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EXECUTIVE BUDGET SUCCESS:
EVIDENCE FROM THE AMERICAN STATES

A DISSERTATION APPROVED FOR THE
DEPARTMENT OF POLITICAL SCIENCE

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ABSTRACT

Budgeting is among the executive's most important powers in a separated political system. The extent to which executive budget proposals are adopted by the legislature is an important measure of the executive's political success. Scholarly literature on budgeting has emphasized how budgets are created but study of executive budget success and its causes is relatively rare. This work seeks to better understand success and the reasons it is achieved through an analysis of the 50 American states for a complete budget cycle. This approach advances the study of budget success by using multiple methods, including measuring success by major issue as well as agency budgets. A survey of budget participants revealed that governors were more successful with partisan support in the legislature, early in their terms, and in a biennial budget cycle. Respondents rated economic conditions, clearly stating and advocating an agenda, and offering popular issues the most important factors contributing to executive budget success. Quantitative analyses revealed that governors were more likely to achieve budget goals with a less professional legislature, legislative term limits, party support in the legislature, biennial budgeting, popular support, and earlier in their terms. Taken together, all analyses suggest that the most important factor in executive budget success is the time in service, followed by partisan support in the legislature, an institutionally weak legislature, biennial budgets, popular support, control over a strong executive budget office, a weak economy, and when proposing large budget increases.

CHAPTER 1

EXECUTIVE POWER AND EXECUTIVE BUDGETING

The growing power of the chief executive is one of the most remarkable developments in American national government in the last one hundred years. Writing in the middle of the Twentieth Century, legal scholar Edward S. Corwin characterized the history of the presidency as "…a history of aggrandizement…" (1948, 38). While Corwin saw the growth in presidential power as long but discontinuous, later scholars dated dramatic jumps in presidential power to the administrations of Woodrow Wilson (Tulis 1998), Warren Harding (Sundquist 1981) or Franklin Roosevelt (see, for example, Greenstein 1978, Nelson 1998, Shull and Shaw 1999).

Many external factors--wars and emergencies, public expectations of government action, the nation's expanding role in the world community, growth in the size of the executive branch, and more public attention--help explain the growth of presidential power (Nelson 1998, Burke 1998). Presidents themselves expanded the power of the office by taking the lead in setting the legislative agenda, expanding staff support capabilities, gaining more control over the executive branch, and cultivating their newfound public attention (Greenstein 1978). This modern interpretation confirmed Corwin's judgment that the definition—and role—of the presidency depends both on the "…accumulated tradition of the office" and on the holder of the office (1948, 38).

Like the President at the national level, governors rose within in the power structures of state governments during the Twentieth Century. In the early stages,

executives were consciously given more power in order to create clear lines of accountability to voters (Clynch and Lauth 1991a). Over time, institutional power of governors grew thanks to longer terms of office, removal or loosening of limits on terms, administrative reorganizations, the reduction in separately elected offices and complementary increase in governors' appointment powers, the creation of cabinet structures, veto powers, and, as with the President, increases in staff support (Epstein 1978, Beyle and Muchmore 1983, Beyle 1983a). As with the presidency, external factors, including a greater policy role for state governments, and growth in public contact, have helped build executive power of governors (Beyle 1983a).

The growth of executive power has been intertwined with the creation and development of executive budgeting. In 1900, the Congress and all 50 state legislatures dominated the budget process. They appropriated funds to agencies on an intermittent basis and in lump sums, without considering the fiscal operations of the government as a whole (Schick 1971, 2000). Early critics found many faults in the legislative appropriations process. It had come to be dominated by "bosses" in the form of powerful committee chairs, who were not subject to popular control. It was too easily dominated by special interests, even those who claimed to have the best humanitarian goals at heart (Cleveland and Buck 1920).

Reformers advocated executive budgeting, in which the chief executive is either expected or required to begin the regular budget process by proposing a comprehensive, unified governmental budget. There were several purported advantages to such a system. First, the unified budget would act as a complete record and a comprehensive plan of

government action. As such, it informed voters and gave them an instrument of democratic control. Second, the chief executive was available throughout the fiscal period to enforce the legislative will and spending restraint upon agencies. (Willoughby 1918). Third, an executive might be more likely to control expenditures, which had grown quickly in the early 1900s at both the national and state levels (Schick 1971, 2000). Fourth, citizens could hold a single official who was elected at large accountable for the efficient and effective execution of policies and programs (Clynch and Lauth 1991a). The municipal, state and federal governments, by adopting executive budgeting, not only responded to these calls for reform, but they changed the balance of power within government. The executive budget became an important tool of executive power. It set the stage for development of an annual or biennial budget, which often became the major issue of the legislative session. Richard Briffault (1996, 31) went so far as to say that the executive's budget submission "dominates the debate."

At the national level, the executive budgeting power grew in several steps. The President was given the power to propose a budget in the Budget and Accounting Act of 1921. This act gave the president a formal role in the budget process, attempted to end direct contact regarding budget issues between agencies and Congress and created the Bureau of the Budget to assist the President in reviewing agency funding requests and preparing the annual executive budget. In 1939 the Bureau of the Budget was moved into the new Executive Office of the President and was given the lead role in federal government management. It not only created the President's budget; it developed the President's legislative agenda and monitored legislation on behalf of the chief executive.

President Nixon strengthened executive budgeting in the 1970s by making the Bureau (now the Office of Management and Budget) more politically responsive and by involving it more in monitoring congressional fiscal activity (Schick 2000). President Reagan elevated the office again by having it propose and negotiate budgets with Congress without involving the agencies that originally proposed and would eventually implement the budgets (Rubin 2000).

State governments embraced executive budgeting and strengthened executive budget offices in the same time period. Ohio was the first to give the governor the power to prepare the budget in 1910 (Guhde and Mustafa 1981). Every state made significant budget reforms between 1911 and 1926, though less than half had true executive budgeting by the end of this period. The fiscal difficulties of the Great Depression shifted budgeting power toward the governor in most states; the budget became more an instrument of executive intent and control, thanks to more detailed appropriations, larger gubernatorial staffs, and constant monitoring of agency activities (Schick 1971). By the mid-1970s, governors of 34 states had sole responsibility for preparing budgets (Epstein 1978). By the end of the 1990s, all 50 governors offered unified proposed budgets. Some still competed with comprehensive legislative proposals and many were subject to statutory limitations regarding revenue forecasts and balanced budgets.

As at the national level, growth in specialized budget offices helped governors consolidate and take advantage of the executive budget power. The number of states with offices of management and budget doubled in the 1970s (Beyle 1983b). In 2001, governors in every state except South Carolina had significant appointment power over

the budget director; these appointees managed executive budget staffs totaling nearly 1800 employees (National Association of State Budget Officers 2002). Governors have gained additional powers to enforce their budget will through other means, including balanced budget requirements, line item veto power, and the power to reduce a budget after it is adopted (Briffault 1996).

As one would expect in a separated system of government with branches competing for power, legislatures reacted to the growth of executive power in the late Twentieth Century by building their own budgetary powers. In 1972, House Ways and Mean Committee member Al Ullman lamented that executive budget power had grown to the point that his colleagues had "…lost the capacity to decide our own priorities in this nation of ours" (quoted in Sundquist 1981, 210). Later, Congress addressed the perceived imbalance with the Congressional Budget and Impoundment Control Act of 1974 (BICA), which created the Congressional Budget Office. This office gave Congress the ability to create its own fiscal policy, independent of the President's policies (Rubin 2000). It also made budgeting at the federal level considerably more contentious and made the two budget-making branches more interdependent (Shull and Shaw 1999, Schick 2000).

State legislative fiscal staffs blossomed in the same time period. These staffs assisted legislators in regaining some control over the states' budgets by independently forecasting revenues, reviewing agency budget requests, analyzing new program requests, estimating the impact of tax and expenditures decisions on members' districts, and monitoring agency implementation of legislative intent (Guhde and Mustafa 1981,

Grizzle 1991, Cope 1991, Chadha, Permaloff and Bernstein 2001). Perhaps most importantly, they gave the legislature budgetary information that ended their reliance on the executive branch (Abney and Lauth 1998). Legislative budgeting power also has been bolstered by the trend toward higher professionalism, as manifested in the shift toward annual sessions, longer sessions, and higher pay (Rosenthal 1990, Fisher 1997). Abney and Lauth (1998), based on the latest of several surveys of budget participants, declared that the era of executive dominance in state budgeting was over. Budget scholar Irene Rubin (2000) agreed, describing the current budget arena in most states and at the national level as one of balance between the executive and legislative branches.

In an era of balanced powers between the branches of government, studying budgeting outcomes is an effective way to study the roots and uses of executive power. Budgeting has become both a means for executives to extend their power and a test of their ability to use that power. Aaron Wildavsky, long recognized as the leading budgeting scholar, was among the first to make the case for the budget as a legitimate arena for studying politics:

> Perhaps the "study of budgeting" is just another expression for the "study of politics"; yet one cannot study everything at once, and the vantage point offered by concentration on budgetary decisions offers a useful and much neglected perspective from which to analyze the making of policy (1961, 190).

Regulating and resolving conflict is, arguably, the primary function of government. The budget process is thus an institution in which the central purpose of government is carried out annually or, in some states, biennially.

Budgets simultaneously accomplish many political functions. They are records of

past conflicts, mechanisms to allocate limited resources, signals of what matters to a government and a statement of strategies and hopes for the future of the nation (Wildavsky 1975). The political importance of budgeting helps explain why the annual American budgeting ritual has become the site of "epic battles" between the President and Congress (Kiewiet and McCubbins 1985, 182). Both branches recognize that control over the budget equates to control over policy outcomes. Indeed, one budget scholar suggests budgeting has supplanted legislation as "…the most important instrument of governance" (Lehan 1996, 4). Nor is the political importance of budgeting limited to the national government. In state government, budgeting is "...the vehicle whereby most state policy priorities are clearly delineated" (Gosling 1985, 459). The budget for a state determines how much will be available, which policies will be implemented, and which social values will prevail (Clynch and Lauth 1991a). Budgeting, in other words, *is* politics.

The adopted budget is a summary of the political struggle; Ohio budget director Howard Collier characterized the final state budget as "a political scorecard' (quoted in MacManus 1991, 31). Rubin (2000) agreed, suggesting that "Budgets reflect the relative power of different individuals and organizations…" (p. 2). This study compares the governors' budgetary goals with the budgets finally appropriated by the legislature. By doing so for a budget process in all 50 states, it goes well beyond a simple scorecard. It offers a season's worth of box scores. Analyzing those box scores, it attempts to answer what must ultimately be one of political science's essential questions: "Who won and why?"

Budgeting Theories in the Literature

A review of the literature on the political aspects of budgeting suggests six reasonably coherent theories of budgeting. These are the incremental, bargaining, comparative, economic, institutional, and ideological theories. Each of the six theories informs the proposed dissertation in some way, as summarized in Table 1.

One of the earliest and still most important theories is that budgeting will be incremental--that is, that each agency's budget will be a marginal adjustment from its budget in the previous year. Wildavsky (1964) developed this idea in his studies of the American national budgeting process. Fenno (1966) found the same dynamic in his study of the congressional appropriations process. According to incremental theory, the executive and legislative budget processes touch only the tip of the iceberg, while the remaining nine-tenths float along below the surface. Budgets are incremental because they embody the decisions of all prior years' budgets; nobody wants to revisit every decision and risk the loss of important programs. Even if they did, the limited time to prepare and review budgets makes it impossible to meaningfully consider every part of every agency's budget. An essential reason for and result of incremental budgeting is an unspoken agreement that all agencies (and leaders who are responsible to the beneficiaries of agency programs) are willing to take a "fair share" of budget changes rather than risk a large decline while a rival agency manages a large increase (Wildavsky 1964).

Several early budgeting studies documented the incremental nature of budgeting. Wildavsky and colleagues used Fenno's data on 56 federal agencies to develop models of

the various budget participants' strategies and to show that the vast majority of agency requests, budget bureau recommendations, and congressional appropriations were explained by the agency's prior budget (Davis, Dempster and Wildavsky 1966). Sharkansky and Turnbull (1969) demonstrated in a study of budgeting in two states that the increment from last year's budget, not the overall budget, was the focus of agency budget requests, governors' recommendations, and legislative spending decisions. Sharkansky (1968) concluded from a more extensive study of budgeting in 19 states that incrementalism explained budgeting inputs and outcomes.

Table 1.—Role of the Major Budgeting Theories in this Study.

Theory	Principle Argument	Use in this Study
Incremental	Most budget activity centers on marginal changes from the previous budget.	Study measures governor's goals and budget outcomes as change from the previous budget.
Bargaining	Budgets are developed through mutual accommodation between the executive and legislative branches.	Study identifies budget issues throughout the budget process, so that governor's issues may include some initiated by the legislature. Study also measures relative strengths of the two branches to determine impact on budgeting outcomes.
Comparative	Budget outcomes depend on wealth and scarcity of resources.	Study incorporates economic conditions and budget growth as explanatory variables.
Economic	Incumbent governments manipulate budgets to create a favorable economy for reelection.	Study tests whether incumbent governors are more successful with unified government and an upcoming election.
Ideological	Conservative governments	Study tests legislative party

	spend less and budget success depends on ideological agreement between branches.	support and other partisan arrangements as explanatory variables.
Institutional	Mechanisms that divide power among the branches of government affect budget outcomes.	Study tests several variables of power distribution within and among the branches as explanatory variables.

Many challenged the incremental theory of Wildavsky and others. Bailey and O'Connor (1975) used Fenno's data to show that federal agency budgets often varied a good deal more from year to year than might be encompassed by the term "increment"; they made the same conclusion in reviewing additional federal budgets as well as agency budgets from Virginia and Colombia. Other scholars indicated that agencies requesting larger appropriations would get them, contrary to the expectations of incremental theory (Sharkansky 1968, LeLoup and Moreland 1978). LeLoup (1975) criticized studies that supported the incremental theory for concentrating on agency budget totals rather than programs, for looking at a single year's budget in isolation from multi-year trends, and for looking at budget totals rather than nominal or percentage changes. According to Rubin (2000), incrementalism is not applicable in modern budgeting because participants are no longer bound by the norms of fair share and moderation, because the rise of interest groups has disrupted the formerly closed and cozy process, and because budget processes have a strong role in structuring interactions among the budget participants.

The incremental approach, however, remains valid in explaining some budgets decades after it was first conceived (Kiewiet and McCubbins 1985, Patashnik 1999). Jones, True and Baumgartner (1997) found that the American national budget has

become more incremental in nature. This is partly due to growth in the budget--more of it is judged by policy makers to be "off limits"--and partly due to the prevalence of divided government, which makes it difficult to change budgets in any direction. State officials are believed almost universally to look at budgets incrementally (Rubin et al. 1991, Lauth 1991, Whicker 1991, Clynch and Lauth 1991b).

Bargaining theories of budgeting posit a similar outcome to incremental theories-- minor changes in annual budgets--but for different reasons (Rubin 1997). Kiewiet and McCubbins (1985) agreed with Wildavsky that Congress and the President view budgets in terms of their change from the previous year's spending level. From this common departing point, however, they saw a dynamic quite different from Wildavsky's. They conceived of the budget process as a game between the President and Congress, which both adopt "accommodative" strategies. Both branches mutually and continuously adjust their budget proposals based on the anticipated reaction of the other side. A President will propose a larger budget than preferred if he believes Congress wants a higher budget. He will conversely lower his proposal if he believes Congress wants to cut. Congress will similarly adjust its preferred position to avoid a presidential veto. Budgeting is thus a "rational strategy of accommodation," not a predetermined process governed by inertia (p. 197).

Several budgeting studies have confirmed the dynamic approach to budgeting suggested by bargaining theories. Cox, et al. (1993) found that democratic presidents lower budget recommendations when republicans control Congress, and republican congresses increase spending more with a democratic President than with a republican

one.   Kiewiet and McCubbins (1985) found that presidents and Congress both considered the preferences of the opposite branch in determining their budgets. The Reagan administration turned the budgetary approach on its head. President Reagan set his budget proposals only after considering what changes Congress would make (Heclo 1984). Rather than increasing budgets because he expected Congress would want higher budgets, he lowered them in anticipation that Congress would increase spending but only to his desired level (Peterson 1985).

While the literature of comparative budgeting is primarily descriptive, Wildavsky (1975) elaborated on his incremental theory to develop a comparative theory of budgeting dynamics. Incremental budgeting is limited to settings with both wealth and economic certainty. Where there is wealth but not certainty, the original budget will be relatively unimportant, with the real decision-making taking place in discussions of supplemental budgets during the year. Where there is certainty but no wealth, as in American cities in the 1970s, the budget will be determined solely by the available revenues. In areas lacking both certainty and wealth, mainly in less developed countries, budgeting will be repetitive. By this term Wildavsky meant that an adopted budget will have little meaning because the system must include multiple controls and approvals before budgeted funds could actually be spent. States, according to Wildavsky, vary in budget circumstances and thus in the nature of budgeting. When revenue growth slows, the governor must find new revenue sources and the legislative emphasis shifts away from the expenditure side. When growth returns, however, the emphasis of both branches shifts toward expenditures. With ample revenues, all parties are more likely to achieve their budget

objectives. Except for Wildavsky's theory and the institutional theory described below, the literature of comparative budgeting is disappointingly descriptive and not well unified.[1]

Incremental, bargaining, and Wildavsky's comparative theories concentrate on how budgeting works and why. Other theories pay more attention to the result --whether budgets grow or shrink and why. These theories can loosely be organized as economic, ideological, and institutional approaches.

Economic theories of budgeting are often related to the idea of an "electoral business cycle." Scholars of this persuasion argue that economic conditions at the time of an election are an important determinant of the incumbent party's chances of being reelected. As a result, scholars say, executives will manipulate the budget process to provide favorable economic results as elections approach (Tufte 1975, Nordhaus 1975, McRae 1977). The incumbent party is thus a "winner" in the budget process if it succeeds in reducing unemployment or increasing economic growth in the short run *and* if it is reelected as a result. In its purest form, this theory implies that there is a built-in bias toward higher spending any time an election is approaching. There is enough doubt about whether the economy actually affects election results and whether governments intentionally manipulate the economy that this idea should be considered more a plausible hypothesis than an accepted explanation (see, for example, Lessmann 1987).

Ideological explanations of budgeting are disarmingly simple but still empirically effective. These explanations are based on the assumptions that governments of the right

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[1]See, for example, Guess 1983, Premchand and Burkhead 1984 , Caiden 1985, Young 1999.

will spend comparatively less and have smaller deficits while governments of the left will have higher budgets and larger deficits. In the United States, the relationship is reasonably clear. Mayer (1999) noted that party is not a perfect proxy for activism, but Democrats historically are more inclined to favor expansive government. At the national level, Democratic presidents request higher budgets and Democratic congresses appropriate more than republican counterparts (Auten, Bozeman, and Klein 1984, Kiewiet and McCubbins 1985, 1991). Democratic presidents, do, however, make deeper cuts in defense budgets (Ostrom 1978). Peterson (1985) found that for a 40-year period, Congress increased budgets beyond the proposals of Republican presidents but decreased them from Democratic proposals. Heclo (1984) showed that, even as President Reagan proposed massive increases in defense spending, the Democratic Congress routinely appropriated more than the President requested. The same relationship holds true in many states. (See, for example, MacManus 1995 on Florida, Kleine 1995 regarding Michigan, Luce 1995 on Minnesota, and Alt and Lowry 2000 for 33 non-southern states.)   The partisan division of power in the competing branches of government may also affect budgeting outcomes. Executive party support in the legislature makes it more likely that the executive can act to reduce the government's deficit. Executive budgeting power, in this view, is strengthened by legislative party support. This relationship has been documented in a wide range of countries (Roubini and Sachs 1989, Schick 1993). Similarly, legislative party support is an important variable in the success of governors (Sigelman and Dometrius 1988, Gross 1991).

Institutional models are the most common type of budgetary theories, and the

most important to this dissertation. While institutional models focus on several different aspects of government structure or process, all suggest that specific institutional arrangements can affect the budget outcome. The arrangements of power within the executive branch are important to the resulting budget. State executive power often is shared by the governor with several other elected officials and sometimes with appointed officials who are outside the governor's immediate control. Evidence is mixed as to whether this arrangement affects policies or budget outcomes (Sharkansky 1968, Dye 1969, Patterson 1983, Gross 1991). Executive control over a budget office also may be an important element in budget outcomes. Efforts have been made at the national and state levels as well as in other countries to improve the chief executive's budgeting powers by strengthening his control over those who formulate the proposed budget. While scholars have provided a review of these efforts and their desired effects (see, for example, Schick 1971, 2000, Greenstein 1978, Moe 1982, and Weber and Brace 1999), few have examined whether there is any actual effect on budget outcomes. Other scholars question the impact of executive power in budgeting outcomes (Dye 1969, Salanick and Pfeffer 1977).

Legislative institutions also affect budget results. Decentralizing the legislature, usually by creating specialized committees and subcommittees for budget review, reduces the likelihood the chief executive's budget will be adopted. Committees serve as veto points for change and thus thwart executive programs unless there is a crisis or an all-out "blitz" by the executive (Shepsle and Weingast 1984). Legislative fiscal staff also plays a role in enhancing the budget powers of the legislative branch and thus

diminishing the powers of the executive (Balutis and Butler 1975, Guhde and Mustafa 1981). Gross (1991), however, suggested that it is inappropriate to view institutions in isolation. Incremental, bargaining, and comparative theories of budgeting address the process of creating budgets. Economic, ideological, and institutional approaches explain outcomes of budgeting. All six approaches offer theoretical concepts that are essential to the proposed dissertation.

The Literature of Executive Budget Success

The scholarly literature on budgeting emphasizes process and desired outcomes to a much greater degree than it does actual outcomes. Of the studies that attempt to measure and explain budget outcome, only a small subset compare the executive's desired outcome and the actual budget that results from the process. Of these, many address executive budget success only as a sidelight to larger or related issues.

Aaron Wildavsky and Richard Fenno, the originators of the incremental theory of budgeting, were among the first to track budgets from their conception to adoption. Neither set out to consciously compare the executive budget recommendation to the legislative appropriation, but both shed light on the outcome for the executive and established important methodological precedents for studying change over the budget process. Each used the total budgets of federal agencies or bureaus as the unit of analysis and compared budget outcomes over multiple years.

Wildavsky and his colleagues (Davis, Dempster, and Wildavsky 1966) viewed 16 years of budgetary data for 56 agencies and bureaus. They measured budget outcome as the annual budget for the agency, both in total and as a percentage change from the

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previous year. They found that the President most often proposes, and Congress approves, budgets that are a predictable percentage above the previous appropriation for the agency. The President and Congress both act incrementally, according to their findings, and the President's proposal is an important factor in determining congressional decisions. Because these researchers' goal was to document the incremental nature of the process, they offered neither a detailed assessment nor an explicit explanation for the President's success in achieving his budgetary goals. They did find that changes in the presidency or in the partisan makeup of Congress increase the deviation between the two branches' budget preferences and make for less success for the executive.

Fenno (1966) was more interested in describing changes in budgets as they were developed by Congress than in comparing the result to the President's recommendation. Indeed, like Wildavsky, he provided no direct comparison between presidential recommendations and congressional appropriations. He did note, however, that, in the same time period and agencies studied by Wildavsky, the House Appropriations Committee approved budgets that were within five percent of the President's recommendation over two-thirds of the time. The committee was more likely to deviate from the President's recommendation in times of changing party control in either branch, in programs that had high levels of public support, and in wartime. Both of these studies were important because they were among the first to study budgets quantitatively and to explain rigorously the results of the various parts of the budget process. Yet, neither attempted nor achieved a comprehensive look at budgeting outcomes from the point of the view of the chief executive.

Fenno's and Wildavsky's work inspired a number of quantitative studies of budgeting. Ira Sharkansky, for example, extended the analysis to state governments and agencies. In a study of four to five years of agency budgets in Georgia and Wisconsin, he found high levels of agreement between the governor's budget and the legislature's appropriations, which he described as "normal budget procedures" (Sharkansky and Turnbull 1969, 644). He found that governors are more successful in the budget arena when they have intense policy preferences, are assisted by a strong budget office, face an institutionally and politically weak legislature, have budget preferences that are not too far from those of the legislature, and are willing to reduce agency budget requests. Sharkansky (1968) later extended his study to budget totals and increments for every agency in 19 states in a single fiscal year. He found executive budgeting success (the correlation between the governor's recommendation and the legislature's decision) to be higher in states where the governor has high tenure powers and in relatively higher spending states, but lower where there are many independently elected executives. Anton's (1966) study of budgeting in Illinois also explained executive budget success in terms of the governor's institutional powers, including control over the central budget staff and responsibility to reduce the budget in the event of a shortfall. Wildavsky's 1975 study of budgeting outcomes across states determined that governors are more influential in the process when there is a surplus, giving them the policy initiative, and when they limit spending growth.

Many studies of budgeting in the 1980s confirmed that executives are largely successful in achieving budget goals but most failed to explain why. In studying 58

agency budgets in a single year in West Virginia, Hedge (1983) determined that executive recommendations and legislative appropriations for an agency are closely related, a conclusion confirmed for two later years in the same state by Berry (1986). Berry noted that the success of the governor could be explained either by some unnamed factors specific to the budget under study or by an incremental process that forces the governor and legislature toward the same budget level for an agency. Gosling (1985) came to a similar result in evaluating 538 specific budget "decision items." Of the 179 decision items offered by the budget office, representing the governor, 73 percent were included in the eventual budget. Rosenthal (1990) agreed after reviewing several studies of state budgeting that executive success likely resulted from similar priorities among the two branches of government.

