current year, and we argue that our results still stand. In models that we ran using first-differenced variables, our main results held up, suggesting that yearly changes in partisanship, unemployment, and polarization also lead to changes in higher education spending.

As discussed above, interpreting the effects of interaction terms from a table of coefficients is difficult, especially when multiple interactions enter into a model. Therefore, we use graphs of predicted effects to show the conditional nature of our results. We also include measures of uncertainty: for all of our predicted values plots, the thickness of the bars represents a 95% confidence intervals around the predicted value point estimates. Each of these figures is based on the respective baseline model: Figures 4 and 5 draw on Model 1 of Table 1, while Figures 6 and 7 draw on Model 1 of Table 2.

Figure 1 shows how the predicted effect of Democratic Strength on appropriations changes at the highest and lowest observed levels of unemployment, with polarization held at its mean, for six representative states in different regions of the country. Since our model includes state fixed effects, the absolute level of appropriations changes from state to state, but the slope of the curve will be the same across all states. In good economic

times (the lightly shaded lines), Democratic Strength is positive, that is, more Democrats in a state legislature is associated with higher appropriations for higher education. In bad economic times, however, the marginal effect becomes negative, meaning that a higher number of Democrat state legislators is associated with lower appropriations for higher education.

Insert Figure 1 about here.

Figure 2 shows how the predicted effect of Democratic Strength on appropriations changes at the highest and lowest observed levels of polarization, with unemployment held at its mean. Again, the width of the bars represents a confidence interval around predicted value estimates. As can be seen, at low levels of polarization, the marginal effect of Democratic Strength is positive and statistically significant, such that more Democratic state legislators translate into increased appropriations. At higher levels of polarization, however, the marginal effect attenuates but remains positive throughout. In general, more Democrats are associated with more appropriations, but the predicted values of appropriations are slightly higher at lower levels of polarization than at higher levels.

Insert Figure 2 about here.

Figure 3 shows how the predicted effect of Democratic Strength on higher education budget share changes as unemployment changes, with polarization held at its mean. As in Figure 4, at low levels of unemployment, the marginal effect of Democratic Strength is significant and positive, such that more Democrats in a state legislature are associated with increased support for higher education. In comparison, at higher levels of unemployment, the partisan effect is moderated – more Democrats in a state legislature is not associated with a higher share of the budget going to higher education. In bad

economic times, Democrats and Republicans have the same levels of support for higher education spending.

Insert Figure 3 about here.

In Figure 4, we plot the marginal effect of Democratic Strength on higher education budget share as polarization changes, holding unemployment at its mean. As can be seen, having more Democrats in a state’s legislature is associated with a greater share of the budget allocated for higher education at all levels of polarization. Moreover, we find that the marginal effect is stronger at higher levels of polarization – in polarized state legislatures, having more Democrats gives a substantial boost to higher education spending.

Insert Figure 4 about here.

In sum, we find strong and consistent evidence that partisanship, polarization, and local economic conditions interact to affect spending on higher education. We find that the effects of political variables on higher education spending share are conditional on other political and economic factors.

Contrary to our initial expectation, partisanship matters at low levels of unemployment and polarization, holding all other variables constant. A possible next step is to explore whether this finding still holds when there is a shift in the mean ideology positions of legislators, instead of changes in the absolute distance between the two congressional delegations from each party.

Discussion and Conclusion

The available scholarship on political parties and state budget outcomes has presented a robust set of results for fiscal policy, health policy and, especially, welfare policy expenditures (Barrilleaux, Holbrook and Langer 2002; Besley and Case 2003; Grogan 1994). This study seeks to contribute to this literature by looking at a much less explored policy area, characterized by a “hybrid” status, that is, providing combinations of particularized and collective benefits. Moreover, higher education is an area for which policy positions do not fall clearly on the standard left-right political spectrum; however, there is a perceived widespread agreement over its importance for states’ economic growth and society in general.

We show not only that partisanship matters in this area of state expenditures, but also that higher education political dynamics are much more similar to those of healthcare and welfare than to those of K-12 education. If higher education indeed distributes particularized benefits more often than not, then future research should look into the relationships between specific constituencies, legislative preferences, and *types* of higher education spending. Unlike welfare programs, targeted benefits in higher education can go to a broad range of socioeconomic groups, making this an opportunity to explore the politics of redistributive policies when redistribution occurs not only toward the poor but also toward the middle and upper middle classes.

Our findings have substantive implications as well. Given the importance of an educated workforce for state and national economic development, growth, and competitiveness, it is significant to understand the political-economic causes for the current trend in which governments have moved away from the provision of higher

education services and financial support for students. As a result, the responsibility for financing a college education has shifted disproportionately to individuals and their families. These new cost-sharing arrangements have affected the amount and type of demand for higher education. They have also contributed to increasing inequalities within the higher education sector and, hence, inequalities of educational outcomes.

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TABLE 1 Results for STATE APPROPRIATIONS PER \$1000 OF PERSONAL INCOME

	Baseline	B + Tuition	B with Tuition	B with Tuition + Tuition	B with Tuition + Tuition	B with LDV	B with LDV + Tuition
Lagged Appropriations						0.79*	0.77*
Polarization	3.08* (0.71)	3.01* (0.68)	4.50* (0.80)	3.92* (0.76)	0.68 (0.42)	0.68 (0.42)	0.72 (0.42)
Unemployment	0.68* (0.09)	0.64* (0.09)	0.70* (0.10)	0.71* (0.09)	0.12* (0.06)	0.12* (0.06)	0.12* (0.06)
Democratic Strength	7.14* (1.00)	7.32* (0.96)	8.15* (1.12)	7.73* (1.06)	1.72* (0.60)	1.72* (0.60)	1.90* (0.60)
State Policy Priority Score	-25.04* (4.07)	-23.21* (3.94)	34.95* (3.77)	22.25* (3.79)	-6.81* (2.46)	-6.81* (2.46)	-6.67* (2.43)
Population 18-24	40.67* (3.25)	35.80* (3.17)	-4.81* (0.54)	22.25* (3.79)	10.70* (2.03)	10.70* (2.03)	9.87* (2.02)
Logged Income Per Capita	-4.69* (0.47)	-2.55* (0.50)	-4.81* (0.54)	-1.33* (0.61)	-1.35* (0.29)	-1.35* (0.29)	-0.75* (0.31)
Private Enrollment	-7.96* (1.14)	-6.42* (1.12)	-6.28* (1.23)	-4.57* (1.18)	-1.18 (0.70)	-1.18 (0.70)	-0.86 (0.69)
Lagged Tuition (in \$1000)		-0.47* (0.05)		-0.57* (0.05)		-0.57* (0.05)	-0.15* (0.03)
State Revenue Per Capita	2.52* (0.32)	3.08* (0.32)	2.40* (0.34)	2.85* (0.32)	0.77* (0.20)	0.77* (0.20)	0.99* (0.20)
Polarization*Unemployment	-0.66* (0.09)	-0.62* (0.09)	-0.66* (0.09)	-0.57* (0.09)	-0.16* (0.05)	-0.16* (0.05)	-0.15* (0.05)
Unemployment*Democratic Strength	-0.67* (0.10)	-0.61* (0.10)	-0.76* (0.10)	-0.68* (0.10)	-0.18* (0.06)	-0.18* (0.06)	-0.18* (0.06)
Polarization*Democratic Strength	0.24 (1.21)	-0.39 (1.17)	-2.07 (1.42)	-2.46 (1.35)	0.15 (0.72)	0.15 (0.72)	-0.05 (0.72)
Jacoby's Original Score							
N	1421	1421	1176	1176	1421	1421	1421
R ²	0.99	0.99	0.99	0.99	1.00	1.00	1.00
adj. R ²	0.99	0.99	0.99	0.99	1.00	1.00	1.00
Resid. sd	1.13	1.09	1.06	1.01	0.67	0.67	0.67