Lauth (1984) found in a study of all agency budgets in a seven-year period in Georgia that the governor's recommendation was a powerful predictor of the legislature's appropriation, even for agencies headed by a separately elected official. Thompson and Felts (1992) reached the same conclusion when they extended Lauth's analysis to 16 states. None of these studies, however, attempted to determine *why and in what circumstances* executive proposals were successful.

The relatively few scholarly efforts to explain why governors are successful in achieving their budgetary goals have yielded important results. Moncrief and Thompson (1980) used Sharkansky's state data to determine that legislatures are considerably more likely to follow governors' budget recommendations when both branches represent the same political party. Thompson confirmed that result when he updated the study to 1979-

80 budgets. He also found that executive budget success had declined since the 1960s; more legislatures were willing to depart from the governor's recommendations. He attributed the decline to more aggressive budget requests from agencies that grew in professionalism as a result of federal grants and requirements, as well as to increased professionalism and capabilities of the legislature. Revenue sources matter as well; governors are more successful in achieving budgetary goals for agencies with federal or earmarked state funding rather than a general fund dependency (Thompson 1987).

Clarke (1998) measured disagreement between the executive and legislative agency budgets in 22 states for a ten-year period. Like Thompson, he found that divided government reduces executive budget success. Split party control of the two houses, however, has no impact. Governors are further more likely to meet with success when they have strong formal powers and when revenues are increasing; they also are more successful with large agencies than small ones. They are less successful when budget conflict was high in the previous year and when there is a large ideological difference between political parties. Clarke also found statistically significant differences in budgeting success for over one-third of the states in the study, suggesting that cultural, institutional and personal factors outside the range of his study play a large part in the budget outcome.

Studies of presidential budget success have been even rarer. Kiewiet and McCubbins' (1985) study of total federal budgets from 1948-79 found that Congress and the President accommodate each others' budget priorities. They also found that the President was most successful in achieving budget goals in the first year. They further

found that presidential success is greatest in the first year in office.[2] Shull and Shaw (1999) studied presidential budget success in the context of other struggles between the executive and legislative branches. They compared the President's proposal and Congress' appropriation for the total federal budget, finding the President to be more successful in achieving his budget goals since the 1974 budget reforms. Popular approval and high government spending levels also contribute to presidential budget success. This study was surprising for all the factors that did not affect success. The President did no better or worse with Congress in any particular part of the term, with variations in size of the Office of Management and Budget or congressional staff, with party support in Congress, or with changes in economic conditions. Finally, LeLoup and colleagues (1998) examined budget outcomes for all federal agencies in a single budget in the Clinton administration. They found the President to be fairly successful, even with both houses of Congress controlled by the opposing party.

Table 2 summarizes the results of previous studies on budget success. From this review, it is clear that the study of budgeting could benefit from more attention to outcomes, particularly from the point of view of the chief executive. Previous studies have given us a great deal of information about how budgets move from agency requests to legislative appropriations and the circumstances that help shape agency budget results.

Table 2.—Previous Studies of Executive Budget Success

Authors	Setting	Factors Making Executive More Successful
Anton (1966)	Total budgets, Illinois, 1951-64	Ability to reduce budget after adoption, control over strong

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[2] Kiewiet and McCubbins' later study (1991) found that Congress considers the President's proposal but that the President does not anticipate congressional changes when developing the proposal.

		executive budget office
Davis, Dempster and Wildavsky (1966)	Selected agencies of the United States, all budgets, 1947-63	Continuity in partisan control of branches
Fenno (1966)	Selected agencies of the United States, all budgets, 1947-75	Continuity in partisan control of branches, agencies without public support, peacetime
Sharkansky (1968)	All agencies in 19 states, for a single budget for each state, 1963-68	Tenure power of governor, few elected executives, high total expenditures
Wildavsky (1975)	Meta-analysis of previous studies	Tenure power of governor, veto power, few elected officials, partisan support in legislature, proposing small budget increases
Moncrief and Thompson (1980)	Selected agencies in 11 states for two budgets, 1966-74	Party support in legislature
Kiewiet and McCubbins (1985)	Selected agencies of United States, 1948-79	Party support in legislature, first year of administration
Thompson (1987)	All agencies in 18 states for a single budget, 1978-80	Agency dependence on earmarked funds, less professional legislature
Clarke (1998)	Selected agencies in 20 states for 10 budgets, 1985-94	Higher formal power, party control of one or two houses in the legislature, large agency
Shull and Shaw (1999)	Total United States budget, 1949-95	1974 budget reforms, popular approval, high total expenditures

They also have identified several important political and institutional factors that affect budget outcomes. None of these studies, however, has 1) examined the role of all of these factors at once, 2) in a setting that provides substantial variation across its subjects

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but holds constant the effects of time, 3) comprehensively measured the differences between executive preferences and legislative decisions, 4) used more than one way of measuring budget outcomes, or 5) measured budget outcomes at the more detailed and politically salient level of major issues instead of agency or government spending totals. This study attempts to do so.

An Overview of the Dissertation

This dissertation studies a single budget approval process in all 50 states in order to better understand the extent to which budgets adopted by the legislature incorporate the recommendations of the chief executive and to explain variations in budget decisions. The research question for this dissertation is: *What factors explain governors' success in achieving their budgetary goals?* Governors face many of the same obstacles as all chief executives in democratic states–fear of strong executive power, legislatures with multiple veto points, and economic and political limitations. The states show a wide range of institutional arrangements of the executive and legislative branches, distribution of political power among parties, economic conditions, and personal traits and choices of executives. The results of the study can improve our understanding of the politics and institutions of budgeting in the states. Because executive budgeting is also the prevalent model in many national and local governments, the results may have applications in those political arenas as well.

This study extends the previous work on executive budget success in three important ways. First, it studies budget deliberations during the same period in 50 jurisdictions. Studies described earlier have examined only budget totals or a subset of

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agencies, either for the American national government over a period of years or for selected states and state agencies. Second, it uses multiple methods to measure and explain budget outcomes. Prior research on budget outcomes has focused on numerical comparisons between the executive's desires and the legislature's decisions; each study has compared only one measurement of the budget, usually budget totals or agency budgets. This dissertation incorporates two different ways of measuring budgets and conducts statistical analyses on both. It supplements these results with a survey of participants and observers in the budget processes. Third, this study measures the difference between executive proposals and legislative decisions not just for the total state budget or for the total budget of selected agencies, but for specific budget issues that formed the centerpiece of each governor's budget program. This innovation provides a way to evaluate budgeting the way that participants, media and the general public do so, by identifying the governor's preferred policies and comparing them to the adopted policies.

Chapter 2 of the dissertation describes the three methods of measuring executive budget success, including the value and limitations of the new issue method of measuring budget success. It describes and defines the explanatory variables. It also summarizes the expected relationships between those explanatory variables and the degree to which executives meet their budget goals. It concludes with a research plan that describes the different analyses applied to the question of executive budget success.

Chapter 3 summarizes the findings of a survey of participants in the state budget processes. Respondents, who represented both the executive and legislative branches,

were asked to identify the governor's major budget proposals, to assess the degree to which the legislature agreed to those proposals, to rate the governor's overall budget success, and to identify factors that were important in explaining budget outcomes.

Chapter 4 describes the results of quantitative analyses of executive budget success. Two different measures of executive budget success are used to determine which governors were most and least successful. Differences among these two groups are one way of identifying factors that affect budget success. Another way of doing so, also described in Chapter 4, is to compare bivariate relationships between budget success and each explanatory variable. Finally, this chapter describes a series of regression analyses that create two models of executive budget success.

Chapter 5 concludes the dissertation with a comparison and summary of results of the different research methods. It further discusses limitations and potential applications of the results and suggests additional research in the field.

Conclusion

Within the separated systems of powers that define American democratic government, the executive and legislative branches of government constantly compete for supremacy in influencing government policies. While the first three quarters of the Twentieth Century were characterized by dramatic growth in the power of the executive branch, the last quarter saw a reaction from the legislatures that made inter-branch struggles for power more balanced. Budget outcomes provide an excellent forum in which to measure and explain the results of these struggles, both because budgeting is essential to the exercise of power and to the development of policy and because the

changes in inter-branch budgeting power over the last one hundred years have paralleled the broader relationships between the legislature and the executive.

The scholarly study of government budgeting has been extensive and has generated a number of useful theories of budgeting. While the research has emphasized budget process and structure at the expense of budget results, several important studies have helped explain why executives succeed in achieving their budgetary goals. This dissertation seeks to expand upon those studies by studying one year's budget process for all 50 states, by using multiple methods of measuring and explaining budget outcomes, and by looking not just at government and agency budget totals but at specific budget proposals and issues. The political and scholarly communities can expect to gain greater insight into the nature of budgeting, the impact of inter- and intra-branch relations, how economic conditions and personal qualities affect budget outcomes, and the factors that contribute to successful budget outcomes for the chief executive.

CHAPTER 2

SETTING, METHODS, AND EXPECTATIONS

Studying executive budget success in the states in a single budget process offers great promise for learning more about budgeting in states and in general. States have tremendous similarity in their structures and political settings, yet substantial differences within the basic shared framework. All have separate but interdependent legislative, executive, and judicial branches and each branch has the same function within the government of each state. Yet, each state has apportioned the power of government differently among the branches. Each state participates in and is dominated by the world and national economies, but each has a different economic base and faces different economic fortunes. Each state is dominated by the two major political parties, but they range from strong Democratic to strong Republican states, with many so divided that the parties must share control of the major institutions and some so open that third parties send governors or legislators to the capitol. All states have a similar mix of services and public expectations about those services. Governors and legislators, nonetheless, have wide latitude in proposing and adopting a mix of services that best meets their own perception of the appropriate size and role of government. Finally, and most importantly for the study of budgeting, each uses the framework of the national government in which the executive proposes a budget and the legislature considers that budget and other factors in appropriating funds. Still, the importance of the executive budget and the

relative strength of the two branches in the fiscal environment vary greatly. States thus exhibit variation across many dimensions within a broadly shared system of government and budgeting. Thanks to this constricted variation, a study of budgeting is more likely to identify the institutional, economic, political, and personal factors that determine whether executives achieve budgetary success in the states than in virtually any other setting.

There are drawbacks to studying executive budgeting success in a single state budget process as well. First, there are only 50 observations, restricting the number of variables that can be considered and the descriptive power of statistical results. Second, even one budget cycle takes two years to complete. This study observes the budget process in calendar year 2001 for 46 of the states, but four other state budget processes from 2002 must be included to cover the nation.[3] Political and economic circumstances can change considerably in a year; there is no doubt that they did after terrorist attacks killed over 3,000 Americans in three states on September 11, 2001. Third, a single budget is at least to some extent unique. Political issues, economic circumstances, and the skill of elected officials never existed in exactly the same arrangement before 2001 and they never will again. While there are enough similarities in budgeting from year to year that results from this study may be generalized, that cannot be done without caution and restraint. Nonetheless, any other method of studying budgeting outcomes—longitudinal

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[3] Kentucky, Virginia, and Wyoming adopt biennial budgets in even-numbered years only. New Jersey adopted an annual budget in 2001, but that budget is excluded in favor of the 2002 version. Governor Christine Todd Whitman resigned early in 2001. Under New Jersey's Constitution, the President of the Senate assumes the role of interim governor in addition to his legislative duties. Such an arrangement makes it impossible to distinguish the preferences and powers of the executive and legislative branch, which is essential to this study.

or case study--has offsetting disadvantages. Further, studies of those types have been completed in the past. These weaknesses of the design of this study are at least partially offset by what its strengths can add to our knowledge of executive budgeting.

The remainder of this chapter describes the setting of the budget process under study, the unique use of multiple and new methods to measure governors' budget success, the variables used to explain that success, the expected relationships between those variables and the outcome of the budget process, and the plan of research.

<p style="text-align:center"><u>2001 Budgets in Context</u></p>

States' budgeting decisions in 2001 were clouded by economic conditions. The United States economy officially entered a recession in March 2001 (Conant 2003). The official announcement of the slowdown came after governors had proposed budgets, but before most legislatures had adopted them. Many states, of course, were well aware of the sagging economy before the national government reported it. Ten experienced growth in unemployment from 1999 to 2000 (U.S. Department of Labor 2005). Three saw real per capital disposable income fall in the same time period (U.S. Department of Commerce 2005). Thanks to interstate variations in economic bases and directions, as well as to differences in revenue and expenditure patterns resulting from the economy, there was a tremendous difference in state fiscal fortunes in this budget process. While 12 states had revenues fall in the second quarter of calendar year 2001, 13 others were able to add to their reserves in the fiscal year that ended that quarter (National Conference of State Legislatures 2001b). Generally, states in the West, Northeast and Middle Atlantic regions showed strong revenue growth while the rest of the nation experienced stagnation

or revenue loss (Eckl 2001). As they entered the budget process for the fiscal period that began in July 2001, only half the states projected lower revenue in the coming year than the current one. Eighteen states, on the other hand, reported that the legislature would seriously consider cutting taxes during the session and fifteen states actually did so (National Conference of State Legislatures 2001a, National Association of State Budget Officers 2001).

Program needs and conditions were just as important as revenues to 2001 budgetary outcomes. Common issues facing many states included costs of election reform in the wake of the disputed presidential election of the previous fall, demands for more public school funding, and increasing Medicaid costs. "We're sort of seeing Medicaid become the Pac-Man of state budgets, gobbling up every additional dollar that comes into the state budgets," according to National Governor's Association health lobbyist Matt Salo (quoted in Eckelbecker 2001).

The four states whose 2002 budgets are the focus of this study faced these same issues and a few more, notably post-September 11 security concerns (National Conference of State Legislatures 2001a, 2002). The terrorist attacks and other economic problems made the revenue outlook in those states worse as well. Nationwide, real state budget increases in fiscal year 2003 (beginning July 1, 2002) were just 0.6 percent, down from 0.9 percent the previous year (National Association of State Budget Officers 2002b). On balance, then, governors faced relatively tough times, but the impact of the economic downturn varied, as did the institutional and political circumstances facing the states.

Along with economic constraints and difficult political issues, the 2001 budget process was marked by unusually high turnover within the governor's office. This began when George W. Bush (R-Texas) assumed the presidency. Before or in the early stages of legislative sessions, he appointed Governors Tommy Thompson (R-Wisconsin) and Christine Todd Whitman (R-New Jersey) to cabinet posts. Late in the Massachusetts budget process, Bush named Republican Paul Cellucci to an ambassadorship. Bush and Thompson both left early in the process and were succeeded by lieutenant governors who represented the same political party, shared many common goals, and had some time to shape their own budget priorities. Cellucci was succeeded late in the process by a lieutenant governor who ran on a ticket with him and supported nearly all of his original budget proposals. These budget processes are included in the study because circumstances suggest the outcome would not have differed much had the governors not moved on. As noted, the New Jersey case required studying the next budget year instead. The 2001 budget was interesting and contentious due to economic changes, thorny policy issues, and turnover in the governor's mansions. This study measures how well governors did in this difficult setting.

<div align="center">Measuring Executive Budgeting Success</div>

This study uses three new methods of measuring executive budget success, which is the extent to which appropriated budgets incorporated the governors' budget proposals. No other study of budgeting outcomes has used any of these methods individually and none has used more than one method to study budget outcomes. The methods are labeled throughout this study as the survey, agency, and issues methods.

<u>The Survey Method</u>

One method used in this study to evaluate both executive budget success and the reasons behind it is a survey of elected and appointed state budget participants. Surveys of budget participants have a long history in the scholarly literature, particularly at the state level. Many of the surveys have focused just on the executive budget office. Thurmaier and Willoughby (2001) placed budget offices on a continuum from a policy orientation to a control orientation based on budget office responses to questions about how important the governor's agenda is to the budget review and development process. Their research extended the work of Gosling (1987) and Thurmaier and Gosling (1997), who studied budget office orientations in just three states. Jordan and Hackbart (1999) used a survey to determine the extent and impacts of performance budgeting in the states. While the executive branch has had the most attention, legislative survey results have added to the understanding of the budget process as well. Chadha, et al. (2001) surveyed legislative fiscal offices; they found that the eight state legislatures with two fiscal offices had more staff and more functions than the predominant joint legislative fiscal office model. Bernick and Bernick (2001) surveyed North Carolina legislators on the effectiveness of the governor's various formal powers, with special emphasis on the recently added veto power. Budgeting surveys have also been conducted at the federal level, most successfully when Berman (1978) traced the increasing politicization of the Office of Management and Budget.

Most of the survey research has studied budget and related attitudes and processes. Surveys on budget outcomes are rare and none have asked the questions posed

by this study. Gosling (1985) asked Wisconsin budget office staff to assess the origin, constituency, level of controversy, and result of 538 items with financial or policy implications in the 1977-79 budget process. Abney and Lauth (1998) asked executive and legislative budget staff and former governors about the roles and preferences of governors and legislatures in the budget process. They found that legislatures tended to support higher spending levels while governors fought to limit budget increases. The survey in this study goes beyond prior survery research by asking budget participants directly how well the governor did in achieving budgetary goals and what factors affected that achievement.

The survey for this study was administered in the fall of 2001; respondents were asked to comment upon the budget process that took place in the 2001 legislative session. Surveys were mailed to the governor's chief of staff, executive budget director, legislative appropriations chair(s), and legislative fiscal office(s) in all 50 states. Appendix A includes the four survey instruments. A separate survey was sent to each of the four groups, but each began with the same four basic questions. The first asked respondents to identify the governor's four budget priorities in the 2001 session and to assess the governor's success in each of the priority areas. The second question asked for an assessment of the governor's overall success in accomplishing his budget objectives. The third listed 12 factors commonly believed to affect budget outcomes and asked budget process participants to evaluate the importance of each to the governor's budget success or failure. Fourth and finally, each participant was asked to name any other factors that were important in to the outcome of the 2001 budget process.

Surveys included supplemental questions for each group except appropriations chairs. In addition to the basic survey questions, chiefs of staff were asked to describe the relationship between the governor's office and the executive budget office and to give their opinions as to whether the budget office should be more accountable to the governor. The survey for legislative fiscal officers added questions about the distribution of legislative power and the process for budgeting. The survey for budget directors was the most detailed. Like chiefs of staffs, budget officers were asked to describe the relationship between the governor's office and the budget office. They also were asked to evaluate the governor's influence over various facets of budgeting. These supplemental questions were designed to inform the selection and measurement of certain explanatory variables used in analysis of the agency and issues methods. In all, 270 surveys were mailed. Appendix A includes the four survey instruments.

The Agency Method

Like surveys, numerical analysis of agency budgets—last year's approved amount, and this year's agency request, executive proposal, and legislative appropriation—has been an important element of prior scholarly research on budget outcomes. The early studies of federal budgeting both studied a subset of agency budgets over long periods of time (Fenno 1966, Davis, Dempster, and Wildavsky 1966, 1974), as did later more direct studies of presidential budgeting success (Kiewiet and McCubbins 1985, Shull and Shaw 1999). Agency budgets have been an important unit of analysis in most studies of state budgeting as well, ranging from Sharkansky (1968) to Thompson and Felts (1992).

Although agency budgets have been the focus of most outcome-oriented studies of budgeting, this study's method differs from all previous studies in three ways. First, this analysis is limited to a single budget process. Previous studies have either examined agencies across jurisdictions or over time or both. Second, this study changes the research question and unit of analysis. Previous studies asked how much and why individual agency budgets changed during the budget process. This study asks, considering all major agency budgets, to what extent did the governor achieve budgetary goals and why. The unit of analysis thus changes from agency budgets to governor's budget proposals. Third, this study is unique in its selection of agencies. Most prior studies of federal agency budgets used the same agencies, based on availability of data for agencies that maintained the same organizational form throughout the study period. Most prior studies of state agency budgets looked at all agencies in selected states or a subset of agencies in a single state. The agency method in this study evaluates budgetary activity for the ten largest agencies by dollar amount in each state. There is considerable consistency among states in the types of agencies this covers, including aid to public schools, one or more social service agencies, one or more units of higher education, the corrections system, the workforce development and employment agency, and transportation. Many states' largest agencies also include one or more administrative units, aid to local governments, and the environmental agency.

There are important reasons to study just ten large agencies rather than all agencies. First, the most agency budgets—from the House of Representatives through the Soil and Water Conservation Commission, to the Secretary of State—are rarely the

subject of meaningful policy debate. Second, balanced budget requirements and restrictions on revenue forecasting make many state budgets zero-sum games. The more agency budgets that are included in an analysis in this situation, the more likely the governor's budget success averages out to the same result for every state.

The measure of agency success creates an overall measure of the governor's budget success by averaging budget success for each of the ten largest agencies, using the calculations shown in Table 3.[4] The examples in Table 3 show four major characteristics of this measure. First, the comparison is between the governor's initial budget proposal, which is normally a comprehensive document delivered before or early in the legislative session, and the legislature's appropriations at the beginning of the fiscal year. For most states, the legislative session ends before the fiscal year begins. In these instances, the appropriation figures used in this study are those in place at the adjournment of the legislative session. In some states, the legislature continues to meet through the beginning of the fiscal year. Of this group, some complete the appropriations process before the fiscal year begins. In that case, the appropriation figures in this study are those in place the first day of the fiscal year. In those instances where the legislature has not completed appropriations until the fiscal year is underway, the study uses appropriations figures that are accepted by the governor, legislature, and media as the end of the budget negotiation and development process. This point is easily determined by indicators such as the governor's signing of appropriation bills, executive and legislative budget offices

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[4] Whenever possible, agency and total budgets in this calculation are for all funds and sources of revenue. For several states, however, these figures were not readily available at all stages of the budget. In these instances, either general fund or all state fund budgets are analyzed. The difference should not have any effect on the consistency of the agency success measure across states.

creating budget summary documents, and the end of media coverage of budget
deliberations.

Table 3.--Calculation of Governor's Agency Success

Step of calculation	Example 1: Illinois Department of Higher Education	Example 2: Georgia Department of Revenue	Example 3: Oklahoma Health Care Authority
1. Previous year's budget (in $000s)	3,003,314	273,319	362,805
2. Budget proposed by governor (in $000s)	3,186,008	365,502	387,342
3. Increase proposed by governor (2-1, in $000s)	182,694	92,183	24,519
4. Amount appropriated by legislature (in $000s)	3,224,271	363,558	418,679
5. Increase appropriated by legislature	220,958	90,239	55,874
6. Absolute value of difference between governor increase and legislature increase (absolute value of 5-3, in $000s, maximum of 100 percent)	38,264	1,944	31,355

7. If legislature appropriates more than governor proposes, weight the difference by one-third (.33 x 6)	12,754	1,944	10,441

Table 3.—Continued

Step of calculation	Example 1: Illinois Department of Higher Education	Example 2: Georgia Department of Revenue	Example 3: Oklahoma Health Care Authority
8. Absolute value of difference as a percentage of governor increase (7/3 x 100, in percent)	7.0	2.1	42.6
9. Percentage difference subtracted from 100 so that a larger number equals greater success for the governor (100-8, in percent)	93.0	97.9	57.4

The decision to compare executive proposals to initial legislative appropriations leaves out much of what normally is considered a "budget cycle," such as supplemental appropriations, budget transfers, rescissions required by revenue shortages, and under- or over-spending of appropriations during the fiscal year. The study, thus, makes no effort to compare the governor's budget proposal with the actual revenue and spending figures for the end of the fiscal year. There are important theoretical reasons for this decision. The purpose of the study is to determine budget success, not administrative success. The "epic battles" described by Kiewiet and McCubbins (1985) are about budget deliberation, not budget execution. Governors, legislators, agencies, the media, and the interested public all compare the governor's budget position to the position embodied in legislative appropriations; they consider the battle to be over when the appropriation bills are signed.

All would grant that what happens afterward is important, but few would think of it as a reflection of the governor's policy positions.

Most events that require supplemental appropriations and other budget changes are outside the governor's control and many have little policy content. They often are driven by changes in caseloads, prison populations, and school enrollments. They often respond to unanticipated increases or decreases in revenue. As time passes and circumstances change, the comparison between the governor's initial proposal and the current level of revenue and spending have less to do with the governor's policy agenda and more to do with chance. This helps explain why virtually all previous studies of budget outcomes use legislative appropriations as the end of the process. (See, for example, Dempster, Davis and Wildavsky, 1966, Sharkansky 1968, Moncrief and Thompson 1980, Kiewiet and McCubbins 1985, Jones, True and Baumgartner 1997, Clarke 1998, LeLoup, Long and Giordano 1998, and Shull and Shaw 1999). One weakness to this approach is that circumstances may change enough during the year that the governor was unsuccessful in achieving agency budget goals during the year, even though the legislative appropriation for the agency was close to the governor's original proposal.

The second important characteristic of the agency method calculations is that the governor's success falls when the absolute value of the difference between the governor's and legislature's budget rises. A legislative increase *or* decrease from the governor's proposal is an indication of disagreement and the measure of the governor's success should reflect that disagreement (Clarke 1998).

A third major feature of the agency measure is that the difference between the two branches' budgets is not allowed to exceed 100 percent. This suggests that there is some limit beyond which the governor fares no worse in not achieving his budgetary goal for the agency. If, for example, the governor seeks a 10 percent increase in the budget for higher education, the measure treats a 30 percent decrease by the legislature as no more detrimental to the governor's goals than a 20 percent decrease. This element of the calculation also results in a more normally distributed variable, which promotes the reliability of statistical analysis.