Standard errors in parentheses

* indicates significance at $p < 0.05$

TABLE 2 Results for STATE APPROPRIATIONS AS A SHARE OF GENERAL FUND EXPENDITURES

	Baseline	B + Tuition	B with Jacoby	B with Jacoby + Tuition	B with LDV	B with LDV + Tuition
Lagged HE Share					0.82*	0.81*
Polarization	-1.56* (0.48)	-1.56* (0.47)	-1.44* (0.49)	-1.66* (0.48)	(0.02) -0.12	(0.02) -0.14
Unemployment	0.14* (0.06)	0.12* (0.06)	0.10 (0.06)	0.10 (0.06)	(0.28) 0.02	(0.27) 0.02
Democratic Strength	1.85* (0.68)	1.99* (0.66)	2.06* (0.69)	1.90* (0.67)	(0.04) 0.27	(0.04) 0.31
State Policy Priority Score	-18.82* (2.78)	-17.15* (2.69)			(0.39) -4.18*	(0.39) -4.12*
Population 18-24	19.12* (2.11)	14.52* (2.08)	19.08* (2.22)	12.75* (2.32)	(1.60) 4.98*	(1.59) 4.44*
Logged Income Per Capita	-3.54* (0.25)	-1.71* (0.30)	-4.77* (0.26)	-3.02* (0.34)	(1.22) -0.99*	(1.23) -0.73*
Private Enrollment	-5.44* (0.78)	-4.53* (0.76)	-2.85* (0.76)	-2.17* (0.74)	(0.15) -0.60	(0.18) -0.52
Lagged Tuition (in \$1000)		-0.33* (0.03)		-0.25* (0.03)	(0.45) -0.05*	(0.45) -0.05*
Polarization*Unemployment	-0.11 (0.06)	-0.09 (0.06)	-0.08 (0.06)	-0.04 (0.06)	-0.04 (0.03)	-0.04 (0.03)
Unemployment*Democratic Strength	-0.17* (0.07)	-0.14* (0.07)	-0.27* (0.06)	-0.23* (0.06)	-0.04 (0.04)	-0.04 (0.04)
Polarization*Democratic Strength	2.56* (0.83)	2.09* (0.80)	1.91* (0.88)	1.68* (0.86)	0.16 (0.47)	0.12 (0.47)
Jacoby's Original Score			7.99* (0.59)	7.93* (0.57)		
<i>N</i>	1421	1421	1176	1176	1421	1421
<i>R</i> ²	0.99	0.99	0.99	0.99	1.00	1.00
adj. <i>R</i> ²	0.99	0.99	0.99	0.99	1.00	1.00
Resid. sd	0.77	0.75	0.65	0.64	0.44	0.44

Standard errors in parentheses

* indicates significance at $p < 0.05$

FIGURE 1 Predicted Effects on STATE APPROPRIATIONS PER \$1000 OF PERSONAL INCOME

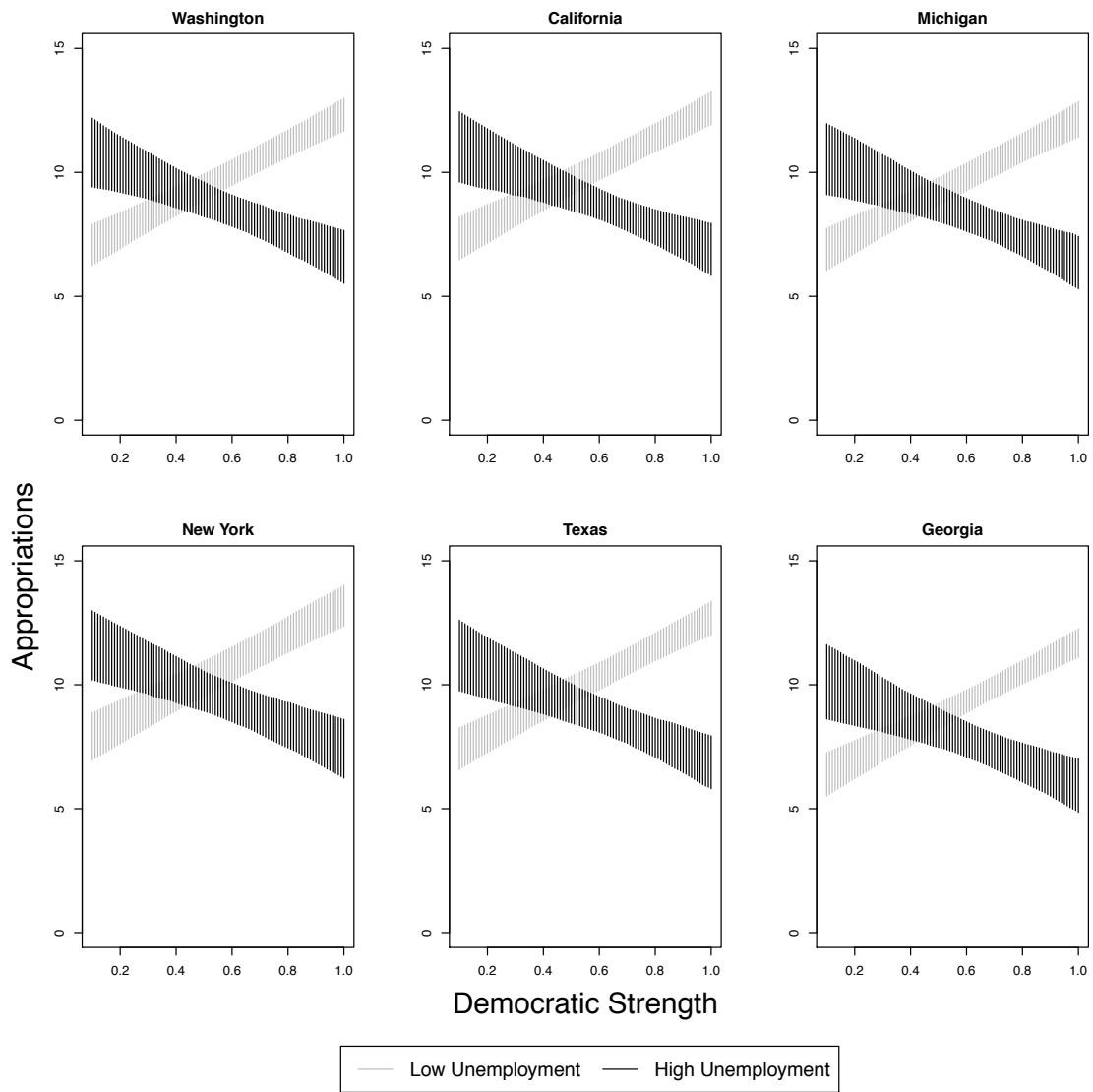


FIGURE 2 Predicted Effects on STATE APPROPRIATIONS PER \$1000 OF PERSONAL INCOME

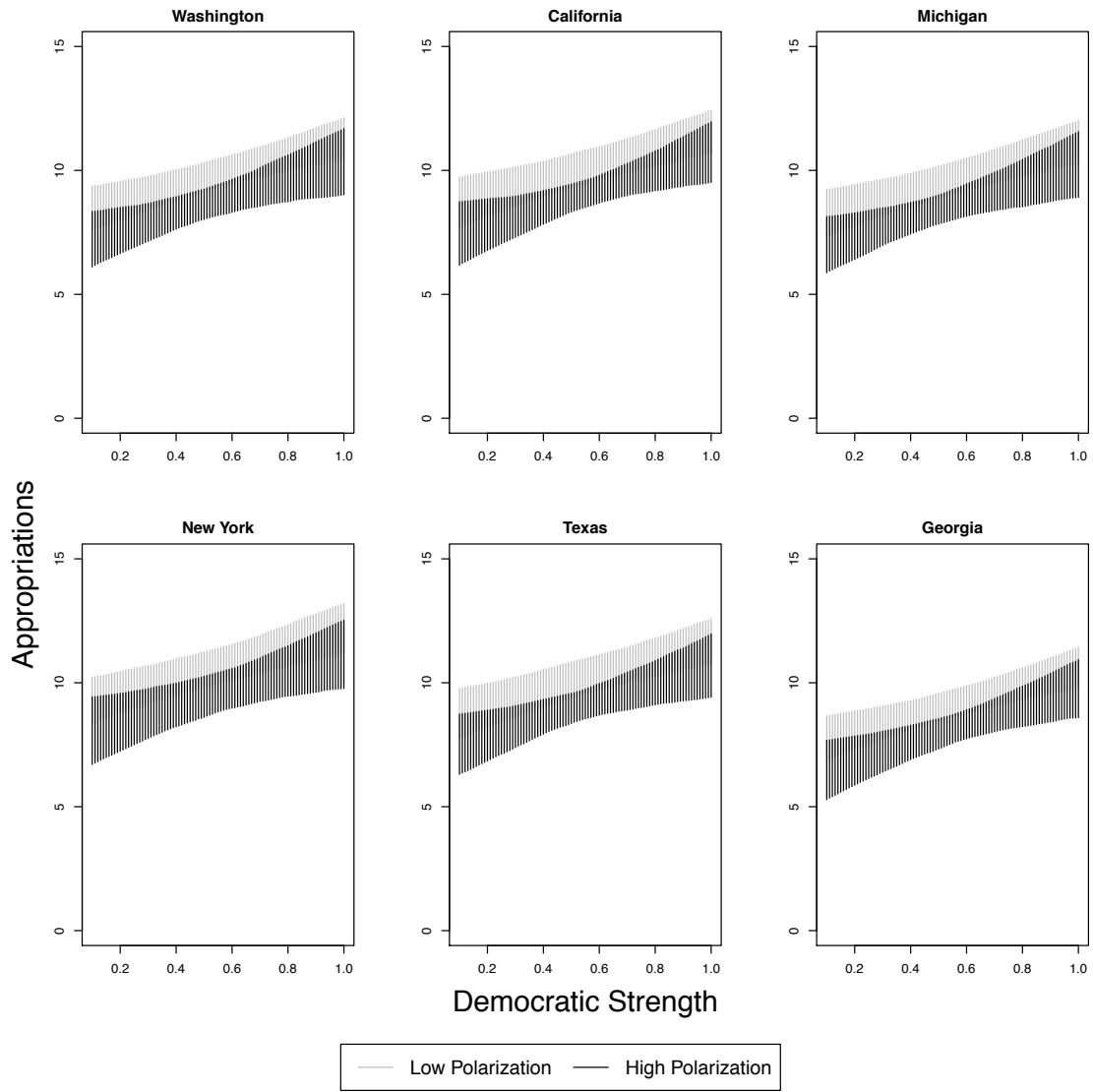


FIGURE 3 Predicted Effects on STATE APPROPRIATIONS AS A SHARE OF GENERAL FUND EXPENDITURES