Fourth, the governor is considered more successful if the legislature appropriates more than proposed than if it appropriates less than proposed. When the legislature appropriates more to an agency than the governor proposes, the difference is weighted one-third (in step 7). When the legislature appropriates less than the governor proposes, the difference is weighted fully. The logic of this decision is illustrated by the Pennsylvania legislature's decision to appropriate $30 million for Governor Tom Ridge's school voucher program. Ridge, who proposed $15 million for this new program, was considerably happier with having twice the funding for it than he had it not been funded at all. The lower weighting assigned to higher legislative appropriations follows Shull and Shaw's study of presidential budgeting outcomes (1999). They point out that an executive who is not satisfied with this type of over-expenditure is free to veto it. This is even more true at the state level, where the veto power is greater and allows governors to veto and sometimes change individual objects of appropriation. Except for Shull and Shaw's, no previous studies have included this decision to weight budget differences

asymmetrically. The major reason is that the other studies have examined budget outcomes for agencies who had to live with legislative appropriations, not for executives who could lower the appropriations. Later analyses can employ sensitivity analysis to determine if the asymmetric weighting affects the outcome of models that seek to explain the budget outcomes.

The result of the calculation is an index of executive budget success for each agency, which runs from 0 to 100. Table 4 shows how differences in the success score compare to actual differences between the governor's proposal and legislature's appropriation. Once this index is calculated for each of the ten agency totals, these totals are averaged to create a single success index from 0 to 100. Once calculated in this manner, the measure of agency success is the independent variable in ordinary least squares (OLS) regression and other statistical analyses of its relationship with the explanatory variables described below.

Table 4.—How Budget Differences are Reflected in the Success Index

Legislative Appropriation as a Percentage of Governor's Proposal	Success Score
Less than 0 (legislature changes budget in opposite direction of governor)	0
0 (legislature does not change budget when governor proposed increase or decrease)	0
25	25
50	50
75	75
100 (legislature adopts budget identical to governor's proposal)	100
150	83
200	67

400 or more (legislative change is 3 or more times larger than governor's proposed change	0

The Issue Method

Unlike the survey method and agency methods, the issue method is unique to this study. Governors are at least as concerned about specific programs, particularly new ones, as they are the total size of government and the general allocation of that budget among agencies (Schick 1971). The same is true of legislators, agencies, the media, interest groups and the public. Most are much less concerned about the growth in the budget of an education department than they are about the amount in it for raising teacher pay. Governors and others rate the governor's effectiveness by ability to achieve policy outcomes. No prior study has undertaken this kind of evaluation; the issue method makes it possible to do so for the first time. Further, budget participants and observers are concerned with more than just expenditures. This is the first study of budget outcomes to look at both revenue and expenditure issues. While the issue method is subject to much criticism regarding construction and reliability, it makes it possible to ask new and more important questions about executive budget success and to start identifying answers to those questions.

The measure of issue success is created by: 1) identifying budget issues advocated by the governor, 2) determining the governor's budget issues, 3) creating an index of the governor's success on each of four major issues, and 4) averaging together indices for the four major issues to create a single measure of budget success.

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The first step, identifying the governor's budget issues, is the most difficult. An analysis of relevant budget documents generated by the governor, the legislature, and the news media identifies the governor's four major issues. First, all issues—changes in the funding level of a service or changes in a revenue item--advocated by the governor are identified from these sources. From this list, several types of issues are removed from further consideration. These include issues with no impact on the current budget (new programs where costs are put off into future budgets), those with an effect in the current budget of less than $50,000, those where the governor's position is simply to continue current programs at current levels (including full funding of programs that took effect part way through the previous budget), and those that move programs or funds between departments with no significant overall budget change. Proposals to *not do something*—for example, no tax increases or no employee pay raises—are not considered issues unless the opposite position is already in current law (for example, a tax increase to take effect in the coming budget that was approved by the prior legislative session) or receives substantial support in the legislature (e.g., the house budget committee approves a five percent raise for state employees where the governor had not proposed one). Capital projects that are specific to a facility or location within the state are omitted, because legislators' interest in local projects results in a different policy dynamic than in debates about public programs. Projects and programs the governor proposes to finance through bonds or other indebtedness also are left off the list of issues, because legal and political constraints for debt financing are different from those for current financing.

The result of these omissions is to identify a universe of the governor's budget proposals that measurably change current program and/or funding levels, have statewide effects, and are financed from current revenues. Several concerns can be raised about this measure just from this first step. For example, including capital project proposals or only including more expensive proposals could change the issues that are considered. Omitting "no new taxes" and other status quo policy positions all together would similarly reduce the governor's issues and possibly change the degree of success on issues as well.

In the second step, documents are reviewed to determine the four issues that receive the most attention during the budget process. These are not necessarily the governor's four highest priorities, which are rarely identified as such, but the four issues that receive the most attention in budget deliberations. Governors' documents used in determining issue importance include state of the state addresses, budget addresses, written budget summaries and supporting detail, press releases, executive budget office analyses and presentations, and columns or letters written to newspapers by the governor or top executive staff. Legislative documents include legislative staff analyses of the executive budget, staff comparisons between executive and legislative budget actions, and minutes of budget committee meetings. Newspaper articles about budget issues from three newspapers in the state also are included in the analysis. Where more than three newspapers in a state are available, the newspaper published in the capital is reviewed along with two others that are published in large cities in different regions of the state. Once newspapers are selected, archives are searched from approximately two months

prior to the legislative session until a month following the session, using the governor's name and the word "budget" as search terms.

Each budget issue supported by the governor receives a weighted score for every time it is mentioned in one of the documents. Table 33, Appendix B, describes the weighting system. The weighting helps ensure that the issues are important to the governor by putting more weight on executive documents than on legislative documents or media reports. It helps ensure that the issue is important to the governor's agenda rather than an afterthought or a reaction to another agenda by putting more weight on document mentions earlier in the budget process. Weighted scores range from five points for an issue mentioned by the governor in the state of the state address to one point for a newspaper article mentioning the governor's support after the budget process has ended. After all documents are reviewed, the four highest scoring budget issues are selected for scoring.

As with the first step, the issue weighting step is subject to criticism. Weighting documents differently might result in the governor's top four issues being different. These issues, in turn, could have different levels of success than those that are selected by the weighting system used in this study. The different issues with different success would change the governor's overall issue success score and possibly the models that explain governors' success. This concern can be addressed in later studies that examine different years and levels of government through sensitivity analysis. Further, other issue identification and selection methods, such as including issues mentioned in the state of the state address or the issues with the largest dollar amounts, should be explored.

Because this study is the first to develop and use an issue-based analysis of budget outcomes, the literature provides no guidance on making decisions about what issues to study. The selection and weighting system employed in this study emphasizes issues that are important both to the government and to the larger political community of the state. As such, it is more in keeping with the goal of the study to evaluate success as much like budget participants and observers would evaluate it as possible.

The third and fourth steps in determining the issue score are identical for those in the agency method. The third step is to create an index of success for each of the four highest scoring budget issues, as described in Table 3. As with the agency method, when the legislature appropriates more money for an issue than the governor proposed, the difference is weighted one-third. Like the agency method, this asymmetric weighting can be criticized and should be subjected to sensitivity analysis in later applications of this method. Like the agency method, however, the asymmetric weighting reflects political reality. A governor who is unhappy with a larger legislative appropriation can cut it, while a governor unhappy when the legislature appropriates less than proposed cannot increase the appropriation. The fourth step is to average those four indices into a single index of the governor's issue success. As with the agency method, this score is then compared with the explanatory variables through OLS regression and other techniques.

.Explanatory Variables and Expectations

This section describes the variables used to explain differences in governors' budget success. It indicates why each variable is expected to be important, its expected impact on budget success, and its measurement. The section is organized around four

types of variables. These are discussed in order from those that are the most stable and out of the governor's control to those that are unique to the governor or the budget year. Institutional variables—those that measure the legal and customary arrangements for distribution of power—are discussed first. These are followed by economic variables, political variables (such as electoral and legislative support for the governor) and personal variables (the governor's circumstances and budgeting choices). The discussion of each variable includes a hypothesized relationship with budget success. This chapter concludes with a summary of the hypotheses and a research plan by which they are tested.

Institutional Variables

The study incorporates seven institutional variables that should be important in explaining executive budget success. Three of the seven are variables within the executive branch—the governor's formal powers, fiscal powers, and control over the executive budget office. Three are within the legislature—legislative professionalism, term limits, and veto points within the legislative budget process. The last is whether budgets are adopted annually or biennially.

The formal power of the executive has long been thought important to governmental outcomes, including budgets. *It is expected that a more formally powerful governor will have more budget success (Hypothesis 1),* because legislators would risk more in challenging a more powerful executive (Punnett 1994). Some formal powers, such as potential for longer tenure and high appointment powers, have proven important in explaining governors' budget success in earlier studies (Sharkansky 1968). Formal

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powers are not universally considered helpful, however. Blair (1983) argued that appointment powers pose as much risk for a governor as they do reward. Wiggins (1980) found no relationship between governors' veto powers and their actual vetoes, but others argued the threat of a veto is more powerful than the act itself (Rosenthal 1990, Joyce 1998). The survey of budget participants asks about the importance of formal power to budget outcomes. For the agency and issue methods, the formal power variable is an adaptation from the National Governors Association index (Beyle 2005a). See Appendix B, Table 34 for the calculation of the formal power variable. That index considers tenure potential, appointment power, veto power, and budget powers. While the original index included line-item veto power, this is considered part of a separate index of fiscal powers for the purposes of the study of executive budgeting success.

Governors' fiscal powers have grown immensely in the last one hundred years. They should be particularly important in explaining outcomes related to budgeting. The survey asks budget participants to rank fiscal powers as a factor in explaining the governor's budget success. The agency and issue methods include as an independent variable an index of the financial powers of the governor. See Appendix B, Table 35, for construction of the fiscal power variable. The index is a composite of several items that the literature suggests can affect the balance of power between branches of government. The governor's fiscal power is ranked higher if there are strict balanced budget requirements (Briffault 1996), if there are few limits on revenue forecasting (Hansen 1983) or if the governor establishes the binding revenue forecast (Lauth 1991), if relatively little of the budget is constitutionally or statutorily earmarked (Anton 1966,

Beyle 1983a), if agency budget requests are kept from the legislature (Rosenthal 1990, Jernberg 1991, Rubin 2000, Schick 2000), if the governor's appropriation bill is the one introduced in the legislature (Jernberg 1991, Baldez and Carey 1999,), and if the governor has extensive power to reduce the budget during the year (Anton 1966, Briffault 1996),. The governor's fiscal power also is higher the greater the line-item veto power-- the highest power allows the governor to change numbers and language, while the lowest restricts him to crossing out numbers (Briffault 1996, Schick 2000). *It is expected that a governor with strong fiscal powers will be more successful in budgeting (Hypothesis 2).*

Chapter 1 notes the importance that politicians at the state and national levels have placed on the executive budget office as a tool of executive budget success. The executive budget office, it is thought, more closely follows the governor's program when it is organizationally closer to that office, as it will promote communication and understanding of the governor's program and centralize budgetary decision-making (Lauth 1991). In addition to strengthening the governor's hand in budgeting, such a move helps the governor get independent advice and develop policy options and provides him with more oversight in policy implementation and trouble-shooting programs that become problems (Cox 1991, Beyle 1983b). Governor's powers in this regard are strongest when the central budget office is immediately within the governor's control and the governor appoints the agency head (Abney and Lauth 1989). Even local governments have recently strengthened executive budgeting. Increasing mayoral control over the budget office was a key ingredient in Los Angeles' mayor-strengthening charter reform of 2000 (Lynch 2001).

Control over a strong budget office, however, is not a panacea. Greenstein (1978) found no evidence that a more deferential Office of Management and Budget has led to presidential budget success. Shull and Shaw's 1999 study of presidential conflict determined that the size of the Executive Office of the President, which includes OMB, helped explain the President's legislative support, but not his budget success.

Rubin (2000) suggests that budget actors constantly try to change the process to make it favorable to their own goals. Efforts to give the chief executive more control over the budget office, are efforts to strengthen the executive's budget power and thus overall power. The survey of budget participants asks them to separately evaluate both the governor's control over the executive budget office and the strength of that office as factors in budget outcomes. The agency and issue methods incorporate a budget office variable that measures both the governor's control over the executive budget office and the strength of the office. See Appendix B, Table 36, for construction of the budget office variable. The measure considers the breadth of budget agency functions, the number of budget analysts in relation to the total budget, whether the budget office is in the governor's office or elsewhere within the organization structure, and the degree of the governor's hiring and dismissal powers over budget office staff. *It is expected that more control over a strong budget office will increase the governor's budget success (Hypothesis 3).*

Institutions within the legislature also are important to the executive's budgetary powers and success. Legislative professionalism often is credited with restoring the balance between the two branches (Guhde and Mustafa 1981, Rosenthal 1990, Rubin

2000). Many legislatures have grown more professional in the past five decades, as evidenced by longer tenure among members, higher legislative budgets, larger support staffs, longer sessions, higher pay and benefits and improved facilities. The trend toward professionalism may be reversing in the wake of term limits and similar tools of the "antipolitics era" (Clarke 1998, Brace and Ward 1999), but there remains great variation among states. A more professional legislature will have more time, staff, and incentive to examine the governor's budget and develop and support alternatives. Accordingly, *it is expected that higher legislative professionalism will result in less budget success for the governor (Hypothesis 4).* Survey participants were asked to evaluate one aspect of professionalism—the legislative fiscal office—as a factor in budget outcomes. The measure of legislative professionalism for the agency and issue methods is member salary, in constant dollars from the Council of State Governments (2001)[5]. Squire (1997) indicated this measure was closely correlated with all other measures of professionalism found in the literature.

Legislative term limits help enhance gubernatorial power by reducing the experience of and support for legislative leaders (National Conference of State Legislatures 1999, Hershey 2001). *It is expected that the presence of legislative term limits will increase executive budget success (Hypothesis 5).* The study incorporates two separate term limit measures for use in alternate models to gain better understanding of how term limits affect outcomes. Both variables are dichotomous, one indicating that legislative terms are limited by constitution or statute and some members have reached

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[5] In states where the legislative salary is per day in session, 2001 session length is calculated and multiplied by the per diem rate. Legislative expense reimbursements are not counted in this calculation.

the limits and the other indicating that limits are adopted but have not yet resulted in a member losing a position. Moncrief, Niemi and Powell (2004) found that term limits, even if not yet effective, increase legislative turnover. Data are from Peery 2000.

The governor's budget success may be affected by the process by which the legislature adopts a budget, because the absence of veto points shifts power toward the executive (Shepsle and Weingast 1989, Seligman and Covington 1996, Young 1999). Creation of a new legislative fiscal staff, for example, can help the legislature's incursion into traditional executive grounds (Guhde and Mustafa 1981). There is, however, evidence that legislative decentralization can help the executive by dispersing power across the competing branch (Thurber 1996a). In the survey, budget participants rated the importance of the legislature's budget process in general to the governor's success. The variable in the agency and issues methods is a count of the number of legislative staffs, committees, and floors through which a budget must pass (Grooters and Eckl 1998). The value ranges from 3 for Nebraska (one legislative fiscal staff, finance committee and house to pass the budget) to 22 for Minnesota (four fiscal staffs, sixteen budget committees, and two house floors). *It is expected that more veto points in the legislature will result in less budget success for the governor (Hypothesis 6).*

Some observers believe that a biennial budget increases the power of the executive by reducing legislative oversight and by making legislative budget decisions more cautious (Fisher 1997, Winters 1999). Thirty of the states adopt budgets annually, while the other twenty adopt them biennially (National Association of State Budget Officers 2002a). The impact on executive budget success is examined in the survey

method by comparing participants' evaluation of success in annual and biennial states. It is tested in the agency and issue methods through use of a dummy variable. *It is expected that governors will be more successful in biennial budgeting states (Hypothesis 7).*

Economic Variables

The economic environment often is a key factor in budget debates and outcomes. The economy and its direction influence revenue availability and choices. They also influence decisions as to comparative funding level of programs. In the survey method, participants are asked to assess generally the impact of the state economy on the governor's budget success. This assessment helps place the importance of economic factors in comparison to institutional, political and personal explanations of budget success. The agency and issue success portions of the study incorporate two variables to test the impact of economic conditions on the success of the governor's budget. These are the level of economic growth and the level of state spending.

The first economic variable measures the impact of economic growth on budget outcomes. The literature in regard to economic growth and executive budget success is mixed. Schick (1988), Clynch and Lauth (1991b), and Kleine (1995) found executives to be more successful when budgets are tight, in part because legislators are usually happy to let the governor make hard decisions about increasing taxes or cutting services. Other scholars suggested that executives' budget goals are favored when the economy is strong (Hartmark 1975, Wildavsky 1975, Clynch and Lauth 1991b, Wallin 1995, MacManus 1995. Clynch and Lauth attribute this to executive budgeting powers–the governor captures the initiative by being the first to suggest how to spend new money. Dometrius

(1991) suggested that the relationship between economy and gubernatorial budget success may be curvilinear. Both slack resources and tight times give the governor the opportunity to wield influence; whether the governor is able to do so depends on political factors. Dometrius' conception is the one hypothesized for this study. For the agency and issue methods, the measure of economic growth incorporates changes in unemployment and in income. Each state's annual change in real disposable personal income per capita is calculated from data from the U.S. Bureau of Economic Analysis (U.S. Department of Commerce 2005) for the calendar year prior to the budget decisions. Each state's change in unemployment rate for the year prior to the budget deliberations is calculated from U.S. Bureau of Labor Statistics data (U.S. Department of Labor 2005). Both are converted to standardized scores and the two results added. The resulting measure of economic growth results in highly negative outcomes for states with slow economic growth and rising unemployment. States with higher economic growth and falling unemployment have highly positive scores. *It is expected that the governor will be most successful in budgeting when the economy is much weaker or stronger than average (Hypothesis 8).* Both the economic growth variable and its square are used as independent variables in order to determine if the relationship with budget success is curvilinear as hypothesized.

The second economic variable is the size of the budget. At the federal level, Schick (2000) noted that budget growth has constrained both the executive and legislative branches. This could increase executive budget success by narrowing options for both President and Congress to the point there is little to disagree on. Shull and Shaw's 1999

study of presidential budget success found that budget size does favor the President's budgetary goals. At the state level, Sharkansky's (1968) study of budget outcomes in 19 states, Schick's (1971) review of state budgeting, and Clarke's (1998) study of agency budgets in 20 states all found that high expenditure levels produce more agreement between the governor and legislature. *It is expected that the governor will have greater budget success when expenditures are higher (Hypothesis 9).* In the agency and issue methods, the independent variable for budget size is the 2002 general fund spending (from National Association of State Budget Officers 2003) per capita. Higher spending per capita, regardless of state, suggests that the budget is reaching more constrained levels.

Political Variables

Since budgeting is politics, political variables will have an important impact on the governor's budget success. This study incorporates seven political variables. They are partisan support in the legislature, specific partisan arrangements of the government, changes in partisan control, popular support of the governor, interest group involvement, the time in the term of the governor, and efforts to influence upcoming elections through the budget process.

Legislative party support has been a consistently important variable in explaining governmental results at the national level (Kiewiet and McCubbins 1985, Weaver and Rockman 1993, Punnett 1994, Rieselbach 1996, Schick 2000). While divided government is not a barrier to executive success with the legislature (Davidson 1996,

Shull and Shaw 1999) it influences outcomes in several ways. In state government, the governor normally wields more influence when his party controls the legislature (Rosenthal 1990). Revenue and appropriations are among the policy issues in which party voting is most prevalent in the states (Patterson 1983). Divided government helps explain veto overrides (Wiggins 1980) and the speed with which budget levels change when the chief executive's party changes (Alt and Lowry 2000). Clarke (1998) found that divided government leads to greater budget conflict between the governor and legislature and less success for the governor. *It is expected that partisan legislative support will result in more favorable budget outcomes for the governor (Hypothesis 10).*

This study measures the effect of legislative party support for the governor in several ways. The survey asks budget participants to evaluate the importance of party support in the legislature to the governor's budget outcome. Survey results also are analyzed to determine if participants rated governors more successful in states where the governor's party also controlled the legislature. The agency and issue methods include two measures of partisan support. The first is a pair of dummy variables for a divided government (both houses of the legislature held by a party other than the governor's) and for a split legislature (one house held by each party). The second measure of partisan support is the proportion of each house held by the governor's party. This variable, which is used in a different model from the first, is based on research suggesting that the proportion of partisan support may be nearly as important as the control of the legislature (Luce 1995, Davidson 1996). A narrow party margin may even result in a coalition government that leaves some of the party majority within an ideological minority

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(Grizzle 1991), while a large party margin can be enough to override a veto (Luce 1995).

A second political variable measures interactive effects between a republican governor and democratic legislature. There is overwhelming evidence that Democratic officials support larger budgets than Republicans (Patterson 1983, Kiewiet and McCubbins 1985, Luce 1995, Kleine 1995,). Because legislatures often reduce expenditures below the governor's recommendations (MacManus 1995), it is expected that *Republican governors with Democratic legislatures will have more budget success than Democratic governors with Republican legislatures (Hypothesis 11).* Due to the relatively small number of observations, this hypothesis is tested through bivariate relationships with budgetary success and analysis of residuals. The source for all legislative party support data is Council of State Governments 2001, 2002.

Change in partisan control in either branch of government is the third political variable. Early studies of national budgeting outcomes found presidents to be less successful in achieving budget goals right after changes in party control of either the White House or Congress (Fenno 1966, Davis, Dempster and Wildavsky 1966). *It is expected that governors will be less successful immediately following a partisan change in either branch of government (Hypothesis 12).* Partisan change is measured by a dichotomous variable that is coded "1" if the budget is the first since an election changed the party in control of the governorship or either house of the legislature and "0" otherwise. The variable is examined in two ways. First, survey respondents' assessment of governors is compared for states that had partisan changes with all other states. Second, the residuals of the regressions of agency and issue success are analyzed to

determine if they differed in states with partisan change.

The fourth political variable is popular support for the governor. This can be measured either through election results or popularity polls. The concept of election mandate is ubiquitous in the popular press. Executives are supposed to get their policies adopted on the strength of a large electoral victory. The explanatory power of the mandate, though, is questioned more often than not in scholarly research. Jones (1994) attacks the concept most forcefully, demonstrating that major policy actions are as likely to be adopted when the message of an election is unclear as when a President receives an electoral mandate. State level results are similar. Gold (1995) noted that two of the most successful governors in the economic downturn of the 1990s, Massachusetts' William Weld and Michigan's John Engler, won election very narrowly. Hansen (1999) suggested election victories do not stand resonate for long; in a long-term study of California governors' popularity, she found no relationship between election margin and popularity. The concept lives on, however, at both the national and state levels. Some suggest the mandate creates a reserve of good will that legislatures respect, but no guarantee of programmatic victory (Sigelman and Dometrius 1988, Rosenthal 1990).

Because of the persistence of the mandate as an explanatory concept, its value is tested again in this study. In the survey method, budget participants were asked to assess both the importance of a governor's popularity and an election mandate to his budget success. In the agency and issue methods, two models employ different measures of gubernatorial popularity. The first is the percentage of total votes received in the most recent election (from Council of State Governments 2001, 2002). The second is the

average of statewide approval polls for governors in the first six months of the calendar year, the time when budgets are debated (data from Beyle 2005b). *It is expected that popularity, measured by election result or current approval levels, will result in more budget success for the governor (Hypothesis 13).*

The fifth political variable is the structure of interest group involvement. Strong interest groups increase competition between the executive and legislature and thus reduce the power of the executive (Seligman and Covington 1996, Thurber 1996a, Rubin 2000). *It is therefore expected that a strong interest group environment will reduce executive budget success (Hypothesis 14)*. The interest group variable in the agency and issue methods is Thomas and Hrebenar's (1999) assessment of the dominance of state interest groups in 1998. They rated the overall interest group landscape in states from "subordinate," in which interest groups as a whole were much less powerful than parties and other major political participants, through "complementary," in which interest groups must work together with parties and other participants, to "dominant," in which groups have "overwhelming and consistent influence (p. 136). Because they rated many states as hybrids combining two systems, there are five possible values for this variable. It ranges from "1" for a subordinate interest group system to "5" for a dominant system.

The sixth political variable is the time within the governor's service. Much of the literature suggests executives will achieve their greatest policy victories in their first year (Jones 1994, Rubin 2000, Schick 2000). Kiewiet and McCubbins (1985) found presidential influence on the budget the greatest in the first year in office. Hansen (1999) found that governors' popularity falls propitiously after the first year. On the other hand,

Shull and Shaw (1999) found the President no more likely to achieve his budget goals in his first year. Based on the preponderance of evidence, *it is expected that governors will be more successful earlier in the term (Hypothesis 15)*. The study uses several alternative methods of measuring time in service in an effort to best understand the relationship. These alternatives are: 1) year in the governor's tenure, 2) year in the current term, 3) square root of the year in term (as used by Hansen to demonstrate a drop in success that is steep at first and then gradual), and 4) a dichotomous variable for whether the budget is the first in the current term.

The final political variable provides a test of economic explanations for budgeting. As noted, some scholars believe that governments spend more just before elections to increase their reelection chances. It would stand to reason, then, that if the legislature is of the same party as the executive it will support a (larger) executive budget, assuming that its adoption will increase their own chances of reelection as well as the governor's. If, on the other hand, the legislature is controlled by the opposition, it is likely to fight harder to prevent executive budget success that might jeopardize their reelection. Hall (2002) found that in Georgia, opposition Republicans were much less likely to support Democratic Governor Zell Miller's agenda in election years. *If economic theories are correct, the governor's budget will be more successful in the budget proposed just before an election when the legislature is controlled by the governor's party (Hypothesis 16).* This variable is coded "1" in the budget just preceding an election when the legislature and executive are of the same party and "0" in non-election years or in cases of divided government or a split legislature. Because very few states in the study

have unified governments and are adopting the last pre-election budget, it is not appropriate to use this variable in OLS regression. Instead, it will be evaluated through bivariate relationships with budget success and through analysis of residuals of OLS regression on the more robust independent variables.

Personal Variables

The exhaustive list of institutional, economic, and political variables that may affect budget success suggests that governors may have little impact on their own budget destiny. There is no doubt, though, that some personal factors contribute to budget outcomes. Five are tested in this study. They are political experience, limiting the budget agenda, maintaining agenda consistency, supporting popular issues, and proposing a conservative budget.

Political experience may be helpful in achieving budgetary goals of the governor. Rosenthal (1990) suggests that prior service in the legislature or as governor will both improve the governor's understanding of the office and build effective working relationships. Shull and Shaw (1999) suggest presidents improve in budgetary bargaining with time. *It is expected that any experience in which one was responsible for preparing, proposing, or approving budgets would help a governor be more successful in achieving budgetary goals (Hypothesis 17).* The measure of this independent variable in the agency and issue methods is the governor's total years of service as a chief executive or legislator at the national, state, or local level plus years of service as a state agency head, whether elected or appointed. Data are from *The Almanac of American Politics* (Barone and Cohen 2000, 2002, 2004).

A limited agenda is thought to increase the governor's chances of budget success. Schick (2000) suggested the President is successful in the budget process when he focuses on a small number of attainable issues. Rosenthal (1990) made the same observation for governors, cautioning that a longer agenda gives more bargaining power to legislatures. In the agency and issue methods, the concept of limited agenda is measured by determining the extent to which a governor concentrates on the top four budget issues, adjusted for the total number of issues in the budget process. The calculation of this index is shown in Appendix B, Table 37. *It is expected that a limited agenda will result in increased budget success for the governor (Hypothesis 18).*

Consistency also is important in executive budgeting. The governor must constantly deflect legislative diversions and call attention to the original budget agenda (Rosenthal 1990). Executives frequently use press releases, interviews with news media, and addresses to the legislature to remind legislators and the public of their priorities. *It is expected that consistently supporting budget issues will result in greater budget success (Hypothesis 19).* In the agency and issue methods, the consistency variable is the correlation between issue scores up to one month following the budget proposal with the issue scores for the remainder of the budget process.

Sigelman and Covington lament that presidents have been reduced to "leadership by polling", advancing only those issues that are popular (1996, 66). No matter how lamentable, one should expect such behavior in a representative democracy. In the survey method, participants are asked to rate the importance of the popularity of the governor's programs to budget success. In the agency and issue methods, the concept of issue

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popularity is measured through the nature of the four top issues. A scale ranging from -4 to +4 is developed by starting at zero, adding one point for each proposal that lowers taxes or advances teachers' or business issues, and subtracting one point for each proposal that raises taxes or is opposed to teachers' or business interests. The former is based on the well-known political dangers of increasing taxes (Wildavsky 1975, Hansen 1999, Rubin 2000). The latter is based on the fact that teacher and business groups are the strongest lobbying groups in all state capitals (Thomas and Hrebenar 1999). While far from the perfect measure of issue popularity with the voters, favor with strong interest groups should increase legislative popularity. *It is expected that proposing popular budget issues will result in greater budget success (Hypothesis 20).*

The final personal variable is the conservatism of the budget proposal. Wildavsky (1975) suggested that governors must propose modest budget increases to have any success with the legislature. Fenno (1966) noted that Congress gave more support to presidents who proposed small budget increases. Shull and Shaw (1999) suggested Congress expects the President to reduce budgets and will avoid doing so themselves unless the President fails. The measure of conservatism in the agency and issue methods is the governor's proposed percentage increase over the previous budget. *It is expected that a governor proposing a smaller budget increase will be more successful (Hypothesis 21).*

<u>Research Plan</u>

Table 5 summarizes the independent variables and hypotheses of the study. The table and this section also describe how each hypothesis is tested in the remainder of the

study.

The survey method identifies important relationships in two ways. First, participants were asked to evaluate the importance of twelve factors that are often thought to affect budget outcomes. Hypotheses that are tested this way are labeled "Q" in the "Survey" column of Table 5. Second, respondents' evaluation of budget success can be compared across states with the values of dependent variables. If, for example, survey participants rated governors more successful in states with legislative term limits than in states without term limits, it suggests term limits may contribute to executive budget success. Hypotheses tested in this way are labeled with a "C" in the "Survey" column of Table 5.

The agency and issue methods are analyzed in several ways in Chapter 4. First, the values of independent variables are compared for the most and least successful governors. Second, bivariate relationships between each independent variable and the two measures of success are evaluated. All of the hypotheses listed in Table 5 are tested in these two ways.

The last three ways to study relationships between budget success and the independent variables employ ordinary least squares (OLS) regression. First, all variables of a given type (institutional, economic, political, personal) serve as variables in four separate OLS regression analyses. These four analyses are refined to identify the "best model" for the variable type, which is the one employing only variables that help explain budget success. If a variable is included in the best of type model and shows a relationship in the expected direction, there is some support for the hypothesis. Second,

these most important variables of each type become independent variables in combined models of agency and issue success. These models are refined to create a best overall model of each success measure. Inclusion in these models adds further support for the relevant hypothesis. Hypotheses that are tested in this manner are labeled "O" in the "Agency" and "Issue" columns of Table 5.

Table 5.—Summary of Variables, Relationships, and Testing				
	Expected Relation-	Method		
Hypothesis and Variable	ship*	Survey#	Agency#	Issue#
Institutional				
1. Governor's formal power	+	Q	O	O
2. Governor's fiscal power	+	Q	O	O
3. Executive budget office power and control	+	Q	O	O
4. Legislative professionalism	-	Q	O	O
5. Legislative term limits	+	C	O	O
6. Legislative veto points	-	Q	O	O
7. Biennial budget	+	C	O	O
Economic				
8. Economic growth	**	Q	O	O
9. Size of budget	+		O	O
Political				
10. Legislative party support	+	Q	O, M	O, M
11. Republican governor with Democratic	+	C	R	R

		Method		
Hypothesis and Variable	Expected Relation-ship*	Survey#	Agency**	Issue**
legislature				
12. Partisan change	-	C	R	R
13. Governor popularity	+	Q, M	O, M	O, M
14. Interest group strength	-		O	O

Table 5.—Continued

		Method		
Hypothesis and Variable	Expected Relation-ship*	Survey#	Agency**	Issue**
Personal				
15. Year in service	-	C	O,M	O,M
16. Upcoming election with unified government	+	C	R	R
17. Political experience	+		O	O
18. Limited agenda	+		O	O
19. Consistency	+		O	O
20. Popular issues	+	Q	O	O
21. Conservative budget	+		O	O

*   + budget success is expected to increase as variable increases
- budget success is expected to decrease as variable increases
** budget success is expected to increase as variable departs from the mean
# Q variable is addressed by a survey question
C survey ratings of governor success are cross-tabulated with this variable
M multiple variables are used to measure the concept
** O variable is used as an independent variable in OLS regression
R variable is tested by analyzing residuals of OLS regression
M multiple variables are used to measure the concept

Some hypotheses cannot be tested through OLS regression because only a few

states exhibit the characteristic of interest. In the third method of testing hypotheses through regression, residuals from the best political model are compared for states that have the characteristic to residuals from states that do not. The political model is the appropriate tool in this case because all of the variables of interest are political. If the residuals are markedly different for states with the characteristic than for those without, the hypothesis receives some support. Hypotheses tested in this way are labeled "R" in the "Agency" and "Issue" columns of Table 5.

Table 5 and the foregoing discussion indicate that the study employs multiple methods for testing the hypotheses and that all extend the analysis of budgeting outcomes to date. Because the methods employed are new, it is all the more important to employ as many as possible to seek "triangulation" of results. Chapter 5 concludes the study by comparing results of all of these methods. Each hypothesis is restated and evaluated based on how much supporting evidence is offered by the results. Variables can then be arrayed from those that most clearly affect executive budget success to those that had no explanatory value.

<u>Conclusion</u>

This study offers an opportunity to better understand how executives achieve their budgetary goals and why. It does so by asking different questions, offering different methods, and suggesting new explanations. The new questions are about how and why governors are successful in achieving budgetary goals, not how or why agency or total budgets change. The new methods evaluate the governor's overall success, not success on individual agency budgets. This is the first study of a single budget process across the

fifty states and it incorporates a broader range of institutional, economic, political and personal explanatory variables than any previous study. This leads to new answers about the factors that make governors, on the whole, more or less successful in getting their policies adopted through the budget process. These answers are thus about fundamental questions of politics and government. They are, like any work of research, subject to question and reevaluation, particularly because they are based on new and innovative questions and methods. They are not *the* answers to these important questions, merely the first steps toward an answer.

CHAPTER 3

A SURVEY OF BUDGET PARTICIPANTS

This chapter describes the results of the 2001 survey of elected and appointed state budget participants. The survey assessed what governors accomplished in the budget process, as compared to their objectives. It also sought insights into factors budget participants believed were important in determining whether a governor met with budget success.

The Survey

The survey was administered in the fall of 2001 and asked respondents to address the budget adopted earlier that year. Surveys were mailed to 270 individuals. Sixty-nine of the 270 survey recipients (26 percent) responded. The response rates were 22 percent for governors' chiefs of staff, 44 percent for budget directors, 18 percent for appropriations chairs, and 32 percent for legislative fiscal officers. See Appendix C, Table 39, for detailed statistics on surveys mailed and returned. The small response can be attributed to the reluctance of some appointed executive budget officers to declare winners and losers in the budget process, to some offices' policy not to respond to surveys due to their volume, and to a reduced likelihood legislators would respond after returning home at the end of the session.

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The response rate suggests that results of the survey should be considered as supplemental to other parts of this study, rather than definitive in themselves. Low participation limits the ability to make inferences. Further, it is possible that there is a bias due to non-response; those who did not return the survey may have different opinions than respondents. Responses appear to be representative, however, since they cover 39 states that are well distributed by size and by location and since return rates are similar between the two branches of government See Table 40, Appendix C, for a report of surveys returned by both office and state.

Rating Governors' Budget Success

Most participants viewed governors as successful in the budget process. The survey asked respondents to assess how successful the governor was in accomplishing budget objectives on a five-point scale from "not very successful" to "very successful." Table 6 indicates that just 16 percent rated governors as either not very successful or somewhat unsuccessful. Fully three-fourths of respondents rated governors as successful. Forty percent said governors were somewhat successful in meeting their budgetary goals, while 36 percent said governors were very successful.

The party of the governor did not appear to make any difference in the governor's budget outcomes, as shown in Table 7. For this and the remaining analyses of governor's budget success, neutral responses were omitted and rates of success combined into a dichotomous variable. This allowed for clearer delineation of patterns. Democrats were rated slightly more successful than Republican governors.

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Both independent governors, Minnesota's Jesse Ventura and Maine's Angus King, Jr. were judged to be very successful. In part, this may be because both faced legislatures where partisan control was split. One respondent identified this as "tripartisan" government and suggested that the lack of a unified legislative program helped the governor get his budget proposals approved.

Table 6.—Overall Rating of Governor's Budget Success

Rating of Governor's Success	N	Percent
Not very successful	5	8
Somewhat unsuccessful	5	8
Neutral	6	9
Somewhat successful	27	40
Very successful	24	36
Total	67	100

Note: Two responses not rating overall governor success are omitted.

Table 7.—Overall Rating of Governor's Budget Success, by Party

	Rating of Governor's Success	
Party of Governor	Not Very Successful or Somewhat Unsuccessful (%)	Very or Somewhat Successful (%)
Democrat (N=27)	11	89
Republican (N=31)	23	77
Other (N=3)	0	100
Total	10	51

Note: Excludes two missing and six "Neutral" responses.

Neither the governor's gender nor the method of achieving office affected ratings of budget success. Female governors were rated very of somewhat successful by 83 percent of respondents and male governors by 84 percent. Budget participants said 84 percent of governors who were elected in their own right were very or somewhat successful. In the five cases where governors succeeded to office, they were rated 80 percent successful.

Views on governor's budget success depended on where one sat in the budget process. Table 8 indicates a very strong relationship between office held and views on budget success, with executive branch participants rating governors more successful than their legislative counterparts. Budget directors rated the governor's success highest (90 percent very or somewhat successful), followed by governors' chiefs of staff (80 percent). Most appropriations chairs thought the governor was very or somewhat successful (70 percent). Legislative fiscal officers were less positive, but like the other three offices, a majority (62 percent) rated the governor very or somewhat successful in accomplishing budgetary goals. The reader is cautioned however, that while these results may confirm expectations, there are no more than 21 respondents from each position group. A slight increase or decrease in the number of respondents could change these results substantially.

Explaining Budget Success: Institutional Variables

The survey results are mixed on the impact of institutional factors on the budget success of governors. Table 9 indicates respondents rated governors equally successful in states with legislative term limits as in states without limits. Budget cycles, however, do appear to affect success. Table 10 compares budget success for governors in states with annual budget processes to those with biennial budgets. In their study of the link

Table 8.—Overall Rating of Governor's Budget Success, by Position

	Rating of Governor's Success				
Office Held	Not Very Success-ful (%)	Somewhat Unsuccess-ful (%)	Neutral (%)	Somewhat Successful (%)	Very Successful (%)
Chief of staff (N=11)	18	0	0	36	46
Budget director (N=21)	10	0	0	33	57
Appropria-tions chair (N=18)	6	18	6	41	29
Legislative fiscal officer (N=17)	0	11	28	51	11
Total	8	8	9	40	36

Note: Excludes two missing responses

Table 9.—Overall Rating of Governor's Budget Success, by Presence of Legislative Term Limits

	Rating of Governor's Success	
Term Limits	Not Very Successful or Somewhat Unsuccessful (%)	Very or Somewhat Successful (%)
Yes (N=24)	17	83
No (N=26)	16	84
Total	17	83

between budgeting and policy in 11 states, Thurmaier and Willoughby (2001) suggested

governors were more successful in states with biennial budgets because they had more

time and latitude both to plan and to implement programs. The survey results confirm

that suggestion; 25 of 26 (96 percent) respondents in biennial budget states rated the

governor a budgetary success. The results for governors in annual budget states were less

favorable, but 74 percent still were rated somewhat or very successful.

Table 10.—Overall Rating of Governor's Budget Success, by Budget Cycle

Budget Cycle	Rating of Governor's Success	
	Not Very Successful or Somewhat Unsuccessful (%)	Very or Somewhat Successful (%)
Biennial (N=26)	4	96
Annual (N=35)	26	74
Total	17	83

Note: Excludes two missing and six "Neutral" responses.

Explaining Budget Success: Political Variables

Political variables help explain the assessments of budgetary success, but only to

a limited degree. Table 11 shows that, while all governors were generally successful in

the budget process, those with partisan majorities in both houses ("unified government")

were more successful than those where both houses were controlled by the opposite party ("divided government"). Governors whose parties were in control of only one house of the legislature ("split legislature"), however, were most successful of all. This probably is the result of the same party controlling two-thirds of the budget-making institutions. Partisan support in the legislature made a difference in outcomes for many governors, as suggested by much of the literature (Sharkansky 1968, Wiggins 1980, Moncrief and Thompson 1980, Gross 1991, Steger 2000, Thurmaier and Willoughby, 2001).

Table 11.—Governor's Overall Budget Success, by Partisan Status of Legislature

| Partisan Status of Legislature | Rating of Governor's Success | |
	Not Very Successful or Somewhat Unsuccessful (%)	Very or Somewhat Successful (%)
Unified government (N=26)	15	85
Divided government (N=17)	35	65
Split legislature (N=14)	0	100
Total	17	83

Note: Excludes two missing responses, 6 "Neutral" responses, three responses where governor is independent, and one response with an evenly divided house in the legislature.

Table 12 indicates divided government was more of a stumbling block for republican governors than for democrats. Republican governors were nearly three times more likely to achieve their budgetary goals if their parties controlled the legislature than if democrats were the legislative majority. Democratic governors actually were more successful with divided government or a split legislature than with unified government.

This might be due to the increased likelihood of factions appearing in the governing party under unified government.

Table 12.—Governor's Overall Budget Success, by Party and Partisan Status of Legislature			
	Percent Somewhat or Very Successful		
Governor's Party	Unified Government (%)	Divided Government (%)	Split Legislature (%)
Republican (N=30)	92	33	100
Democratic (N=27)	77	100	100

Note: Excludes 6 "neutral" responses, 3 responses where governor is independent, and 1 response where one house of legislature is evenly divided.

Table 13 adds evidence for a governor's "honeymoon period" in the realm of budgeting. All governors in the first year of their current term were judged successful. Success rates declined for governors elected thereafter. This result is consistent with Steger's (2000) study of American presidents from 1860 through 1998. He found that presidential agenda-setting and policy-initiating opportunities have always been greater in the first year of each term. Hall (2002) found that legislators, particularly those of the opposite party, supported Georgia Governor Zell Miller's program more in the first year of his term than any others. Among the studies cited in Table 2, Chapter 1, however, only Kiewiet and McCubbins (1985) found that executives were more likely to achieve budgetary goals in the first year of the term. The finding from this survey, combined with

results of the agency and issue methods described in Chapter 4, suggest that executives need to act early in the term to increase their chances of budget success.

While the small number of cases requires the results be taken with caution, survey results provide no support for three additional political hypotheses. Indeed, results were the opposite of expectations. Table 14 shows that Republican governors with Democratic legislatures had less success (33 percent very or somewhat successful) than all other combinations (92 percent). All governors in the first budget since a change in partisan control of the statehouse or legislature were successful, as opposed to 82 percent very or somewhat successful in situations of partisan continuity. Finally, governors with unified governments and an upcoming election were less successful (67 percent very or somewhat successful) than all others (84 percent).

Table 13.—Governor's Overall Budget Success, by Year in Term

	Rating of Governor's Success	
Year in Term	Not Very Successful or Somewhat Unsuccessful (%)	Somewhat or Very Successful (%)
First (N=15)	0	100
Second (N=3)	33	67
Third (N=39)	23	77
Total	18	82

Note: Excludes 2 missing responses, 6 "neutral" responses and 4 cases in which governor succeeded to the office without election.

Explaining Budget Success: Personal Variables

The survey provided an opportunity to test for one variable that is within the governor's control, which is choice of budget issues. The survey showed only limited support for the idea that a governor's success depends, in part, on the issues she selects to champion. Besides assessing overall budget success, survey respondents also rated governors' success on up to four major issues raised by the governor. The survey asked the budget participant to name these four issues and evaluate the governor's budget outcome on a four-point scale from "Not very successful" to "Very successful." No neutral response

Table 14.—Governor's Overall Budget Success, by Selected
Political Variables

Variable	Rating of Governor's Success	
	Not Very Successful or Somewhat Unsuccessful (%)	Somewhat or Very Successful (%)
Republican governor with Democratic legislature		
Yes (N=9)	67	33
No (N=52)	8	92
Partisan change		
Yes (N=5)	0	100
No (N=56)	18	82
Upcoming election with unified government		
Yes (N=3)	33	67
No (N=58)	16	54
Total	16	84

Note: Excludes two missing and six "Neutral" responses

was needed for individual issues. Issues raised by respondents are organized into nine major issue categories. Common education issues were the most prevalent; they accounted for 26 percent of total issues mentioned by respondents. Finance issues, which included employee pay raises and efforts to control expenditures, were the next most common issues. State administration issues, such as technology and information technology initiatives, were the least common.

Asking respondents both to select the governor's major issues and to rate success on each issue creates the possibility they will bias the results by selecting issues to make the governor look better or worse. Tables 42 and 43, Appendix C, test for the possibility of selection bias. Table 42, Appendix C, shows that, as with overall success, legislative branch participants tended to rate the governor less successful on individual issues than their executive counterparts. There is considerable variation among the different types of issues, however. The table also indicates that executive participants were more likely to raise economic development proposals and rated success on these issues much higher. Legislative respondents raised more infrastructure issues, but success ratings differed less on this issue type.

Table 43, Appendix C, compares the survey responses on issues to the governors' top four issues as determined through the issue method and as discussed in detail in Chapter 4. It is important to bear in mind that there are only 30-40 respondents in each of the two groups, suggesting the results may not support any broader inferences. The results show that legislative respondents were slightly more likely to raise issues that were also identified by the issue method. Thirty-two percent of legislative issues were

among the top four in the issue method, as opposed to 28 percent of executive issues. Legislative participants selected issues with slightly lower issue success scores (a mean score of 56, versus 59 for executive issues). Legislative success scores were somewhat more closely correlated with issue success scores (Pearson's r=0.57) than were their executive counterparts (r=0.48). Taken together, the data suggest a slight tendency for executive participants to pick issues that were more favorable for the governor and to rate success higher than might be justified. The differences, however, are minor and do not change the interpretation of the survey data in any meaningful way.

Table 15 summarizes frequencies and success rates for various issues, with success again compressed to a simple yes/no measure. On all 251 issues together, governors were successful 77 percent of the time. Success in major issue categories ranged from 92 percent for criminal justice issues to 65 percent for infrastructure issues,

Table 15.—Governor's Success on Major Initiatives, by Type of Issue			
	Rating of Governor's Success		
Issue Area	Not Very Successful or Somewhat Unsuccessful (%)	Somewhat or Very Successful (%)	
Criminal justice (N=12)	8	92	
Economic development (N=23)	13	87	
Common education (N=64)	18	82	
Social services (N=29)	24	76	
Higher education (N=20)	25	75	

State administration (N=8)	25	75	
Finance (N=45)	27	73	
Taxation (N=20)	30	70	
Infrastructure (N=26)	35	65	
Total	23	77	
Note: Excludes 3 responses for which the issue type could not be determined.			

including transportation and growth management initiatives. Economic development and common education issues fared well. Finance issues and taxation proposals were among the less successful the governors offered, but still very successful. Note, however that the difference between issues are relatively small. From this survey, one cannot confidently conclude that governors' choice of issues affected their budget success in the 2001 budget process. As noted, previously, the score for economic development issues may be inflated by the tendency of executive respondents to identify these as important issues and to rate governors as successful. Conversely, infrastructure issue scores may be artificially lowered because more legislative participants identified these issues as important to the governor and rated the governor as less successful. Correcting for this bias would reduce the difference in success rates for issue types even more than shown in Table 15 and would support the conclusion that governor's budget success was not closely tied to specific types of budget issues.

<div align="center">Explaining Budget Success: Participants' Views</div>

Budget participants also gave their opinions on why governors succeeded or failed in the budget process. This information is more important, both to practitioners and

to scholars, than level of success experienced by a few governors in just one budget process. Budget process participants evaluated 12 factors that commonly are thought to affect budget outcomes. Each was placed on a four point scale from being "Not important at all" to "Very important" in determining the governor's success in accomplishing budget objectives. Table 16 organizes the responses into four major categories of analysis—institutional, economic, political and personal variables--described in Chapter 2. In the survey itself, there was no such order or organization. The majority of participants rated all but one factor—an election mandate—as somewhat or very important to budget outcomes. Economic conditions were considered the most important, followed by personal factors.

Institutional Factors

Six institutional factors that might affect budget results were addressed by the survey; four of these are in the executive branch. Survey respondents generally agreed that each was an important element in budget results, though none were among the most important.

Survey participants rated the legislature's budget process as the most important institutional factor to a governor's budget success. Eighty-three percent rated it at least somewhat important. Participants noted that control over the budget agenda in the legislature affects budget results. In Mississippi, Democrat Ronnie Musgrove could only make recommendations for the budget; it is written by the legislature. In Maryland, at the other extreme, the legislature is not allowed to increase the budget or redirect funding, so it had to negotiate with Democratic Governor Parris Glendening.

Survey respondents believed that aspects of the executive budget office were less important to the governor's budget success than the legislature's budget process, but more important than either formal or fiscal powers. Budget offices and staffs have come "…to exercise significant influence in state policy making" (Gosling 1987, 63). The strength of the executive budget office was the second most important institutional variable, with 77 percent rating it very or somewhat important. One chief of staff said "The budget office is a key resource to the governor. The governor requires the depth to ensure that the budget is a coordinated policy document." The amount of control the governor exerted over a budget office was considered only slightly less important—70 percent rated it at least somewhat important. The movement toward governor control over budget offices has been once of the most important state reforms in the last three decades, but is not complete (Weber and Brace 1999, Thurmaier and Willoughby 2001).