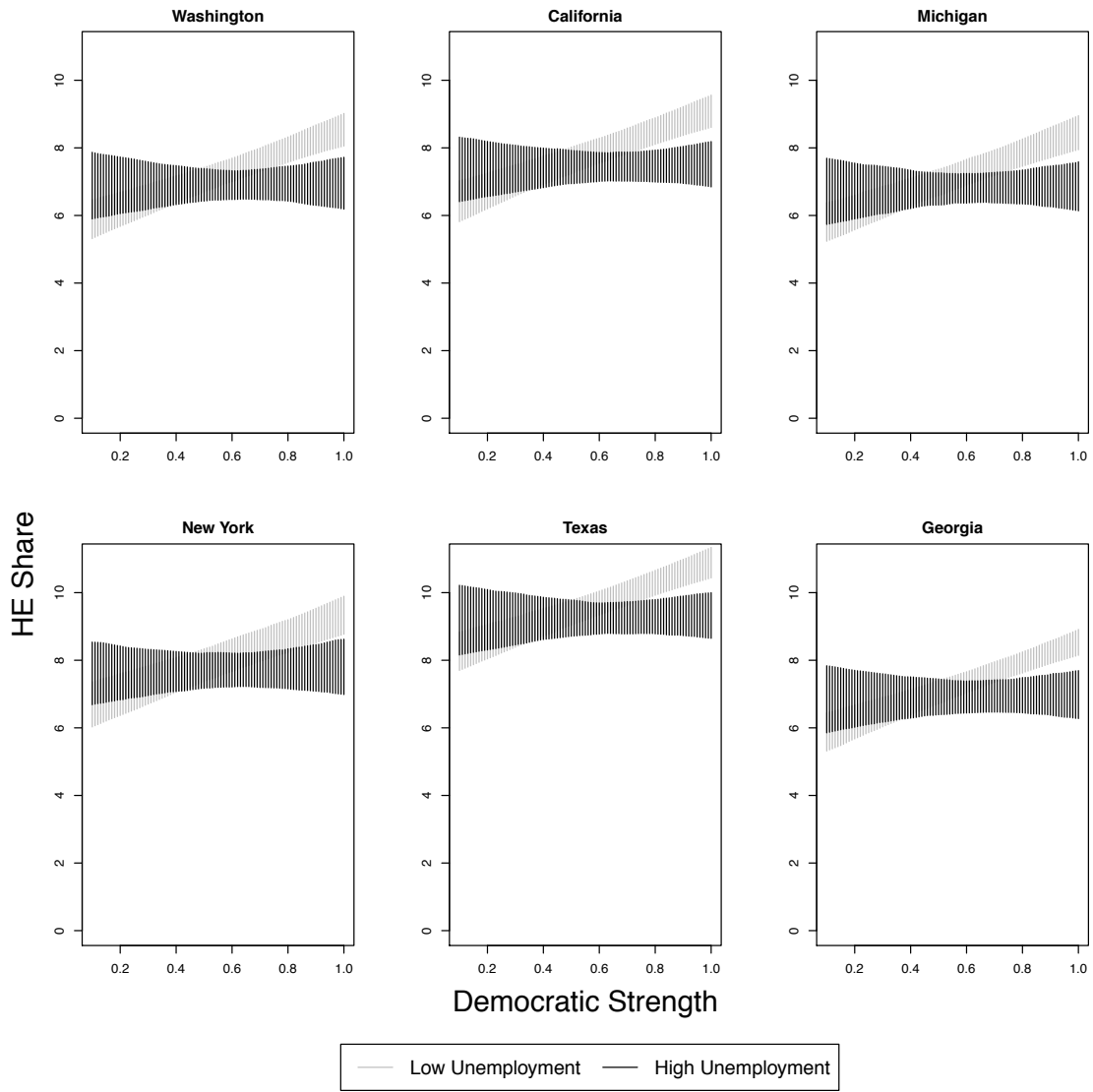


FIGURE 4 Predicted Effects on STATE APPROPRIATIONS AS A SHARE OF GENERAL FUND EXPENDITURES