Table 16.—Factors Affecting Governor's Success (Percent)

Variable	Not Important at All	Not Very Important	Somewhat Important	Very Important
Institutional Factors				
Governor's formal power	6	27	44	24
Governor's fiscal power	6	35	25	34
Strength of budget office	9	14	40	37
Control over budget office	9	20	36	34
Strength of legislative fiscal office(s)	6	28	34	31
Legislature's budget process	5	12	41	42

Economic conditions	1	4	25	70
Political factors				
Governor's popularity	2	19	52	27
Election mandate	19	41	28	13
Party support in legislature	13	16	22	49
Personal factors				
Clearly state and advocate agenda	3	10	25	62
Popularity of programs	1	3	41	55

Because of the interest in control over the budget office in the literature and among practitioners, budget office respondents alone were asked to rate the governor's influence over their office in several key activities of the budget office. Results, summarized in Appendix C, Table 41, suggest that governors are influential in budget development, but not in budget office operations.

Governors' formal and fiscal powers were considered less important to success by survey respondents, though the majority believe that powers make a difference. Sixty-eight percent of survey respondents regarded formal powers as very or somewhat important to governors' success. Budget participants rated fiscal powers slightly less important to a governor than formal powers. Fifty-nine percent rated these powers at least somewhat important to the governor's budget success. More participants, however, viewed fiscal powers as very important to the budget outcome (34 percent) than did formal powers (24 percent).

Survey respondents indicated legislative fiscal offices also were important to budget results, but less than most other institutional factors. Sixty-five percent rated this office at least somewhat important, making it less important than its counterpart in the executive branch.

Responses to the open-ended question about other important factors addressed legislative institutions beyond those addressed by survey questions. Several states were affected by legislative term limits. One governor matched his years of experience in budgeting against a house where term limits meant many "members had little or no budgetary experience, especially with declining revenues." This experience has been noticed in other term limit states as well (Brace and Ward 1999, Rose 2002). Legislative professionalism also came into play; one governor benefited from the limitation of legislative sessions to 80 days, so "it is difficult for them to grasp the state budget and make significant changes."

Economic Factors

Economic conditions are among the two most important factors in a governor's budget success, measured by the total of somewhat and very important responses. This is not surprising, given that most states faced their most serious economic outlook in a decade in the 2001 session. Many states faced shortfalls for the budget adopted the previous session. For the current year budget, most states faced slowing revenue growth and large increases in costs of entitlement programs. Many states tapped rainy day funds to make ends meet, while others raised taxes or reduced appropriations (Eckl and Perez 2001). Ninety-five percent of survey respondents considered economic conditions very or

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somewhat important to the governor's ability to achieve budget goals. More respondents thought economic conditions was very important (70 percent) than any other factor.

The scholarly work on the effect of the economy on budgeting is large in magnitude but mixed in direction. Several researchers found that a strong economy helped the governor while a weak one hurt (Hartmark 1975). Others argued that the governor was stronger in a budget process when the economy was weak (Clynch and Lauth 1991b). Alt and Lowry (1994) theorized that an economic shock in either direction gave the legislature an advantage in budget negotiations, while Dometrius (1991) suggested that deviations toward either a deficit or a surplus favored the governor. Responses to an open-ended survey question indicate that practitioners are just as divided as political scientists on the role of economic conditions in budget outcomes. Several thought the strong economy helped the governor, like one who said "availability of revenues made legislative/governor conflicts less intense."   Some participants thought declining revenues hurt the governor because he could not garner support for new funding initiatives. Others said the governor was very successful in part due to revenue shortfalls or limited revenue growth. Thus, while virtually all survey respondents agreed that economic conditions were important to the governor's budget success, they did not agree on how or why.

Political Factors

The survey asked respondents to consider the importance of three political factors to the governor's budget success. Popular support for a governor was judged the most important of the three, with 79 percent rating it somewhat or very important. Partisan

support in the legislature was considered nearly as important. More respondents—49 percent--rated it a very important factor—than popular support (27 percent), but the total of 71 percent combined very and somewhat important responses was less. The budget participants' response regarding legislative support confirms the data in Table 12, which showed party support to be important in explaining ratings of governors' overall success. It also agrees with a substantial amount of literature on the importance of party support in the legislature to budget outcomes. (Patterson 1983, Muchmore and Beyle 1983, Alt and Lowry 1994, Thurmaier and Willoughby 2001).

Having an election mandate was not a major factor in budget outcomes, according to survey respondents—just 13 percent rated it "very important" and 41 percent thought it was at least somewhat important. This was the lowest rating of the 12 factors included in the survey. This finding confirms recent scholarly opinion that mandates may be mythical (Jones 1994, Steger 2000).

Personal Factors

Respondents agreed that personal factors—budget choices within the control of the governor—were important to the governor's budget outcome. "Governor's ability to clearly state and advocate for budget agenda" was second among the 12 factors for very important responses (62 percent) and third in the proportion of combined somewhat and very important responses (87 percent). Participants gave many examples of this factor in action. One governor was viewed as successful in part because he "'sold' his budget across the state via community meetings. Another achieved his budget goals because he was "on message and persistent." Patience was a virtue for at least one governor, whose

"willingness to endure criticism for holding up budget enactment in order to achieve key budget objectives" ultimately led to victory. Consistency was important; one observer attributed the failure of a tax increase proposal to the governor's decision to introduce it late in the legislative session.

Making popular programs a priority also was considered a very important factor in budget success. While the 55 percent who considered content of agenda a very important factor was less than for how the agenda was stated and supported, almost all respondents—96 percent—thought popularity of programs was at least somewhat important to budget success. This was higher than for any other variable in the survey. Responses to an open-ended question about other factors that affected budget success helps shed some additional light in the characteristics of a successful agenda. One governor achieved passage of his initiative in higher education because it had strong bipartisan support. This could be particularly important for a governor facing a split legislature, as in this case. Several respondents noted that a governor does better when his agenda is modest; "frugal" spending proposals were accepted by one legislature without controversy. Other governors succeeded by offering "nothing very controversial" or proposing "a continuation budget. These findings confirm much of the budgeting literature on both federal and state levels (Schick 2000). At least two governors were doomed, on the other hand, in choosing controversial issues as their top priority. One governor's school voucher program was called a "non-starter," because it was not very popular even in his own party and faced constitutional problems. Another concentrated

on massive tax reform and could not achieve a legislative majority for any option through several regular and special legislative sessions.

The survey also asked respondents to list any other factors they thought were important to budget outcomes. The results generally confirmed those of the closed-end responses discussed above. More responses related to economic conditions and availability or lack of revenue than any other factor. As noted previously, opinion was mixed as to how economic conditions affect the governor's budget outcome. Many agenda issues also were raised in response to the open-ended questions. These responses indicated that the governor gained or lost not just from what issues he advanced, but how he advanced them. Governors who stayed on message and strongly and consistently pushed their programs generally were viewed to be more successful. Several responses mentioned institutional factors that were unique to one or two states. The open-ended responses, however, served mainly to complement and elaborate upon the factors listed in the closed-ended questions rather than to raise additional factors that can affect gubernatorial budget success.

Conclusions on Participants' Views

As noted, more than half of survey respondents rated 11 of the 12 variables at least somewhat important to the governor's budget success. Of these eleven, three stood out as the most important. Economic conditions were rated very important by seventy percent of respondents, followed by clearly stating and advocating an agenda (62 percent) and offering popular programs (55 percent). In combined very important and somewhat

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important ratings, popular programs finished first (96 percent), followed by economic conditions (94 percent) and a clear agenda (87 percent). These results suggest that the governor has some control over factors that can lead to budget success, but must exert that control within limits imposed by economic conditions. Institutional arrangements and political characteristics, while important, seem to be less so than the three variables discussed above.

As with evaluations of the governor's budget success, there were differences in what factors were considered important to success based on the office held by the respondent. Table 17 shows variations in executive and legislative branch participants' rating of the 12 explanatory variables. These differences suggest that executive branch staff see factors that are within the governor's control as more important to budget success than do legislators and their staffs. Conversely, legislative respondents placed more importance on legislative factors. There is general agreement, however, on the importance of economic conditions and that a governor's formal powers, fiscal powers,

Table 17.—Factors Affecting Governor's Success, by Branch of Government

| Variable | % Rating Factor as Somewhat or Very Important to Success | | Difference (Executive – Legislative) (%) |
	Executive Branch	Legislative Branch	
Institutional factors:			
Governor's formal powers	72	64	8
Governor's fiscal powers	63	56	7

Strength of budget office	94	61	33
Control over budget office	81	61	20
Strength of legislative fiscal office (s)	58	72	- 14
Legislature's budget process	81	85	- 4
Economic conditions	97	92	5
Political factors			
Governor's popularity	91	69	22
Election mandate	50	31	19
Party support in legislature	69	72	- 3
Personal factors			
Clearly state and advocate agenda	100	76	24
Popularity of programs	97	95	2

and election mandate are less important. Note again that each group has less than 40 respondents, limiting the reliability of these conclusions.

Executive branch participants rated five factors considerably higher than those from the legislative branch. The clearest difference was in the importance of a strong budget office to the governor's success. Ninety-four percent of chiefs of staff and budget directors considered it to be at least somewhat important. Legislative branch participants, on the other hand, rated this near the bottom of the twelve factors; 61 percent thought it was important to budget success. Other differences were in the governor's effort to

clearly state and advocate his agenda (with all executive branch participants considering this at least somewhat important, compared to 76 percent of legislative branch representatives) and the governor's popularity (important to 91 percent of executive branch respondents but 69 percent of their legislative counterparts). There were smaller but still notable differences in the importance of control over the budget office (81 percent executive vs. 61 percent legislative) and an election mandate (50 percent executive vs. 31 percent legislative.)

Of the seven remaining factors, legislative participants saw only one as more important than executive branch respondents and there were only minor differences in six. Seventy-two percent of legislative participants said the legislative fiscal office was somewhat or very important, as compared to 58 percent in the executive branch. The remaining items—governor's formal and fiscal powers, the legislature's budget process, economic conditions, legislative party support, and popularity of programs—were considered equally important across the branches of government.

Conclusion

The survey of budget participants used in this study can help us understand what budget participants believe is important to budgetary outcomes. This question has not been asked in previous budgeting surveys. Answers are not definitive, however, limited as they are by the low response rate. Nevertheless, for the purpose of this study, the first multi-method evaluation of executive budget success, the survey results help illustrate possible explanations for budget success.

Budget process participants generally agreed that governors achieved their goals in the 2001 budget process—seventy-six percent of respondents rated governors at least somewhat successful. Executive branch participants—in governor's offices and budget offices—were more likely to rate the governor a success than were their legislative counterparts. Governors were more likely to be successful if they were elected (or re-elected) recently and considerably more likely to achieve their objectives in a biennial budget process than in an annual one, but no more likely to succeed in states with legislative term limits than those without. As expected, governors with party majorities in both houses were more successful than those whose party was a minority in both houses. Partisan support was much more important for Republican governors than for Democrats. Somewhat surprisingly, every governor working in a state with split control of the legislature was successful in budgeting.

Survey respondents identified many factors that are important to the governor's budget outcome. Three stood out as most important. These were the governor's ability to

clearly state and advocate an agenda, the governor's choice of popular programs to advance, and economic conditions. Survey respondents agreed with scholars who note the importance of economic conditions to budget outcomes, but were equally mixed on how specific conditions affected the governor's changes of success. Several other factors were just below these first three in importance. Two were institutional—the legislative budget process and the strength of the executive budget office. The third was political—the governor's popularity. Factors often thought to strengthen a governor, such as formal powers, fiscal powers, and an election mandate, were considered important, but less so than most other factors.

As with their opinions of success, respondents from the two branches of government differed on what they thought contributed most to budget outcomes. While all agreed on the importance of economic conditions, executive branch respondents thought the governor's popularity and ability to clearly state and advocate their programs, along with a executive control over a strong budget office, were more important than did their legislative counterparts. Legislative participants thought the legislative fiscal office was a more important factor to success than did executive respondents.

The survey results generally agree with the expectations stated in the scholarly literature on budgeting. One important factor that is not well-covered in the literature is the role of timing in budget success. Survey responses indicated that governors were most successful in the first year of their terms and that chances of success fell quickly thereafter. Two other general findings of the survey are noted in the literature, but often get lost in other, more measurable, concepts. First, the survey respondents remind us that

informal aspects of politics are as important or more important than formal ones. They suggest that personal popularity, choosing popular programs, and consistently stating and "selling" an agenda are more important than structural variables such as appointment and veto powers. Second, survey results serve as a reminder that budgeting is an activity involving two separate branches of government. While party serves as one bridge between branches, it is not a guarantee that a governor will be successful in budgeting. Abney and Lauth concluded that "…state budgeting will inevitably be as much about inter-branch politics as it is about administrative process" (1989, 839). The survey of budget outcomes in 2001 suggests that budgeting remains a multiple branch process, whose outcome depends on economic and personal factors more than on political and institutional variables.

CHAPTER 4

GOVERNORS' OVERALL SUCCESS:
AGENCY AND ISSUE METHODS

This chapter describes the results of two quantitative approaches for assessing executive budget success and identifies the reasons for the success. It begins by applying new methods for assessing the success of each governor in accomplishing budgetary goals in the 2001 budget process. It evaluates successful governors by a number of key indicators such as political party and gender. It identifies those governors who were among the very most and very least successful governors, both by a raw score and by a score adjusted for the variables that affect budget success. It then seeks to explain success in five different ways. First, it determines if executive budget success depends on the issues raised by the executive. Second, it compares the most and least successful governors in terms of the independent variables described in Chapter 2[6]. Third, it identifies bivariate relationships between executive budget success and these same independent variables. Fourth, it describes a series of regression analyses in which the success measures are regressed in turn on the institutional, economic, political, and personal variables expected to influence success. Fifth, it reports on the results of an OLS regression of the two success measures on the independent variables that best explain executive budgeting success. The chapter concludes with a brief assessment of the results of all of these measures. Chapter 5 restates and compares these findings with the results

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[6] These 21 institutional, economic, political, and personal variables and their expected relationships to budget success are summarized in Table 5, Chapter 2.

of the survey research discussed in Chapter 3. Readers should be aware that the survey results do not represent all 50 states, nor are survey responses equal among the states. Further, survey responses are from interested budget process participants, in contrast to the document-based agency and issue methods. Comparisons between the different methods may be instructive but must be made with these differences in mind.

<center>Governors' Overall Success</center>

As described in Chapter 2, the analysis uses two methods for determining how successful each governor was in accomplishing budgetary goals in the 2001 budget process. The agency method compares the governor's budget recommendation and the legislature's appropriation for each of the ten largest agencies. The issue method is based on the four budget issues that captured the most attention off the governor, legislature, and press. However, these issues might not have been the governor's highest priority or most successful issues. Both measures compare the marginal budget change recommended by the governor to the marginal appropriations change adopted by the legislature. The correlation coefficient of the two measures (Pearson's r) is .21, indicating a minimal relationship.

Both the agency and issue methods determine differences between the governor's proposal and the legislature's appropriation. Both advance the study of budgeting by measuring the overall budget success of the chief executive instead of success by agency. The issue method defines success in a completely new way that reflects the way budget participants and citizens measure political outcomes. The same governor may have quite different results on the two methods, however, since they look at different portions of the

budget and at a different level of detail. The agency method examines the lion's share of state spending and reflects many individual program decisions. The issue method looks at a small part of spending—sometimes less than one percent—but the part that is most controversial and most likely to find differences between the legislature and governor. The issue measure is at the same time narrower and broader than the agency measure. It is narrower because it looks only at four issues raised by each governor during the budget process. It is broader because it considers revenues as well as expenditures and because it considers major program changes that do not result in large changes in agency budgets, such as revamping the school funding formula or converting public school funding to vouchers. Governors who propose controversial issues, particularly those affecting the revenue side of the budget, likely will be less successful on the issue method. A governor will receive a lower agency success score, on the other hand, by trying to reduce the budget or limit its growth or by reallocating funds between programs and agencies. These proposals require the legislature to limit or reduce existing programs, which it will do reluctantly if at all. How the two methods can result in much different scores for the same budget process can be illustrated by examining two governors whose scores differed in opposite ways.

Louisiana Republican Mike Foster was among the most successful governors on the issue method (96.0) and one of the least successful on the agency method (29.4). For the most part the legislature agreed with his recommendations on four major issues, which involved teacher and faculty pay increases and a reduction in taxes on land-based casinos.

Foster's success with these four issues was in stark contrast to problems achieving his budgetary goals for major state agencies. The most dramatic differences between the governor's proposal and legislature's appropriations resulted from Foster's proposed reductions in Medicaid and social services. The legislature approved a $75 million increase in the Department of Social Services where Foster had recommended a $25 million cut and a $600 million increase for Health and Hospitals as compared to Foster's standstill budget. The legislature paid for its social services spending through a combination of cutting Corrections, where the governor wanted an increase, and by raising spending by $600 million more than Foster proposed. The poor agency score thus resulted from fundamental differences between the governor and legislature regarding the size and priorities of government. The governor failed in achieving his more global goal of limiting the growth in government, particularly social services, while achieving more narrow, and less ideologically charged, goals of raising educator pay and cutting casino taxes. Other governors who, like Foster, had much higher issue than agency scores offered no major tax increases and supported increases to education and other programs with broad support, but many tried to limit or reallocate spending.

New Hampshire Democrat Jeanne Shaheen had the opposite results of Foster's—low issue success (30.1) and high agency success (83.9). She received legislative support for only two of her top four initiatives. The legislature agreed to her increase in education funding to comply with a court order and approved part of her recommended property tax relief. Her two other initiatives, a sales tax increase and an offsetting cut in business taxes, were defeated. In fact, the legislature raised the business tax by 50 percent in order

to avoid the sales tax. Shaheen's issue success score was thus relatively low because of disagreements about how government should be funded.

Shaheen's high agency success score, on the other hand, reflected that her proposals did not radically change the size or division of the expenditure pie. Further, there was little room for disagreement. Medicaid and related health costs required 60 percent of all available new money and neither the governor nor the legislature wanted to tackle any cost-cutting initiatives. Both branches were constricted by the court order to increase school funding. Other governors who, like Shaheen, had high agency scores and low issue success made controversial programs such as school vouchers, school funding formula changes, employee pay restraint, tax increases or reform, and major program expansions their highest priority issues. Most of them also proposed large spending increases. Their recommendations thus took the pressure off legislators to examine existing programs and increased their likelihood of budget success.

Table 18 summarizes the success scores for all governors and compares average success scores for a variety of indicators. On scales that ranged from 0 for high disagreement between the governor and legislature to 100 for perfect agreement, the mean score for governors under each of the two methods was between 60 and 70. Republican governors were more successful than Democrats or others by both measures, though the difference was small by the agency measure. The five female governors were as successful as males by the issue method, but less successful under the agency method.

Table 18.—Governors' Overall Budget Success, Total and for Selected Indicators

Indicator	Mean Success (Standard Deviation)	
	Agency Method	Issue Method
All governors (N=50)	65.1 (16.6)	61.6 (21.9)
Governor's party		
Democrat (N=20)	64.1 (17.5)	57.5 (25.1)
Republican (N=28)	65.8 (16.5)	65.0 (19.7)
Other (N=2)	63.9 (15.0)	55.4 (17.4)
Governor's gender		
Female (N=5)	62.2 (18.2)	61.7 (25.9)
Male (N=45)	65.4 (16.6)	61.6 (21.7)
Method of becoming Governor		
Elected (N=47)	65.8 (16.6)	60.9 (21.7)
Succeeded (N=3)	53.5 (65.1)	72.3 (27.7)
Year of budget		
2001 (N=46)	64.6 (16.9)	61.6 (21.6)
2002 (N=4)	70.5 (12.4)	62.5 (28.5)

Elected governors were considerably more successful under the agency method than those who succeeded to office to complete a term. By the issue method, however, the relationship was reversed. This may be due to the succeeding governors' limited time to

gain command of budget details; they naturally would concentrate on advocating major issue positions, which may come at the expense of supporting detailed agency budgets. The four governors in 2002 budget processes were more successful by both measures than those in 2001 budgets. The differences were small enough, however, to suggest that the different year made no difference in overall executive budget success, in spite of the worsening economic situation. It is important, however, not to rely too greatly on any differences by gender, means of attaining office, or year of budget due to the very small numbers of females, governors who succeeded to office, and 2002 budgets in the study.

Most and Least Successful Governors

The issue and agency measures provide relatively objective ways to compare budget outcomes in order to identify "winners" and "losers" among the governors. Table 19 shows the highest and lowest ranking governors by the two measures. See Appendix D, Table 44 for a complete listing of success scores. Only one governor, Georgia's Roy Barnes, ranked among the five most successful by both methods of measurement. Two others, however, ranked in the top 10 in both methods. Seven of the nine most successful governors listed in the table ranked in the top half of governors by both methods. There was less consistency among the ranks of the least successful governors than the most successful. None were among the 10 least successful on both indices. Four of the 10 least successful governors were among the 25 most successful by one of the success measures.

Table 19.—Highest and Lowest Ranking Governors

State	Governor	Party	Success Score	Rank	Rank on Opposite Success Measure*

Five Highest by Agency Success					
CT	John Rowland	R	96.0	1	30
ID	Dirk Kempthorne	R	91.6	2	22
GA	Roy Barnes	D	91.5	3	1
KS	Bill Graves	R	90.9	4	14
SD	William Janklow	R	89.5	5	16
Five Highest by Issue Success					
GA	Roy Barnes	D	100.0	1	3
OR	John Kitzhaber	D	97.1	2	9
NJ	James McGreevey	D	96.2	3	6
LA	Mike Foster	R	96.0	4	49
WI	Scott McCallum	R	94.2	5	20
Five Lowest by Agency Success					
IA	Tom Vilsack	D	27.7	50	32
LA	Mike Foster	R	29.4	49	4
CA	Gray Davis	D	38.4	48	45
AK	Tony Knowles	D	40.9	47	21
MS	Ronnie Musgrove	D	43.1	46	34
Five Lowest by Issue Success					
HI	Benjamin Cayetano	D	22.3	50	14
TN	James Sundquist	R	29.0	49	40
NY	George Pataki	R	29.1	48	29
SC	Jim Hodges	D	30.1	47	28
NH	Jeanne Shaheen	D	30.9	46	8

*For rankings by agency success, this column shows the governor's ranking by
  issue success. For rankings by issue success, it shows the governor's ranking by
  agency success.

Another way to look at individual governors' budget success is to control for the
factors outside the governor's control that contribute to success. A later section of this
chapter describes regression models that best explain variation in each of the measures of
budget success. Much variation, however, remains unexplained. The best models allow

creation of residual success scores for each governor. The residual success score is the raw agency or issue success score less the success scores the best model for each measure would predict. A positive residual success score means a governor met with more success than would be expected from the setting and from the governor's personal characteristics and budget choices. A negative residual score means the governor was less successful than expected.

The residuals incorporate many factors that were not included in the models. These factors include minor impact of variables that were discarded in the process of identifying the best model, errors in measuring concepts and variables, and factors unique to a state or the budget process in a given year. For example, the models did not measure the impact of the energy shortage that plagued Democrat Gray Davis in California, nor the time Massachusetts Republican Jane Swift lost to maternity leave. Most importantly, the models did not incorporate the combination of luck and skill that any executive needs to successfully achieve any political objective. The residuals from the models can, thus, be viewed as the best measure of governors' budget success, because they show what the governor personally did with the situation at hand.

Table 20 shows the most and least successful governors in residual scores and may be compared to the similar rankings for raw scores shown in Table 19. Appendix D,

Table 20.—Highest and Lowest Ranking Governors in Residual Budget Success

State	Governor	Party	Residual Success Score	Rank	Rank on Opposite Success Measure*
Five Highest by Agency Success					
CT	John Rowland	R	33.6	1	16

NJ	James McGreevey	D	31.1	2	18
KS	Bill Graves	R	26.0	3	22
GA	Roy Barnes	D	21.6	4	1
IL	George Ryan	R	18.2	5	15
Five Highest by Issue Success					
GA	Roy Barnes	D	40.5	1	4
PA	Tom Ridge	R	37.1	2	25
OR	John Kitzhaber	D	24.7	3	10
DE	Ruth Ann Minner	R	19.3	4	42
MT	Judy Martz	R	18.6	5	35
Five Lowest by Agency Success					
IA	Tom Vilsack	D	- 31.7	50	35
LA	Mike Foster	R	- 27.3	49	8
TX	Rick Perry	R	- 22.2	48	21
AK	Tony Knowles	D	- 21.3	47	7
MS	Ronnie Musgrove	D	- 17.1	46	30
Five Lowest by Issue Success					
TN	James Sundquist	R	- 41.0	50	37
CA	Gray Davis	D	- 38.5	49	40
KY	Paul Patton	D	- 29.9	48	23
OH	Bob Taft	R	- 29.4	47	32
AL	Don Siegelman	D	- 28.5	46	34

*For rankings by agency success, this column shows the governor's ranking by
  issue success. For rankings by issue success, it shows the governor's ranking
  by agency success.

Table 45, shows all governors' residual success scores. Many of the most successful governors on raw success scores were also among the most successful by the residual measure. Of the nine governors who were among the highest five in either measure of overall success, five were among the highest in one of the residual success scores. As with the earlier measure, Georgia Democrat Roy Barnes was the only governor among the top five in both measures of budget success.

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Three of the highest five governors measured by raw agency success—Barnes Connecticut Republican John Rowland, and Kansas Republican Bill Graves—also were among the highest five by residual agency success. Republicans Dirk Kempthorne of Idaho and William Janklow of South Dakota fell from the top five once the budget setting was considered. These governors apparently were among the most successful in raw scores because they proposed budgets in a friendly environment. After considering the environment, two governors—New Jersey Democrat James McGreevey and Illinois Republican James Ryan moved up to the five most successful as measured by the residual agency success score.