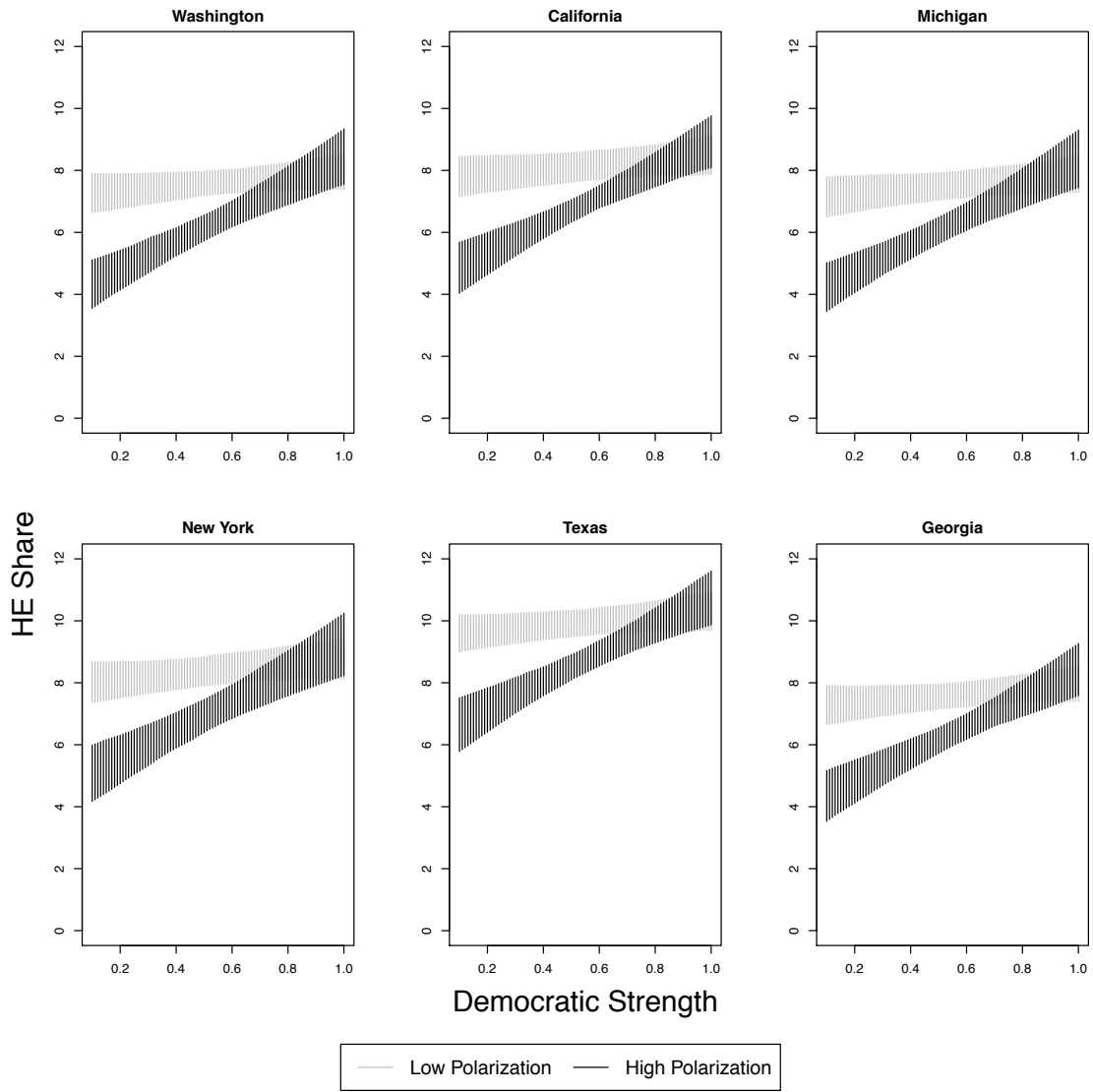
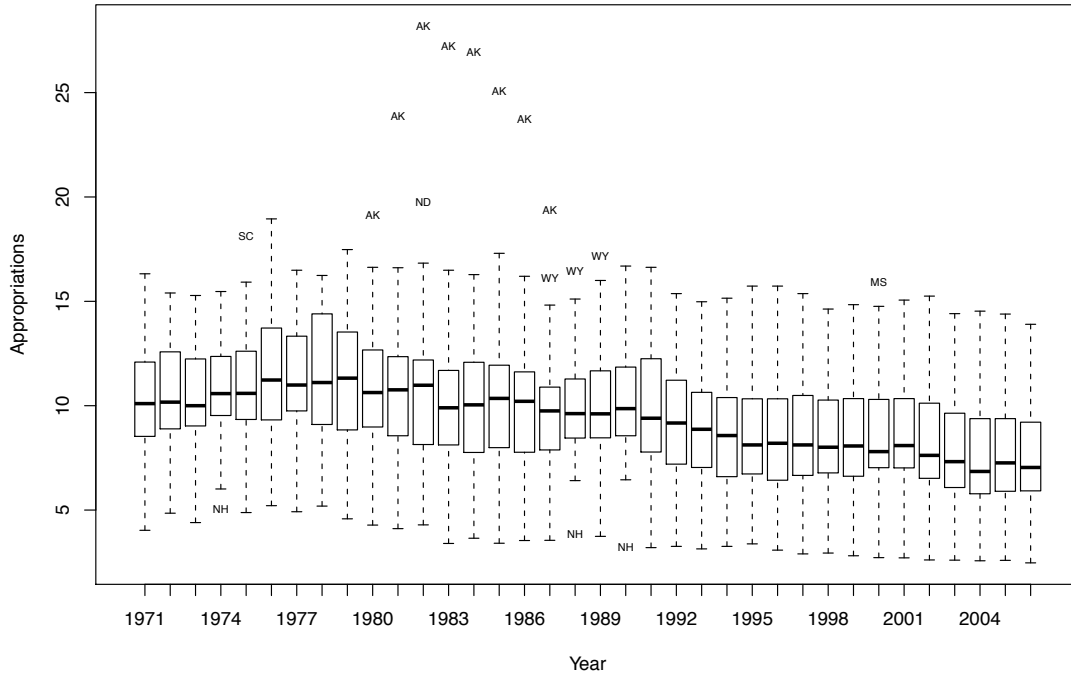