Just two of the five highest governors measured by raw issue success were also among the top five by residual issue success—Barnes and Oregon Democrat John Kitzhaber. Three other governors fell from the top five once the context of their budget processes was considered. They were McGreevey, Foster, and Scott McCallum of Wisconsin. Three other governors were among the five most successful by the residual issue method but not the raw one, suggesting they were more skilled politically than most of their peers. They were Republicans Tom Ridge of Pennsylvania, Ruth Ann Minner of Delaware, and Montana's Judy Martz.

As with the most successful governors, there were both similarities and differences among the lists of least successful governors on raw success scores and least successful on residual success scores. Of the nine who were among the least successful governors on raw measures of success, five were also among the least successful as

measured by residual success. Gray Davis (D-Cal.) was no longer among the least successful on the residual agency measure, as he had been on raw agency success. This suggests his relatively low budget achievement was due in part to political, economic, and institutional factors that may have been beyond his control. Rick Perry (R-Tex.) replaced Davis as one of the five least successful governors on the residual agency success measure. Republicans Tom Vilsack of Iowa and Mike Foster of Louisiana, along with Democrats Tony Knowles of Alaska and Ronnie Musgrove of Mississippi, were among the five least successful governors by both the raw and residual agency measures.

There were more changes among the least successful by issue success. Davis was among the least successful on residual issue success while he had not been on raw success, the opposite of his movement on the agency method. Like Davis, Democrats Paul Patton of Kentucky and Don Siegelman of Alabama, along with Ohio Republican Bob Taft, joined the least successful governors once the environment was taken into account. James Sundquist (R-Tenn.) was the only governor among the five least successful on both the raw and residual agency scores. He was the least successful by the residual method. Four governors who were among the least successful by the raw issue score—Benjamin Cayetano (D-Haw.), George Pataki (R-N.Y.), Jim Hodges (D-S.C.), and Jeanne Shaheen (D-N.H.)—did not fare so poorly once the scores were adjusted for environmental factors.

There were few differences between the least and most successful governors by the residual success measures. Democrats were slightly more likely to be among the least successful (six of ten) than the most successful (four of nine). Women were more

successful than men—two of the five women governors were among the most successful and none were among the least. The most successful governors may have benefited from legislative support in the legislature. Four of the least successful governors faced divided government, compared to only two of the most successful. The most successful governors were helped by time, too. Three of nine most successful governors were proposing the first budget of their term, compared to one of ten least successful. As a group, the most successful governors were earlier both in their current term and in their tenure. The most successful governors likely made wise budget choices as well; they proposed larger increases, advanced more issues, and were more consistent in advocating their issues.

There appeared to be a regional factor making governors very unsuccessful, as six of the nine least successful were southerners. This suggests that southern governors, who were among the last to gain executive budgeting powers, still suffer from weaker budgeting powers. Still, the diversity among the most and least successful governors suggests the importance of political skill and unique factors in accomplishing—or failing to accomplish—budgetary objectives. Governors who faced divided legislatures can be found among the most and least successful, as can members of both parties, governors in a variety of economic circumstances, and governors with both strong and weak institutional powers. These results suggest that governors have the potential to achieve budgetary goals in any environment; political skill remains the most important factor in budget success.

Explaining Executive Budget Success

The small universe of cases—50 state budget processes for one year—makes it unlikely that any single analysis will result in a definitive explanation of why some governors achieved most of their budgetary goals and some did not. Instead, this chapter attempts to explain the budgetary outcomes in five different ways. Each method of explanation should help identify key variables and their relationships to success. All of the methods together can be more effective in providing an overall explanation of success than any single method.

Budget Success by Type of Issue

The issue success method provides insight into what types of budget issues led to budget success for governors. Table 21 shows the 200 issues identified (four top issues for each governor) by issue type and shows how issue success scores varied by issue type. It is important to note that the issue types are broad and that issues within a type may be contradictory. For example, common education issues include both proposals to raise funding for public schools and proposals to cut funding by implementing a private school voucher program. The main value to this data, then, is to illustrate the issues chosen by governors in their budgets and to seek broad patterns of success.

The table shows that common education (40 percent) and taxation (16.5 percent) were the major issues most likely to be raised by governors. Social services, finance, and higher education followed. Governors made very few major proposals affecting criminal justice, state administration, economic development, or infrastructure. Criminal justice initiatives, most commonly drug law reform or enforcement, were the most successful for governors. This success may have resulted from a relative lack of disagreement over

apprehending and jailing drug offenders. Social service issues were second most successful. Many of these issues related to increasing Medicaid funding; legislatures may have had little choice but to provide most of the funding governors proposed. There is no "Other" category in the table since all major issues raised by governors fit into the nine listed categories.

Table 21.—Governor's Issues by Type and Mean Success Score by Issue Type, in Descending Order of Success			
	Percent of Total Issues	Mean Issue Success Score	
Criminal justice	3.0	88.8	
Social services	11.5	73.6	
Common education	40.0	66.1	
State administration	4.5	60.2	
Economic development	2.5	59.5	
Finance	10.5	58.1	
Infrastructure	3.5	55.7	
Higher education	8.0	53.0	
Taxation	16.5	46.0	
Total	100.0	61.6	
N=200			

Other issue types fared worse than criminal justice and social service proposals. Issue scores for common education and state administration were very close to the average score for all issues. The most common education initiatives were additional funding, teacher pay, and teacher recruitment and retention, while employee pay was the major administrative issue. It is interesting to note that governors met with only average success in advancing issues that were often supported by strong lobbies such as teachers

and state employees. Three types of issues (economic development, finance and infrastructure), were slightly less successful than average. Many of these issues were controversial ones, such as the expansion of gambling, use of one-time revenues to balance the budget, broad transportation funding initiatives, and growth management programs.

Higher education and taxation issues were clearly the least successful for governors. Most higher education initiatives—scholarships, increased funding, and faculty pay—involved significant spending increases in a year where many states had little additional money to spend. Taxation issues, the least successful of all, included proposals to lower property and business taxes, which were controversial in times of little revenue growth, as well as even more difficult proposals to increase or reform taxes.

Table 21 indicates that governor's choice of issues may have affected their budget success, but it is far from definitive. The issue data can be analyzed in more detail, such as determining if some independent variables are more important to the governor's success for a given type of issue, and determining success for specific initiatives within each type, in a future study.

Comparing the Most and Least Successful Governors

The eight most successful and nine least successful governors identified in Table 20 shared many characteristics but varied on others. Appendix D, Table 46 compares these two groups on all independent variables listed in Chapter 2. Table 22 shows only

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those variables that showed meaningful differences between the two groups[7]. The table suggests only a few relationships of value, all of which should be taken as suggestive rather than definitive. Among institutional variables, the most successful governors faced less professional legislatures, legislatures with term limits, and worked in biennial budget states. There were, however, no differences in the most and least successful governors' formal or fiscal powers, control over or strength of the executive budget office, or veto points in the legislative process. Among economic factors, the most successful governors faced weaker economies, but had no difference in size of budget per capita from the least successful governors.

Legislative support and popular support for the governor may have helped the most successful governors. They had higher proportions of their partisans in both houses of the legislature than the least successful. More of the most successful worked within a framework of unified government, and fewer of the most successful faced divided government. The most successful governors had higher election margins and higher public approval ratings during the legislative session. Political time entered into the success picture as well; the most successful governors were earlier in their tenure. There

Table 22.—Dependent Variable with Differences for Most and Least Successful Governors

| | Mean Value by Governor Group* | |
	Most Successful Governors (n=8)	Least Successful Governors (n=9)
Variable		
Institutional		

Legislative professionalism#	143.5	157.7
Legislative term limits		
In effect in 2001+	25%	11%
In effect at all+	38%	11%
Biennial budget+	38%	23%
Economic		
Economic growth^	- 0.64	0.56
Political		
Legislative party support		
House proportion held by governor's party	0.59	0.47
Senate proportion held by governor's party	0.59	0.54
Unified government+	50%	33%
Divided government+	25%	56%
Governor popularity		
Election proportion	62.8	53.8
Popularity poll proportion**	67.7	53.9
Year in Service		
Year in tenure	4.0	4.9
Personal		
Political experience (years)	19.4	16.7
Limited agenda¤	- 3.1	3.0
Popular issues	0.8	1.2
% increase in proposed budget	7.9	6.4

Table 22.—Continued.

*Louisiana governor Mike Foster was among the five least successful governors by the agency method and was among the five most successful governors by the issue method. He is omitted from both groups.

#Legislative professionalism is the square root of the annual salary of legislators.

+For dichotomous variables, the percentage of governors in each group with the characteristic is listed

^Economic growth is the sum of standardized scores of growth in per capita income

and decline in unemployment in the calendar year prior to the budget cycle.

¤Limited agenda is the total of issue scores for the top four issues as a proportion of the total of issue scores for all issues, adjusted for the number of issues raised.

**Due to limited poll availability, data are reported for 4 of the most successful and 8 of the least successful governors

were no differences between the most and least successful governors in interest group strength in the state.

Personal factors also were related to the success of the most and least successful governors. Two of these four factors suggest that the most successful governors were more aggressive than the least successful. First, they advocated a wide range of issues during the budget process, rather than concentrating on just a few. Second, they proposed budgets with more growth than those proposed by the least successful. In addition, the most successful governors had more political experience than their less successful counterparts. The most successful were also less likely to advocate popular issues such as tax cuts and teacher pay raises.

In conclusion, a comparison among the least and most successful governors indicates that the most successful benefited to some extent from less professional legislatures, legislative term limits, biennial budgeting, a weaker economy, party support in the legislature, popular support, political experience, and an aggressive program. The reader is cautioned again that this review considers only 17 cases. Whether these variables should be considered meaningful depends on comparisons to the survey data presented in Chapter 3 and on the results of the additional tests in this chapter.

Bivariate Relationships

Returning to the entire set of 50 governors and examining relationships between governors' budget success and each independent variable in turn can provide further insight into the predictors of executive budget success, though correlation does not establish a cause-and-effect relationship. Table 47, Appendix D, shows correlations between the two measures of success and each continuous independent variable. Table 23 below shows only those relationships are that worthy of note.[8]

Table 48, Appendix D, shows differences of means for both success scores for the five independent variables that have only two or three possible values. Table 24 shows that four of the five showed clear relationships (defined as more than a 10 percent difference in means).

Taking the results of Tables 23 and 24 together suggests only a few factors were related to governors' budget success. Term limits and biennial budgets, among institutional factors, were associated with governors' success by one measure but not by the other. Higher legislative professionalism was associated with lower agency success but was not related to issue success. Governors' issue success scores rose as economic growth fell, but there was no relationship between the economy and agency success.

Table 23.—Largest Correlations Between Budget Success and Independent Variables

	Correlation (Pearson's r) With	
Variable	Agency Success	Issue Success
Institutional		

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[8] Correlations (Pearson's r) between an independent variable and either success variable of 0.25 or greater are considered noteworthy.

	Agency Method	Issue Method
Legislative professionalism	- .26	.05
Economic		
Economic growth	.00	- .27
Political		
Governor popularity		
Election proportion	.14	.28
Approval poll proportion+	.08	.33
Time in service		
Year in tenure	.02	- .31
Personal		
% increase in proposed budget	.33	- .02

*N=36. For all other variables, N=50.

Political variables had the clearest bivariate relationships with budget success. Time in service was the most important variable; the first budget resulted in greater success under both methods. Issue success fell as time passed in the governor's tenure, but this variable was not related to agency success. Governors did better if they had public if their party controlled at least one house of the legislature. Governors with split legislatures had the highest success and with divided government the least success under both methods. Differences were more pronounced for issue success. Appendix D, Table 47, shows that

Table 24.—Largest Differences in Mean Budget Success for Discrete Independent Variables

	Mean Success Score	
Variable	Agency Method	Issue Method
Institutional		
Term limits in effect in 2001?		
Yes (N=11)	65.5	68.2
No (N=39)	64.9	59.8

Term limits in effect at all?		
Yes (N=18)	66.3	69.0
No (N=32)	64.4	57.5
Biennial budget?		
Yes (N=21)	69.6	62.7
No (N=29)	61.7	60.8
Political		
Legislative control		
Unified government (N=18)	65.9	62.6
Split legislature (N=15)	67.5	65.9
Divided government (N=17)	62.0	56.8
Republican governor with divided government		
Yes (N=8)	61.0	56.6
No (N=42)	65.9	62.6
Upcoming election with unified gov't.?		
Yes (N=3)	67.5	34.7
No (N=47)	64.9	63.3
First budget of term?		
Yes (N=16)	69.8	67.9
No (N=34)	62.8	58.7

both measures of budget success were positively but weakly associated with the proportion of partisans in each house of the legislature. Governors also were more successful under both measures if they had election mandates and if they remained popular. Like legislative support, popularity made more difference in issue success than in agency success.   Among the personal factors, which are the only ones directly within the governor's control, governors were more successful by the agency method (but not the issue method) if they proposed large budget increases.

The bivariate results are just as important for what they do not show as for what they do. Many institutional factors that are thought to improve executive budgeting power, such as formal powers, fiscal powers, and control over a strong budget office, showed no relationship to budget success. Economic factors, including economic growth and budget size, were not consistently related to success either. Most political variables were somewhat related to success and relationships were in the expected direction. The only exception was interest group strength, which was not related to success. Among personal variables, issue consistency, limiting the agenda, and advancing popular issues were not closely related to budget success.

Regression Analysis by Variable Type

Ordinary least squares (OLS) regression can illuminate budget success results, but, like the previous forms of analysis, has limitations. A regression analysis of 50 cases with 21 variables would be so compromised as to be useless. In order to adequately explain budget success, the regression analysis is broken up into several stages. First, variables are broken down into the four types—institutional, economic, political, and personal—discussed throughout the study. Each measure of success first is regressed on all variables within each of the four types. From each of these variable type regressions, the variables that most closely affect success are included in a smaller "best" model[9]. After each type of variable is analyzed in this fashion, a final model measures budget success against the variables from the four "best" models. The variable type models

[9] Variables were included in the "best" model if their regression coefficient was at least as large as its standard error in the full model and again in a reduced model. All models were tested for heteroskedasticity through the Goldfield-Quandt test and for autocorrelation through the Durbin-Watson d statistic. Unless indicated otherwise, there was less than a five percent chance that either condition was present.

should not be considered complete by themselves. By definition, they are missing variables that are important to the explanation of budget success. Estimates of the coefficients for each variable may thus be biased by their interaction with one or more missing variables. Models also lack some explanatory power, as some variables of other types, which are excluded from the model, have meaningful impacts on budget success. The type regressions are, thus, not the most valid models to explain budget success, but steps toward valid models.

Institutional Variables

Table 25 shows the results of the regressions of two measures of executive budget success on seven institutional variables. The regressions reveal important patterns that suggest institutional arrangements did affect budget outcomes. Of the three executive institutions, control over a strong executive budget office showed the greatest importance. It was positively related to both success measures, as hypothesized, and the relationship was strong enough to include in the best institutional model for agency success. The other two executive institutions were not consistently related to success. Agency success increased with formal power while issue success decreased, and neither variable was part of the best model. Fiscal power was an important factor affecting issue

Table 25. Regression Models of Executive Budget Success and Institutional Variables

	Agency Success Non-standardized Coefficient (Standard Error)		Issue Success Non-standardized Coefficient (Standard Error)	
Independent Variable	Full Model*	Best Model*	Full Model+	Best Model
Governor's formal	0.85	--	- 0.61	--

power	(1.21)		(1.52)	
Governor's fiscal power	0.17 (0.89)	--	54.77** (27.94)	1.72 (0.93)
Executive budget office power and control	0.23 (0.20)	0.24 (0.18)	0.17 (0.26)	--
Legislative professionalism	- 0.05 (0.05)	- 0.04 (0.04)	0.07 (0.06)	--
Legislative term limits exist at all	2.61 (5.40)	--	13.19 (6.71)	15.45 (6.39)
Legislative veto points (square root)	- 2.07 (6.36)	--	- 0.79 (8.38)	--
Biennial budget	5.41 (5.29)	6.03 (4.77)	1.12 (6.85)	--
Intercept	60.50 (23.85)	68.32 (7.57)	--	28.22 (16.71)
F (degrees of freedom)	0.78 (7, 39)	1.57 (3, 43)	1.05 (6, 40)	3.82 (2, 44)
R^2	0.12	0.10	0.14	0.15
Adjusted R^2	- 0.03	0.04	0.01	0.11
N	47	47	47	47

Notes: All models omit California, which is an outlier on legislative professionalism, Minnesota, which is an outlier on veto points, and Massachusetts, which is an outlier on fiscal power.

*The Durbin-Watson d statistic is in the indeterminate zone, so autocorrelation can be neither rejected nor accepted.

+Due to autocorrelation in the OLS model, this is a weighted least squares (WLS) model, weighted by the inverse square root of fiscal power.

**Coefficient is on the inverse of the square root of fiscal power.

success—governors were more successful with high fiscal powers—but had only a very weak but positive effect on agency success. Taken together, the results suggest that efforts to strengthen governors as fiscal leaders—control over revenue forecasts, ability to introduce the appropriation bills, line-item veto power, and ability to cut budgets during the year, as well as the budget office power--are effective. The data do not support such a conclusion regarding formal powers, including tenure and appointment.

Legislative institutions also affected executive budget success. As expected, legislative term limits helped the governor achieve budget goals, though the relationship was strongest for issue success. The models in Table 25 consider a state to have legislative term limits if such limits had been adopted at all. See Table 49, Appendix D, for alternate models that considered only states with term limits that would have ended actual legislators' terms by 2001. Those alternate models produced similar but less robust results. Also as expected, more legislative veto points—budget committees and fiscal staffs—hurt the governor. These relationships were consistent between the measures but weak.

Legislative professionalism, unlike other institutional variables, was strongly related to both measures of success, but in opposite directions. A more professional legislature increased the governor's ability to have major issue positions adopted but decreased the governor's ability to get agency budgets passed intact. One explanation is that a professional legislature—with better-paid members who are in the capitol more often and supported by strong staffs—may more carefully review the details of agency budgets and try harder to resist program changes that might affect constituents or interest groups. As noted earlier, agency success tended to be higher for governors who did not try to change the amount or distribution of expenditures. Those who did try apparently ran into problems from a professional legislature that protected the status quo. Legislative professionalism, on the other hand, tended to help governors achieve issue success. This could be because governors considered legislative preferences in deciding what issues they would advance, knowing they faced a formidable foe.

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As expected, biennial budgets contributed to an executive's budget success. The relationship with both measures of success was positive, though it was strong only for agency success. Some observers believe that a biennial budget increases the power of the executive by reducing legislative oversight and by making legislative decisions more cautious (Fisher 1997, Winters 1999).

The best institutional models both support some hypotheses of this study. Agency success increased with the governor's control over a strong budget office and with biennial budgeting, but decreased with legislative professionalism. Issue success increased with the governor's fiscal power and with legislative term limits. Both models support the general idea that stronger executive institutions help the governor while stronger legislative institutions weaken the governor.

Economic Variables

Table 26 shows that economic variables do not consistently explain executive budget success. Agency success was higher in states with strong economies, while issue success was lower. Both relationships were fairly strong, though the economy had a much greater impact on issue success. It is likely that agency success was higher in a strong economy because the governor did not have to propose cuts in agency budgets or changes in the size of government. Weak economies also may have required downward adjustments in revenue estimates during the legislative session; this would have required the legislature to approve lower appropriations for most agencies than the governor's original budget.

Table 26. Regression Models of Executive Budget Success and Economic Variables

Independent Variable	Agency Success Non-standardized Coefficient (Standard Error)		Issue Success Non-standardized Coefficient (Standard Error)	
	Full Model	Best Model*	Full Model	Best Model
Economic growth (standardized score)	2.12 (2.38)	--	- 16.89+ (12.13)	- 16.89+ (12.13)
Economic growth squared	- 0.31 (1.62)	--	**	**
Budget per capita (log)	- 8.69 (34.95)	--	- 71.31 (42.88)	- 71.31 (42.88)
Intercept	97.16 (126.79)	--	357.24 (149.65)	357.24 (149.65)
F (degrees of freedom)	0.27 (3, 40)	--	3.30 (2, 41)	3.30 (2, 41)
R^2	0.02	--	0.14	0.14
Adjusted R^2	- 0.05	--	0.10	0.10
N	44	--	44	44

Notes: All models omit Colorado, Kentucky, Massachusetts, New Jersey, and Virginia, which are outliers on economic growth, and Alaska, which is an outlier on budget size.

*No economic variables met the criteria for a best model.

+Coefficient for economic growth is on square root, as indicated by examining the functional form of the relationship between the economic growth and issue success.

**It was not possible to include this term in a model for issue success and meet all of the assumptions of OLS regression.

Weak economies may have induced the legislature to follow the governor's lead on difficult decisions, thus boosting issue success. There was no evidence to support the hypothesis that governors would be most successful at the extremes of the continuum of economic growth.

As hypothesized, governors were less successful in states with higher spending levels. The relationship between issue success was much stronger, but both measures of success declined with state budget size. This suggests that high spending limits the ability

of a governor to launch new initiatives. The best economic model for issue success indicates that governors were more successful in states with a weak economy and with relatively low spending, while no economic variables were important in explaining agency success.

Political Variables

Political variables had more consistent explanatory power than the institutional and economic variable types, as shown in Table 27. This table shows models selected from alternatives that use different measures of partisan legislative support, governor's popular support, and time in the governor's service. See Tables 50 and 51, Appendix D, for other models. The selected models provide weak support for the hypothesis that partisan legislative control would contribute to budget success. Governors with divided government were less successful by both measures of success than those with unified government, while governors in split legislature states were slightly more successful under both methods. None of the relationships were very strong, but they were consistent. As noted previously, the higher success with a split legislature probably results from the need to maintain partisan unity; as long as the governor's party holds one house, the minority-controlled house is outnumbered. Full control of all three institutions can lead to

Table 27.--Regression Models of Executive Budget Success and Political Variables

Independent Variable	Agency Success Non-standardized Coefficient (Standard Error)		Issue Success Non-standardized Coefficient (Standard Error)	
	Full Model	Best Model*	Full Model	Best Model
Legislative party support				

Divided government	- 3.82 (5.81)	--	- 2.58 (7.02)	--
Split legislature	1.03 (6.44)	--	2.65 (7.55)	--
Governor's election proportion	0.35 (0.40)	--	1.17 (0.49)	1.15 (0.48)
Interest group strength	- 3.70 (3.45)	- 4.23 (3.18)	- 2.15 (4.28)	--
Time in term				
Year in term	- 1.00 (2.80)	--	--	--
Year in tenure	--	--	- 3.00 (1.20)	- 3.03 (1.07)
Intercept	62.59 (25.36)	80.73 (11.83)	17.78 (30.83)	11.27 (26.37)
F (degrees of freedom)	0.67 (5, 43)	1.78 (1, 47)	2.43 (5,43)	5.88 (2,46)
R^2	0.07	0.04	0.22	0.20
Adjusted R^2	- 0.04	0.04	0.13	0.17
N	49	49	49	49

Notes: All models omit Minnesota, an outlier on governor's election proportion and legislative party support.

*The Durbin-Watson d statistic is in the indeterminate zone, so autocorrelation can be neither rejected nor accepted.

factionalism that threatens the governor's budget proposals. Further, shifts in partisan ratios can be important in determining legislative outcomes (Davidson 1996). Party support in the legislature can also be measured as a proportion, regardless of partisan control. Table 50, Appendix D, shows that agency success increased with the proportion of partisans in the House of Representatives and the model was just as robust as the model shown in Table 27.[10] Issue success, on the other hand, fell as support in the House rose, but the relationship was very weak.

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[10] Proportion of partisans in the senate was not used in any models because it is too closely correlated to proportion in the house.

Popular support was important more important to executive budget success than legislative support. There was a clear positive relationship between proportion of votes won in the last election and both success measures. For issue success, this variable was in the best political model, with a one percent increase in election margin leading to a one-point increase in the issue success score. Tables 50 and 51, Appendix D, show that both success scores also increased with governor's approval proportions in polls taken before and during the budget process, but fewer states were represented in these models.

As expected, governors were more successful when interest groups were weak and when early in their tenure. Many prior studies suggested that a strong interest group environment tilted the balance of power toward legislatures (Seligman and Covington 1996, Thurber 1996a, Rubin 2000). Both measures of success fell as interest group strength rose. For the agency method, this was the most important political variable; moving interest groups up two units, from a "complementary" to a "dominant" role in the political process, lowered agency success by over 8 points on the 0 to 100 scale.

The most striking results of the political regressions were the affect of time in service. Both measures indicated that governors were less successful with the passage of time. Tables 50 and 51, Appendix D, show models that incorporate four different ways of measuring time in service. Whether measured as year in the current term (or its square root), year in overall tenure, or the first budget of the term, time was important to both measures of budget success. Table 27 incorporates the most robust alternatives. Agency success decreased with the year in the term. Issue success showed a much stronger relationship with year in tenure, with success falling three points for each year the

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governor had served. Measuring the time variable by the first budget of the term resulted in considerably less robust results than the models shown in Table 27. The models that incorporate the first budget, however, are provocative. They suggest that budget success is 5 points higher for the agency method and 10 points higher for the issue method in the first budget of the term than for any other budget. The results of all of the models incorporating time in term agree with survey results reported in Chapter 3, which found governors were most successful in the year immediately following election. Together, all three methods of analysis suggest a short budget "honeymoon" for governors. Those who wish to make significant policy changes through the budget should be prepared to do it immediately upon winning election or reelection.