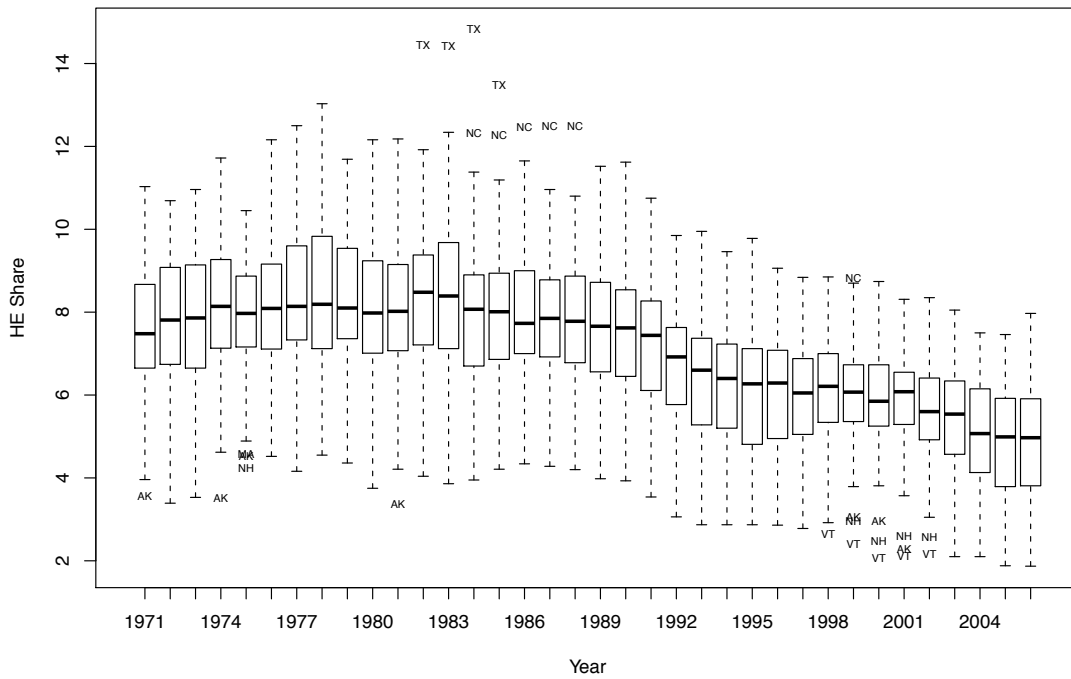


FIGURE A1 Boxplots of Dependent Variables By Year



(A) Appropriations



(B) H.E. Share

FIGURE A2 Policy Point Locations

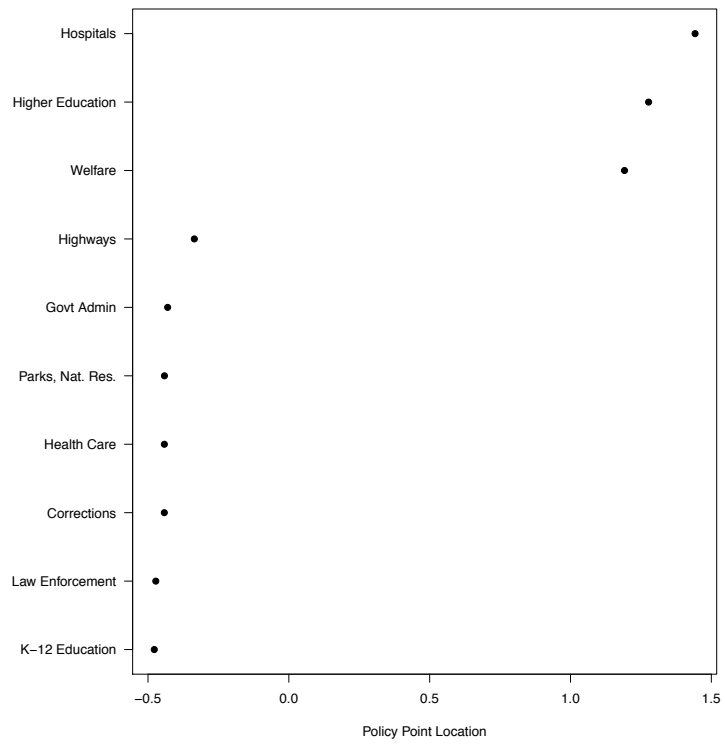


FIGURE A3 Policy Point Locations