While the best political models for the two success measures employ different variables, they complement each other in interpreting the political aspects of budget success. Agency success was closely related to only one variable; success rose as interest group strength fell. Issue success rose with the governor's election proportion and fell with year in tenure. As noted previously, relationships were consistent for both measures, even though they were not consistently strong relationships. These models thus provide some support for hypotheses that governors will be more successful with partisan support in the legislature, with popular support, with weak interest groups, and early in their service.

Table 28 analyzes the impact of three political variables that were present in too few states to include in the regression analyses. The table compares residuals from the four political models of Table 27 to determine if any of these additional variables affected

executive budget success. The table suggests the variables may have affected success, but does not provide clear support for any of the three hypotheses. Indeed, two of them appear to be contradicted. It was hypothesized, for instance, that Republican governors with Democratic legislatures would be more successful, because the legislative tendency to reduce budgets would be tempered by the lower budget offered by a Republican. Residuals from all models were lower for this combination of partisan control, however. Apparently, divided government was a hindrance to governors regardless of party combination. Similarly, recent change in the partisan control of either the governor's office or a house of the legislature was expected to reduce executive budget success. There was no support for this hypothesis; in fact, governors were much more successful as measured by the agency method if there had been a partisan change in the last election.

Finally, it was hypothesized that governors would be more successful if their party controlled the legislature and an election followed this budget process. This provided a test of the theory that governments would manipulate the budget to increase their chances of reelection. Presumably such a manipulation requires close cooperation between the executive and legislative branches, resulting in a high success score for the governor. The results were mixed in this regard. Governors were more successful with unified government and an upcoming election by the agency method but less successful by the issue method. There were, however, only three governors in this position. One can conclude that there was not clear support from this analysis for any of the three hypotheses.

Table 28.—Regression Residual Analysis for Selected Political Variables

| | Agency Models | | Issue Models | |
| | All Political | Best Political | All Political | Best Political |
Variable	Variables	Model	Variables	Model
Republican governor with democratic legislature				
Yes (<u>N</u>=8)	- 2.28	- 5.15	- 0.26	- 2.57
No (<u>N</u>=41)	0.45	1.00	0.05	0.50
Partisan change in last election				
Yes (<u>N</u>=8)	4.38	3.87	- 0.36	0.39
No (<u>N</u>=41)	- 0.85	- 0.76	0.07	- 0.08
Upcoming election with unified government				
Yes (<u>N</u>=3)	3.86	2.26	- 17.85	- 17.82
No (<u>N</u>=46)	- 0.25	- 0.15	1.16	1.16

Note: All models omit Minnesota, which is an outlier on election margin and legislative party support.

Personal Variables

Table 29 suggests that personal variables were less clearly related to executive budget success than any of the other types. Only one variable was related consistently to both success measures and it defied expectations. Governors who limited their agenda (meaning more news and documentary coverage was concentrated on the governor's top four issues) were less successful than those who pushed many issues. The relationship was much stronger for issue success than for agency success. Perhaps a governor with an aggressive budget agenda is able to trade some positions for success on the issues that are most important to the governor.

The other four personal variables were positively related to one measure of success and negatively related to the other. Governors with more political experience

were more successful by the issue method but less successful by the agency method. Both relationships were of moderate strength. Governors who consistently advocated the same issues throughout the budget process were much more likely to be successful in achieving their budget issues, but slightly less likely to have their agency budgets adopted as proposed. Governors who proposed popular issues were somewhat less successful by the issue method but more successful by the agency method.

Governors who proposed large increases were considerably more likely to succeed by the agency measure but somewhat less likely to succeed under the issue method. One possible explanation in the context of agency success is that, by proposing a large budget increase, the governor meets most agency budget needs and also reduces the chances the legislature will increase the total budget any further. If that is the case, agencies may be unlikely to seek additional funding from the legislature. Many final agency budgets will be similar to the governor's proposal, with differences limited to major programs of interest to one or both branches of government. This interpretation is consistent with that of Clynch and Lauth (1991b) as to why governors achieve more budget success with high economic growth. One reason that proposing a large increase could hurt the issue score would be if the increase is supported by proposed increases in taxes or other revenues.

Table 29.--Regression Models of Executive Budget Success and Personal Variables

	Agency Success Non-standardized Coefficient (Standard Error)		Issue Success Non-standardized Coefficient (Standard Error)	
Independent Variable	Full Model	Best Model	Full Model	Best Model

Political experience	- 0.18 (0.31)	--	0.32 (0.40)	--
Limited agenda	- 0.05 (0.30)	--	- 0.39 (0.39)	--
Consistency	- 3.53 (13.83)	--	36.22 (17.52)	22.73 (14.05)
Popular issues	- 1.68 (1.70)	--	1.29 (2.15)	--
Proposed budget growth	0.92 (0.60)	0.85 (0.54)	- 0.72 (0.76)	-
Intercept	66.40 (10.60)	59.90 (3.99)	39.30 (13.44)	49.27 (7.95)
F (degrees of freedom)	0.70 (5, 39)	2.44 (1, 43)	0.99 (5, 39)	2.62 (1, 43)
R^2	0.08	0.05	0.11	0.06
Adjusted R^2	- 0.04	0.03	0.00	0.04
N	45	45	45	45

Note: All models omit Hawaii, Montana and Nevada, which are outliers on proposed budget growth, and Delaware and Mississippi, which are outliers on consistency.

Governors who proposed large increases were considerably more likely to succeed by the agency measure but somewhat less likely to succeed under the issue method. One possible explanation in the context of agency success is that, by proposing a large budget increase, the governor meets most agency budget needs and also reduces the chances the legislature will increase the total budget any further. If that is the case, agencies may be unlikely to seek additional funding from the legislature. Many final agency budgets will be similar to the governor's proposal, with differences limited to major programs of interest to one or both branches of government. This interpretation is consistent with that of Clynch and Lauth (1991b) as to why governors achieve more budget success with high economic growth. One reason that proposing a large increase

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could hurt the issue score would be if the increase is supported by proposed increases in taxes or other revenues.

There are no obvious explanations for the different directions of relationships for the political experience, consistency, and popular issues scores. One can only conclude from the unclear directions that none of the variables are consistently important to the governor's budget success. This contrasts with clearer indications for the institutional, economic, and political variables. This overall picture also suggests that the best personal models, showing agency success dependent on proposing a large budget increase and issue success increasing with consistently advocating the same issue, have limited value.

Regression Analysis on All Variable Types

Combined regression models shown in Table 30 help explain governors' budget success by incorporating the best variables from the four variable type models already discussed. In order to create regression models using all variable types to explain executive budget success, two additional steps were necessary. First, a model was created for each measure of success that incorporated all dependent variables from the "best" models shown in Tables 25-29. After analyzing the results, a new model was created that

Table 30.--Regression Models of Executive Budget Success and All Variable Types

	Agency Success Non-standardized Coefficient (Standard Error)		Issue Success Non-standardized Coefficient (Standard Error)	
Independent Variable	Full Model	Best Model	Full Model	Best Model
Political variables				
Governor's fiscal power	--	--	1.90 (0.83)	1.90 (0.83)

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Independent Variable	Agency Success		Issue Success	
	Full Model	Best Model	Full Model	Best Model
Executive budget office power and control	0.24 (0.17)	0.24 (0.17)	--	--
Legislative professionalism	- 0.07 (0.04)	- 0.08 (0.03)	--	--
Term limits are in effect at all	--	--	11.97 (5.75)	11.97 (5.75)
Biennial budget	2.33 (4.73)	--	--	--
Economic variables				
Economic growth (standardized score)	--	--	- 1.92 (1.55)	- 1.92 (1.55)
Budget per capita (logarithm)	--	--	- 51.47 (39.23)	- 51.47 (39.23)
Political variables				
Governor's election proportion	--	--	1.49 (0.40)	1.49 (0.40)
Interest group strength	- 4.24 (2.82)	- 4.32 (2.80)	--	--
Year in tenure	--	--	- 3.07 1.02	- 3.07 1.02
Personal variables				
Consistency	--	--	13.15 (10.69)	13.15 (10.69)
Proposed budget growth	0.86 (0.41)	0.93 (0.38)	--	--
Intercept	79.85 (13.35)	78.73 (13.05)	135.48 (141.91)	135.48 (141.91)
F	2.96	3.70	5.73	5.73
(degrees of freedom)	(5, 44)	(4, 45)	(7, 37)	(7,37)
R^2	0.25	0.25	0.52	0.52

Table 30.—Continued

Independent Variable	Agency Success		Issue Success	
	Full Model	Best Model	Full Model	Best Model
Adjusted R^2	0.17	0.18	0.43	0.43
N	50	50	45*	45*

*Issue models exclude Alaska, an outlier on budget per capita, Massachusetts and Vermont, outliers on fiscal power, and California and Tennessee, which are outliers on issue success.

employed only the variables whose regression coefficients exceeded their standard errors in the first model.

There are no common variables in the best models to explain the two different measures of budget success. This suggests that governors need different circumstances to have their major issues included in the final budget than they do to have their preferences for dividing money between state agencies adopted. None of the models, however, are contradictory as to individual variables and they provide support for some general interpretations of executive budget success.

The best model for the measure of success by agency shows that four variables together explain one-fourth of the variation in the success measure. The coefficient of determination (R^2) is .25, while the adjusted R^2, which takes into account the number of variables in the model, is .18. Two institutional variables, one political, and one personal were included in this best model. All relationships were as expected and all but one was consistent with the results of issue success.

Two institutional variables helped explain agency success. Control over a strong budget office was an important variable as indicated by the coefficient and standard error, but it did not have a large effect on agency budget success. Increasing this index by 13 points (one standard deviation) increased issue success by 3 points. Legislative professionalism, as expected, worked against the governor. Again, however, the impact was small; moving up $99,000 from the lowest legislative salary (Alabama) to the highest (California) would decrease agency success by approximately 25 points.

One political variable and one personal variable also contributed to the best model of agency success. Interest group strength was important in predicting agency success. If the interest group environment moved up two levels on the five-point scale based on Thomas and Hrebenar (1999), agency success would be eight points lower. Like the previous two variables, this finding supports a hypothesis of this study. Proposed budget growth, the last variable in the model and the only personal variable, does not. Contrary to expectations, agency success could be expected to increase nearly one point for each percentage point increase in the governor's budget. That governors were more successful when they proposed larger budgets also contradicts the findings of earlier budget studies (Fenno 1966, Wildavsky 1975, Shull and Shaw 1999). An explanation for this phenomenon—that large increases satisfy agencies and legislatures and reduce conflict during the session, was advanced above.

The best model for issue success is more successful in explaining variations than the model for agency success and includes more variables. The measures of fit--R^2 of 0.52 and adjusted R^2 of 0.43—are considerably more impressive. This model explains approximately one-half of the variation in budget success among the governors. Seven variables—representing all four variable types—were important in explaining issue success. Two institutional variables were important and were consistent both with other findings of the study and with hypotheses. Fiscal power of the governor made the governor more successful. Increasing the fiscal power by one standard deviation increased issue success by seven points. Governors also were more successful—by 12

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points on the scale from 0 to 100—if legislatures were limited in terms, even if the limits had not yet ended a specific member's term.

Two economic variables were important to the best model for issue success. Governors with weaker economies were more successful, though the effect was less than from either political variable. Economic growth was measured as a standardized score of growth in per capita income and in unemployment. If other factors were held constant, a decrease of one standard deviation in this measure increased the governor's success score by four points. This contradicted expectations, which were that governors would be more successful in cases of extreme economic growth or decline. As hypothesized, governors were less successful in states with higher spending levels per capita, but this effect also was small. At the mean level of this indicator, increasing expenditures by $100 per person would lower issue success by just one-half of one point.

Two political variables and one personal variable were important in explaining issue success. Governors did better when they had greater electoral support. A one percent increase in proportion of total votes resulted in a 1.5 point increase in success. Governors were more successful earlier in their service, with success declining three points for each year in tenure. This result again points to the importance of a honeymoon period and the value to chief executives of developing and strongly advocating program changes as soon as they are elected. Consistency in advocating issues helped governors achieve their budget goals. The consistency measure is a correlation coefficient between issue scores early in the budget process and issue scores for the remainder of the legislative session. If this coefficient was 0.1 higher, issue success was 1.3 points higher.

Both models indicate that some institutional arrangements influenced governors' budget success in the expected direction. Measures designed to strengthen the executive or weaken the legislative branch made governors more successful and vice versa. Economic variables affected only one of the two measures of success; governors did better with weak economies and comparatively lower spending. Some political variables were also influential in the expected direction. Governors were more successful where interest groups were weak, when they had strong election mandates, and earlier in their service. Personal variables were less important overall, as only one affected each success measure.

The models also are important for what they do not say. Several variables thought to affect budget outcomes, such as formal power of the governor, partisan support in the legislature, personal experience, and selection of popular issues, did not have significant impacts on either measure of executive budget success. This finding suggests that governors may have more ability than thought to achieve their budget goals. Governors were successful by both measures regardless of the lack of powers such as appointment and tenure, of opposition control of the legislature, and lack of political experience. The models suggest that other variables do explain a considerable amount of budget success, but that there is still room for the governor's political skill to make a difference in budget outcomes.

Conclusion

This chapter described the results of several quantitative analyses of executive budget success for 50 governors in one budget process. Because both the agency and

issues method differ from previous analyses of budget success and because there are only fifty cases, multiple methods were needed to confidently explain why some governors achieved their budget goals and others did not. These methods, including an analysis of success by type of issue, a comparison of the most and least successful governors, analysis of bivariate relationships of success with explanatory variables, and a series of regression analyses, offered several important insights. The clearest and most consistent results were that governors were more likely to accomplish their goals for the budget if they had relatively weaker legislatures and interest groups, if they had strong electoral support, and if they were early in their term. Additionally, there is some evidence that governors were more successful in biennial budgeting states, when controlling a strong budget office, when facing a weak economy, and when proposing larger budget increases. These results are explored in conjunction with the survey results in Chapter 5.

The data described in this chapter also provided a rare opportunity to measure governors' performance in accomplishing budgetary goals against that of their peers. One governor—Georgia's Roy Barnes—stood out as the highest achiever, both by raw scores and after adjusting for environmental factors. A review of the most and least successful governors indicated that executives could succeed in a wide range of institutional, economic, and political settings. This provides support for a view that no governor is limited by the state's legal environment or the current political situation, but that all governors have the capacity to achieve their goals by exercising political skills. Similarly, strong institutions and political support do not guarantee a governor will reach budget success. Some of the least successful governors had great formal and fiscal powers and

strong popular and legislative support, but performed below expectations. Just as luck, timing, and political skill can overcome obstacles that governors face in budgeting, lack of skill, or bad luck or timing, can squander the governor's advantages.

CHAPTER 5

FINDINGS AND IMPLICATIONS

This chapter concludes the study by combining the findings of the survey, agency and issue methods as to why governors were successful in achieving budget goals. From this evaluation, it draws overall conclusions as to what we can learn about executive budget success from this budget process across the United States. It then discusses these findings in the context of previous studies of executive budget success discussed in Chapter 1. Finally, it discusses limitations of the study and suggests future research directions.

Summary of Findings

Table 31 summarizes the findings of seven complementary analyses of budget success from the 2001 budget. Two of these analyses were based on survey data and five on the agency and success scores obtained through documentary analysis. For each of the hypotheses described in Chapter 2 and summarized in Table 5, the table assesses the degree to which finding of each analysis supports or opposes the hypothesis. Note that survey results represent a small number of respondents from only 39 of the 50 states and that those states were not represented equally. Further, the survey results are the opinions and perceptions of people involved in the budget process, most with a bias in favor of one branch or the other. While the agency and issue methods both require a certain amount of subjective judgment on the part of the researcher, they are less likely to be biased;

further, these methods are applied uniformly in all states. Comparisons between these results and survey results, therefore, must be made with the knowledge that they represent different types of knowledge and apply to a different set of governors. The multiple-method design of this study, however, allows such comparisons for the first time and helps identify relationships that are common to the different sets of data.

Several hypotheses regarding institutional variables were supported by the data, particularly those that suggest a weak legislature increased the governor's budget success[11]. Legislative professionalism was among the strongest predictors of success, with

a more professional legislature likely to reduce executive budget success. Four of the five analyses that tested this relationship confirmed it. The same number of analyses suggested that legislative term limits helped the governor. Legislative veto points also appear to have hurt executive budget success, though the evidence is not as strong as for the professionalism and term limits hypotheses.

Among institutional factors in the executive branch, control over a strong budget office and fiscal powers--such as control over forecasts, line-item veto power, and power to reduce the budget during the year--were less important than several legislative factors, but still influenced budget success. There was very limited support for the contention that formal powers such as appointment, veto, and tenure helped a governor in the budgetary arena. A majority of survey respondents believed formal powers to be important, but most believed other factors were more important. The other analyses did not find

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[11] The discussion of strength of support for relationships is based on the number of different analyses that lend support, and in the degree of relationship with success indicated by the analyses.

relationships between formal powers and budget success. On the other hand, a biennial budget cycle did appear to help the governor. Every analysis except the final best regression models pointed to biennial budgeting as a factor in budget success.

Table 31.—Summary of Findings Regarding Study Hypotheses

Hypothesis, Variable, and Expected Relationship*	Survey Method		Agency and Issue Methods				
	Cross-tab	Ques-tion	Issue Type	Most/ Least	Bi-variate	Regr. by Type	Final Regr.
Institutional							
1. Governor's formal power (+)		1		0	0	0	0
2. Governor's fiscal power (+)		1		0	0	1	1
3. Executive budget office power and control (+)		1		0	0	1	1
4. Legislative professiona-lism (-)		1§		1	1	0	1
5. Legislative term limits (+)	0			1	1	1	1
6. Legislative veto points (-)		1♦		1	0	1	0
7. Biennial budget (+)	1			1	1	1	0
Economic							
8. Economic growth (**)		♠		%	%	0	%
9. Size of budget (-)				0	0	1	1

Political
10. Legislative party support (+)

	Cross-tab	Question	Issue Type	Most/Least	Bi-variate	Regr. by Type	Final Regr.
10. Legislative party support (+)	1	1		1	1	1	0

Table 31.—Continued

Hypothesis, Variable, and Expected Relationship*	Survey Method		Agency and Issue Methods				
	Cross-tab	Ques-tion	Issue Type	Most/Least	Bi-variate	Regr. by Type	Final Regr.
11. Republican governor with Democratic Legislature (+)	- 1			0	- 1	- 1	
12. Partisan change (-)	- 1			0	0	0	
13. Governor's popular support (+)		γ		1	1	0	1
14. Interest group strength (-)				0	0	1	1
15. Year in service (-)	1			1	1	1	1
16. Upcoming election with unified government (+)	0			0	0	0	
Personal							
17. Political experience (+)				1	0	0	0
18. Limited agenda (+)		£		- 1	0	- 1	0
19. Consistency (+)		£		0	0	0	1

20. Popular issues (+)	0	1	1	- 1	0	0	0
21.Budget increase (-)				- 1	- 1	0	- 1

Note: Cell entries are as follows:
  1 indicates support for hypothesis
  0 indicates no support for hypothesis
 -1 indicates opposition to hypothesis
Blank cell indicates the hypothesis was not tested

Table 31.—Continued
An analysis is considered to support or oppose a hypothesis if:
    Crosstabs—The difference between the percentage of survey respondents rating governor somewhat or very successful for governors with the characteristic is 10 percent higher or lower than the proportion for governors without the characteristic.
    Question—Over half of survey respondents rated the factor somewhat or very important to the governor's budget success.
    Issue type—This was determined to support the hypothesis as discussed in Chapter 4.
    Most/Least—For continuous variables, the mean value of the variable differs by 10 percent or more between the most and least successful governors. For dichotomous variables, there is a difference of 15 percent or more in the percentage of the most and least successful governors with the given characteristic.
    Bivariate —The absolute value of the correlation coefficient (Pearson's r) between the variable and either success measure is 0.25 or more.
    Regression by type—The variable is related in a consistent direction with both measures of budget success.
    Final regression—The variable is in the best model for one measure of success.
*   + budget success is expected to increase as variable increases
     - budget success is expected to decrease as variable increases
    ** budget success is expected to increase as variable departs from the mean
§   Question asked about importance of legislative fiscal office
♦   Question asked about importance of "Legislature's budget process"
♠   Respondents agreed economy is important on success but did not agree on direction of relationship
γ   79 percent of respondents rated "Governor's popularity" very or somewhat important to budget success, but 41 percent rated "Election mandate" very or somewhat important.
£   Question asked about "Clearly state and advocate agenda"
%   Results indicated that success increased with decreasing economic conditions

Among economic variables, results were mixed. It seems certain that economic conditions made a difference in 2001 state budgets, though it was not as expected. Survey results indicated participants thought economic conditions were important to success but comments suggest a lack of agreement on direction of the relationship. Some quantitative analyses indicated that a weaker economy helped the governor in the budget process. There was evidence, albeit less clear, that a larger total budget, in relative terms, worked against the governor. Larger budgets may have constrained budget options, particularly in difficult economic conditions. This dynamic worked against governors who proposed new or expanded programs.

Among political variables, the finding regarding time in service is the clearest relationship identified by this study and is the study's major contribution to the understanding of executive budget success. Governors were more likely to be successful early in their terms and tenure. This was confirmed by all five of the analyses that tested the relationship. Survey responses indicated governors were less successful with each passing year of the term. The most successful governors were earlier in their terms than the least successful. Both agency and issue success were correlated with every measure of time in service. Regression models explaining both types of success revealed strong relationships between year in service and executive budget success. Regardless of whether measuring by the first budget of the term, the year in the term, or the year in the tenure, success declined over time.

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While studies of presidential budgeting and policy-making have revealed this relationship, no prior studies of state budgeting have found a link between time in service and governors' budget success. These findings provide clear evidence of a honeymoon period for governors in the realm of budgeting. They suggest that chances of budget success are higher in the first year than any other time in the governor's service. Governors, it appears, would benefit from being prepared to launch major budget initiatives immediately upon entering office, rather than waiting to get settled in. Agencies and interest groups also can learn from this result; they may be more likely to achieve their program goals working with gubernatorial candidates than with experienced governors.

Legislative party support was equally important to executive budget success. All indicators suggested the governor was more likely to achieve success with unified government or a split legislature than with divided government. Only the final regression models did not confirm this relationship. Unlike the relationship with time in service, this result has been identified in many previous studies.

The analyses to some extent confirmed the importance of popular support and to a lesser degree suggested that a strong interest group environment hurts the governor. Survey respondents rated popularity of the governor as an important factor but an election mandate as the least important. On the other hand, three of four quantitative analyses showed both election margin and current approval to be important to budget success. Half of the tests of interest group strength indicated that a stronger interest group environment hurts budget success and the other half did not. Finally, limited analysis did

not offer support for hypotheses that governors would be more successful if they were Republicans with a divided government, after a change in partisan control, or with unified government and an election coming up. Indeed, there was some evidence that Republicans with divided government had less success than other governors.

There was less support for hypotheses about personal variables than any other type. The most important finding was contradiction of the hypothesis that a small budget increase would promote executive budget success. If budget growth is sufficient, the governor's issues can be funded along with the legislature's priorities. Similarly, the evidence calls into question the expectation that limiting the budget agenda would help the governor. Two quantitative analyses suggested that broader agendas made governors more successful. Budget participants' belief that governors who could "Clearly state and advocate an agenda" were more successful is compatible with the hypothesis but also with its opposite. Governors' choice of budget issues appears to have made some difference in budget success. Issue success scores gave some indication that governors were more successful in proposing certain types of issues, but the nature of the data makes speculating dangerous. Survey respondents, however, agreed that proposing popular programs was important to success. Governors did not appear to benefit from consistently pushing their agendas, however, nor is there evidence that governors with more political experience were more successful.

A brief review of the strongest relationships provides insights on factors that help governors succeed in budgeting. These factors are listed below, in decreasing order of strength of the evidence.

- Governors were more successful early in their terms.

- Governors benefited from partisan support in the legislature.

- Governors facing institutionally weaker legislatures—those that were less professional and were limited in terms—were more likely to succeed in the budget process.

- Governors did better in biennial budgets than in annual ones.

- Governors were more likely to achieve their budget goals in a relatively weaker economy. This confirms that legislatures are likely to defer to the governor's judgment in hard times.

- Governors with greater popular support were more successful. Taken together with the finding on time in term, this suggests that budgeting is responsive to an election mandate; a governor is most likely to "win" at budgeting right after a strong election performance.

- Executive branch institutions, including control over a strong executive budget office, and fiscal power, helped the governor succeed.

- Governors were more successful if they proposed large budget increases.

Several other factors, including proposing popular programs and working in a state with a relatively weak interest group system, helped explain executive budget success, though they were less important than the factors enumerated previously. This review suggests that a few key institutional, economic, and political factors help explain executive budget success, along with personal decisions made by the governor. Knowing the importance of these variables helps us better understand the dynamics of government budgeting.

The results of the study are equally important, however, for showing that budgeting outcomes are not ordained in advance. No institutional factors make a governor so strong or so weak as to guarantee budget achievement or doom. Similarly, no

economic conditions are a precondition to success or failure. Governors are helped by popular and legislative support and are more likely to achieve their goals early in their terms. Having these factors in the governor's favor, however, does not mean a successful budget, nor does lacking them mean failure. The same is true of the governor's selection of popular issues, consistent advocacy, and proposing a large increase. In other words, each budget process unfolds in a context that shapes, but does not determine, budget outcomes. Every governor has a chance to succeed or fail in any setting. The evaluation of most and least successful governors indicates that some governors do succeed in negative environments, just as others fail in positive one.

This Study in the Context of the Budgeting Literature

This work adds to the study of executive budgeting in four important ways. First, it explores the budget outcomes in every state for a full budget season. All previous studies have concentrated on subsets of states or of state or federal agencies. Second, it measures budget success in a number of ways. While most prior studies examined differences either in agency budgets or in budget totals, this work adds differences in important issues and includes the views of budget participants. Third, it offers new measures and methods for studying budget outcomes. While most previous studies have used individual agencies as the unit of analysis, this one uses the executive's overall budget outcome. The few studies that have studied executive budget success have done so based on differences between the governor and legislature on agency budgets or on total budgets. This study refines the measurement of differences on agency budgets by limiting the analysis to major agencies that are likely to be the center of budget conflict. More importantly, it introduces a new measure of success based on differences between the governor and legislature on major budget issues. These issues—such as teacher pay raises, tax reductions, and increases in the highway patrol—are why governors got elected and how they want their accomplishments to be measured. The major issues also are responsible for generating legislative responses to the governor's budget proposal. Further, they are what the public cares about in the budgetary process. This study is the first to attempt to measure budgetary success on the participants'—and the publics'—own terms. Fourth, this study employs more explanatory variables than any prior examination of executive budget success.

Table 32 places the findings of this study in the context of the previous major studies of executive budget success. The findings of those studies were described in Chapter 1 and described in Table 2. This table reproduces those findings and shows how they are supported or contradicted by this study.

On balance, this table suggests more similarities than differences between the results of the present study and its predecessors. More than one of the preceding studies identified legislative support and high expenditures as factors that contributed to executive budget success. This study offers support to those findings. It also supports conclusions from single studies that executives were more successful when they faced less professional legislatures, possessed fiscal powers, and in their first year.

Results from this study contradict previous findings that proposing small budget increases contributed to the executive's success. This contention was made only by Wildavsky (1975), who did not make his evidence clear. He argued that legislatures do not like to cut budgets and will do so only if a governor proposes an increase that is too high. It is possible that the dynamic of budgeting has changed in the thirty years since Wildavsky's claim. States have become more sophisticated, offer more services, and have more diverse and elastic revenue sources than they did in 1975. There may be less of a negative connotation to large budget increases than in the earlier times. In addition, legislatures have become more professional and more constituent-oriented. They may risk more political support in cutting funding than their predecessors. As noted above, if the governor is willing to take the lead by proposing a large budget, it seems likely that

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legislatures will use the opportunity to fund their own priorities along with the governor's. With a lot of money to spend, budget conflict is reduced.

Table 32.—Previous Findings on Executive Budget Success Compared to Results of this Study

Authors	Factors Making Executive More Successful	Relevant Results from This Study
Anton (1966)	Ability to reduce budget after adoption, control over strong executive budget office	Moderate support
Davis, Dempster and Wildavsky (1966)	Continuity in partisan control of branches	Limited contradiction
Fenno (1966)	Continuity in partisan control of branches, agencies without public support, peacetime	Limited contradiction of continuity
Sharkansky (1968)	Tenure power of governor, few elected executives, high total expenditures	Limited support for tenure or elected executives, limited support for high expenditures
Wildavsky (1975)	Tenure power of governor, veto power, few elected officials, partisan support in legislature, proposing small budget increases	Limited support for tenure or veto power or for elected officials, support for party support, moderate contradiction of small budget increases
Moncrief and Thompson (1980)	Party support in legislature	Support
Kiewiet and McCubbins (1985)	Party support in legislature, first year of administration	Support for party support, strong support for first year
Thompson (1987)	Agency dependence on earmarked funds, less professional legislature	Strong support for less professional legislature
Clarke (1998)	Higher formal power, party control of one or two houses in the legislature, large agency	No support for formal power, support for party control of legislature
Shull and	1974 budget reforms, popular	Support for popular

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Shaw (1999)	approval, high total expenditures	approval, limited support for high total expenditures.

This study also contradicts earlier findings that executives were less successful immediately after changes in partisan control of either the executive or legislative branch. Those results were based on agency budgets at the federal level from the 1940s to the 1960s (Davis, Dempster and Wildavsky 1966, Fenno 1966). These scholars reasoned that a partisan change would dramatically change budget preferences. A Democratic president would want to spend much more than his Republican predecessor and allocate the spending differently. It makes sense that there would be less budget agreement when the chief executive proposes dramatic change. Similarly, if the minority party took over Congress, one would expect less budget agreement with the President.

There are two reasons to distinguish the results of this study from these earlier studies. First, states have less budget flexibility than the national government. With large shares of the budget driven by formulas for funding education and Medicaid, a governor does not have as much flexibility as a president to offer radical budget changes. Second, partisan differences in spending preferences have changed since the period examined by Fenno and Davis, Dempster, and Wildavsky. Republican President George W. Bush, for example, has presided over budgets with the largest deficits in history. Dwight D. Eisenhower would not have considered Bush's budgets the work of a Republican. Governors' budget proposals did not fall strictly along party lines in 2001. Five of the twelve governors who proposed budget increases of ten percent or more, for example, were Republicans.

This study adds to the literature by identifying contributing factors that were less prevalent in the previous studies, including the executive budget office, a biennial budget cycle, weak interest group structure, and consistency of agenda. All helped governors achieve their budget goals in 2001 and are worthy of additional study at the state and national levels. Finally and most importantly, this study is only the second among those listed in the table to identify time in service as an important—perhaps the most important—contributor to executive budget success. Further, the previous finding in this regard was for the president and not for governors. This suggests a relationship that should be more carefully examined, particularly in light of its implications for how policy change can be accomplished.

Another important contribution to the literature made by this study is the measurement of success by issue. This can advance the study of budgeting in several ways. First, it measures the executive's agenda rather than agency budgets or budget totals that contain thousands of decisions that are of limited importance to the chief executive. Many governors had different levels of success as measured by the agency and issue methods. The two measures also were explained by different variables. This suggests that studies of why executives achieve their budget goals should look at more than government or agency budgets and should concentrate on issues that are the most important to the governor and the state. Second, it allows for future study as to which specific issues result in executive budget success or failure. Third, it measures outcomes in a way that is more likely to make sense to budget participants and observers. While evaluating executive budget success by issue is time-consuming and leaves more room

for error than other methods, it promises to provide better information as to why executives succeed in budgeting.

<u>Limitations in this Analysis</u>

The reader should consider several limitations to the methods used in this study. These include comparing measures from different types of data that cover different states in different proportions, several potential problems from limiting the study to one budget year, and threats to validity within the creation of the measures of executive budget success.

Comparing survey responses with documentary evidence introduces some problems into the study. The survey responses do not represent all 50 states, nor do they represent states equally. Further, they are from budget process participants, not neutral observers. Additionally, it cannot be known if non-responders had different views of the budget process. The multi-pronged approach to analysis derives as much information as possible from the limited number of cases and makes up for some data and response issues by combining multiple types of data. However, reliability and validity questions remain.

Second, the choice of one budget process as the venue of analysis means that different results could be derived by studying a different year. As noted in Chapter 2, however, the study of a single budget year has many offsetting advantages.

Third, the study does not measure the impact of strategic behavior by governors and legislatures. It is likely that executives make budget recommendations in anticipation of the action of legislatures and they may not make their actual choices known to the public or to other budget participants. Kiewiet and McCubbin (1985, 1991) found mixed results as to whether presidents acted in this strategic manner. The present study uses the

governor's public documents to identify executive budget preferences for agencies and issues. If a governor prefers an amount for an issue, say $100 million for teacher pay increases, but anticipates that the legislature will lower the recommended amount, the executive budget might include $125 million for teacher pay increases. If the legislature indeed reduces the amount to $100 million, the governor will have achieved his goal, but the success score assigned in this study would be only 80 of a possible 100. If the legislature does not reduce the amount, the governor preferred a lower amount but the issued would be scored 100.

Fourth, data from a single budget year fail to take into account the impact of previous budgets. In the national government, executive budget success appears to be related to success of the previous year (Shull and Shaw 1999). If a governor in this study had a high success score in part because of a cordial budget process the previous year, the score would not be fully explained by the independent variables used in the study. The results of the regression analysis could be biased by the omission of this variable.

Finally, the creation of new measures requires a number of choices for which there is little or no guidance in the literature. The choices that are made in this study affect the outcome of the study to some degree. Just a few of the decisions made in creating the issue success score suggest that a different, yet equally valid score could be created. For example:

- Some issues that were excluded, including capital projects, bond-funded projects, small issues, and all status quo recommendations, could have been included.

- Issues could have been identified and ranked based only on information from the governor's speeches and budget documents rather than legislative documents and news coverage.

- Documents used to determine the major issues could have been weighted differently.

- Differences between governors' proposals and legislatures' appropriations could have been weighted equally whether the legislature was above or below the governor.

- Fewer or more issues could have been included in the overall success score.

Any of these changes might have changed the issue success score, which might have changed the relationships between that score and the independent variables. Sensitivity analysis can be applied to the data of this study and in future studies that apply this method in other settings. By doing so, the study of budgeting will be advanced through the improvement of a measure that rates budget success in the terms understood by budget participants and observers and by the public at large.

<u>Additional Research</u>

While this study adds to the understanding of the success executives can achieve through budgeting, it leaves much to be explained. Some of the variation in governors' budget success that is not captured by the methods used in this study can never be explained; it is specific to this governor, this legislature, and this budget year.

There are many other avenues to understanding the questions raised by this study, all of which should be explored. As noted previously, data for this study could be used in a more detailed study of issues offered by governors, with two possible effects. One is to create better statistical models that can result from the analysis of 200 issues rather than

50 states. Another is to determine if some issue areas and some specific issue proposals are more likely to result in success for the governor.

There are several ways to extend this study across other times and locations. One possibility is to study executive budget success over time in several states. Data on budget preferences and outcomes are readily available for five or more budget cycles in many states, thanks to the World Wide Web. Studying budget success over time in a single state can help determine the level of variability and start to ascribe it to characteristics of the state that are not identified in the present research, to the style and methods of different governors in the same institutional setting, and to more finely measured fiscal conditions. It also could add to our understanding of why budget success falls during the governor's term.

Another extension of this study would be to reproduce it for another budget year. The agency method is simple and consumes relatively little time; it could be applied in several budget years in a relatively short time, as could a simplified version of the issue method (for example, tracking only the largest dollar amount issues, using only official documents to identify and weigh issues, or using a random sample of news articles instead of all available articles).

Another promising approach would be more in-depth case study research in several of the states for the 2001 budget process. Following Lieberman's (2005) "nested analysis" strategy, a researcher could conduct model-testing case studies by selecting five to ten states for more intensive analysis based on variation in the key independent variables (such as legislative professionalism, legislative partisan support, popular

support for the governor, and year in service). By tracing the budget from proposal through appropriation, one could expect to better understand *why* these variables help explain budget success and identify other variables that help understand those cases where the modeled relationships do not hold. One could expect to understand better, with an eye toward better measurement, the role of negotiating tactics, sequence of legislative events, distribution of power within the legislature, tradeoffs between specific issue positions, and the deadlines that inevitably shape budget results.

Finally, the study of executive budget success need not be limited to American states. A longitudinal study of presidential budget success would be likely to capture impacts of institutional and political change better than a cross-sectional analysis. Shull and Shaw's 1999 study did so by examining total budgets. Applying the agency and issue methods could help illuminate the nature and environment of presidential budgeting. At the same time, executive budgeting is practiced in many of the democratic nations of the world. Extending the analysis internationally would help identify new variables such as parliamentary systems and corruption.

Conclusion

American governments are systems of separate and competing powers. One important function of the executive power over the last one hundred years has been to set the agenda for change by proposing a unified budget for the next fiscal period. After months of deliberation, debate, and revision, this proposal becomes a budget that directs the government's policy, economic, financial, and administrative behavior for the year. Shortly after its adoption, deliberation begins for the coming year.

This study attempts to add to the understanding of the cycles of budget proposal, debate, and adoption. It shows that an executive's budget proposal is more likely to become law if that executive is early in the term and supported by partisans in the legislature. It shows that strong legislative institutions reduce the chances that an executive's proposal will be supported. It also shows that popular support for the governor is translated to budget success. It suggests that executives gain from proposing large budget increases but are constrained by the overall size of government. It shows that executive budgeting power is increased when the economy is weaker.

By identifying institutional, economic, political, and personal factors that help determine if an executive is successful in the budgeting arena, this study adds definition to the basis and limits of executive budgeting powers. Understanding these powers is essential to understanding the role and power of the executive in our political system. This study uses new methods and new environments to add to that understanding. When these methods are otherwise tested and improved through further refinement and application, they promise to illuminate budget outcomes in new ways. This study, by incorporating new and multiple methods, further defines the important parameters of executive power, but it equally sheds light on how much still is to be discovered.

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APPENDIX A

SURVEY INSTRUMENTS

Gubernatorial Budgeting Survey
Year 2001 Budget Process
(NOTE: First three pages were common to all surveys)

Name_____   Title_____

State_____

Note: Your name and title will not be available to anyone other than the researcher. Survey responses will not be identified with a specific person or any combination of name, title, and state that would identify the person answering.

This survey asks for your opinion regarding the budget process for the 2001 legislative session (fiscal year 2001-02 or biennial budget for 2001-03, depending on the state.) Please address your responses to only that single budget process except when instructions ask otherwise. Please include both the operating and capital budgets in considering your responses.

- Please list in the first column of the table below what, in your opinion, were the governor's top four budget priorities in the 2001 budget process. A budget priority would be any change in state program or level of service that required budgetary action such as an increase, decrease, or redirection in spending or taxation. Priorities do not need to be listed in order.

  Once you have listed the priorities, please use the columns to the right to assess for each of the governor's priorities how successful the governor was in securing support for this issue in the final appropriations approved by the legislature.

Budget Issue	Your assessment of the governor's success in the final appropriations:					
	Very unsuc-cessful	Very Unsuccess-ful	Somewhat Unsuccess-ful	Somewhat Successful	Very Successful	Don't know

(OVER)

Overall, how successful would you say the governor was in accomplishing his/her budget objectives? (circle one)

Very unsuccessful   Unsuccessful   Neutral   Successful   Very Successful   Don't know

How important was each of the following factors in determining the governor's success in accomplishing budget objectives?

	Importance to the governor's budget success:				
	Not important at all	Not very important	Somewhat Important	Very Important	Don't know
Governor's ability to clearly state and advocate for budget agenda					
Popularity of programs that Governor made budget priorities					
Governor's formal powers (e.g. appointment power, veto power, etc.)					
Governor's fiscal powers (e.g., line-item veto, power to control revenue forecast, power to impound funds)					
Governor's party support in legislature					
Governor's popularity					

Governor's election mandate					
The legislature's budget process					
Governor's control over executive budget office					
Strength of executive budget office					
Strength of legislative fiscal office(s)					
Economic conditions					

4. Were there any other factors you think were important in the outcome of the budget process? If so, what?:_____

_____

(NOTE: These additional questions were included in survey of governors' chiefs of staff)

5.   How would you characterize the relationship between the governor's office and the executive budget office?_____

_____

_____

6.   Do you believe the executive budget office should be more accountable to the governor?_____If yes, what changes do you think should be made?

_____

_____

_____

_____Please send me a copy of the summary of the survey results when it is available. Send to:

_____

_____

Please return survey to:

Paul Shinn
2716 Cashion Place
Oklahoma City, Oklahoma 73112

Thank you for your help!

(NOTE: These additional questions were included in survey of legislative fiscal officers)

5. Which of the following best describes the budget process in your legislature?

_____power is divided among many committees and members
_____power is concentrated in a few committee and subcommittee chairs
_____power is concentrated in the appropriations committee chairs
_____power is concentrated in the leadership of each house

6. How many different legislative fiscal staffs are there (counting majority and minority as two if staffs are partisan)? _____

7. How many legislative committees does each appropriation bill have to be approved by (e.g. one joint committee, one committee in each house for two total, one in each house and a conference committee for three total, etc)?_____

(NOTE: These additional questions were included in the survey of executive budget directors.)

5.	Please complete the following information to help me understand the environment of the your office.

	Most budget offices have three levels of analytical and management staff:

*	*Budget Director:* The highest-level person whose primary duty is formulating and tracking the progress of the proposed budget.
*	*Assistants and lead staff:* Staff who report to the director, have substantial responsibility for budget development, and manage the work of other analytical staff.
*	*Analysts:* First-line staff who evaluate and make recommendations on agency budgets, revenue estimates, etc.

a.	Please provide the following basic information for each of the three levels of staff

Staff Level------------>	Budget Director	Assistants/Lead Staff	Analysts
What job titles fit this description?			
How many positions are authorized in this category?			
About what percentage of this staff level's annual time is spent directly on budget development (i.e., revenue estimation, instructions, evaluating agency requests, recommendations, tracking budget actions of legislature)?			

b.	Please provide information on the appointment process for each of the three staff levels as follows:

Staff Level------------>	Director	Assistant/Lead Staff	Analysts
Who appoints a new employee to this position?			
Does the appointment require confirmation or approval by another party (e.g. governor, legislature, etc.)? If so, whom?			
Is this position classified or included in a civil service system?			

c.	Please provide information on termination of staff at each of the three levels as follows:

Staff Level------------>	Director	Assistant/Lead Staff	Analysts
Who can dismiss a person from this position?			
Does the dismissal require the approval of another party? If so, whom?			
Must the dismissal be for cause?			
Is there a hearing or other due process requirement for dismissal?			
Is it traditional for a person at this level to leave when the governor's term ends?			

6.   I am interested in examining the effects of the extent to which the governor's influence over the budget office may influence the governor's success in the budget process. How influential would you say the governor is in each of the following?

Influence of governor on budget office:	None	Low	Mode -rate	High	Very High	Don't Know
Developing budget instructions						
Shaping agency requests						
Reviewing agency requests						
Determining agency and program budgets						
Budget office staffing decisions						
Day-to-day operations of the budget office						

7.   How would you characterize the relationship between your office and the governor and his/her top staff?_____

_____

_____

APPENDIX B

CALCULATION OF VARIABLES

Table 33.—Document Weighting for Issue Identification	
Document Description	Weight
Documents from governor:	
State of the state address	5.0
Budget address	4.5
Written budget message and summaries	4.0
Budget press release	4.0
Budget document detail sections	3.5
Press releases between proposal and adoption of budget	3.0
Press releases after adoption of budget	2.5
Documents from executive budget office:	
Budget analyses after adoption of budget	2.0
Documents from legislative fiscal office:	
Analysis of governor's proposal	4.0
Analysis of adopted budget	3.0
Newspaper and wire service articles:	
Up to the month following governor's proposal	3.0
From the month following governor's proposal to adoption	2.0
Following adoption	1.0

	Indicator of Power			
		Competing Elected Officials	Appointment Power *	Non-budget Veto Power +
Assigned Score	Tenure Power			
5 (Maximum governor power)	4-year term without limit on terms	Only governor elected or elected with lieutenant governor as team	Governor appoints; no other approval needed	2/3 of elected legislators must vote to override
4	4-year term limited to two terms	Team with Lt. governor and some process elected officials	Governor appoints with board, council or legislative approval	2/3 of present legislators must vote to override
3	4-year term with no consecutive re-election	Team with Lt. governor and process elected officials or one major policy elected official	Someone else appoints, governor approves or shares appointment	3/5 of elected legislators must vote to override
2	2-year term without limit on terms	Governor and Lt. governor elected separately; 6 or fewer elected officials, incl. one major policy official	Someone else appoints, governor and others approve	3/5 of present legislators must override
1	2-year term, one re-election permitted	Same as 2 with seven or more elected officials, incl. major officials.	Someone else appoints, no approval or confirmation needed	Majority of elected legislators must vote to override

Table 34.—Computation of Governor's Formal Power Variable

Assigned Score	Indicator of Power			
	Tenure Power	Competing Elected Officials	Appointment Power *	Non-budget Veto Power +
0 (Mini-mum governor power)			Separately elected or selected by the legislature	

Table 34—Continued

Source: Beyle 2005a, except +

Formal power index is the sum of the four columns

*Figures are averaged for appointment of executives in six major policy areas

+Index adapted by author by excluding budget line-item veto power from Beyle's index. Source: Council of State Governments 2001

Assigned Score	Indicator of Power			
	% of Budget Earmarked+	Revenue Forecasting	Introduced Appropriation Bill*	Line-item Veto
5 (Maximum governor power)	0-32%	Budget office forecast binding on legislature	Executive exclusively	May veto line-items, words, and meaning
4	33-44%	Other executive office forecast binding on legislature	Executive with legislative participation	May veto line-items and words
3	45-56%	Commission or joint forecast binding on legislature	Legislative with executive participation	May veto line-items and some words
2	57-68%	Executive forecast is not binding on legislature	Legislative office outside control of the appropriations committees	May veto line-items
1	68-100%	Commission or joint forecast is not binding on legislature	Legislative appropriations staff	May veto limited line-items
0 (Minimum governor power)				May veto entire bill only

Table 35.—Computation of Governor's Fiscal Power Variable

Source: National Association of State Budget Officers 2002a, except + and *

Table 35--Continued
Fiscal power index is the sum of the four columns plus two additional measures calculated as follows:
Balanced budget requirement
Add 1.5 points if governor must submit balanced budget by statute, 3 if by Constitution
Add 0.5 points if legislature must pass balanced budget by statute, 1 if by Constitution
Add 0.5 points if governor must sign balanced budget by statute, 1 if by Constitution
Preparation and implementation of budget
Add 1 point if governor gives agencies target funding request levels
Subtract 1 point if agency budget requests are in executive budget
Add 1 point if governor can reorganize agencies without legislative approval
Add 1 point if governor can spend unanticipated federal funds without legislative approval
Add 0.5-2 points if governor can reduce budget without legislative approval, depending on restrictions as to what budgets can be reduced and whether all must be reduced equally
Add 0.5 points so that scale runs from 0 to 5
+ All non-general fund spending as a percentage of total spending, fiscal year 2002 actual. Source: National Association of State Budget Officers 2003
* Source: Grooters and Eckl 1998

Assigned Score	Strength of Office		Control Over Office	
	Number of Office Functions*	Budget Analysts per $1 Billion Budget	Office Location	Control Over Staffing+
5 (Maximum governor power)	12.5-15	Over 4.8	Governor's Office	
4	9.5-12	3.6-4.8		Governor appoints budget director
3	6.5-9	2.4-3.6	Freestanding Agency	Shared appointment power
2	3.5-6	1.2-2.4		Department head appoints director
1 (Minimum governor power)	0-3	0-1.2	Agency Within A Department	Independent board appoints director

Table 36.—Computation of Executive Budget Office Variable

Source: National Association of State Budget Officers 2002a

Variable is calculated by adding the two strength variables, adding the two control variables, and multiplying the products

*Number of areas budget office is responsible for from a list of 15. List includes revenue estimating, fiscal notes, review legislation, accounting, pre-audit, management analysis, contract approval, data processing, planning, program evaluation, tax expenditure reporting, debt management, cash management, economic analysis, demographic analysis. Shared responsibility is counted as one-half.

+Add one point if budget office staff is not covered by civil service laws.

Table 37.--Computation of Limited Agenda Variable

Step of calculation	Calculation	Example (Colorado)
1.	Number of issues identified	47
2.	Total issue scores for all issues (issue scores calculated as shown in Table 30)	826
3.	Total issue scores for the four highest-scoring issues	249
4.(3/2)	Issue score for the four-highest scoring issues as a proportion of the issue score for all issues (raw limited agenda score)	30.2%
5.	Expected proportion of issue score for the four highest issues from the results of a regression in all 50 states (expected limited agenda score)*	30.2%
6. (4-5)	Determine the difference between the actual and expected proportion of issue score for the four highest issues (adjusted limited agenda score)	0.0

*The proportion of issue scores in the top four issues is likely to be smaller the more total issues in the budget. Because the count of issues and scoring depends on the size of the state and the availability of documents, the raw proportion of issue scores in the top four issues, shown at step 4, is not the best measure of the governor's ability to limit the agenda. To create a better measure, the raw scores were regressed on the total number of issues in each state. The resulting regression explained 58 percent of variation in the raw score. That regression equation is used to calculate expected limited agenda in step 5 as follows:
Expected limited agenda=32.9%-.058 * total number of issues

Table 38.—Descriptive Statistics for Independent Variables

Variable	Mean*	Standard Deviation	Minimum	Max-imum	Normal+
Institutional					
Governor's formal power	14.1	2.4	8.2	17.5	Yes
Governor's fiscal power	17.4	3.8	10.5	25.0	Yes
Executive budget office power and control	29.4	12.9	6.0	60.0	Yes
Legislative professionalism (average annual salary)	$24,944	$21,208	$ 0	$99,000	No
Legislative term limits (dummy variables) In effect in 2001 Exist at all	11 18	 N.A. N.A.	0 0	1 1	N.A. N.A.
Legislative veto points	8.5	3.4	5.0	22.0	No
Biennial budget	21	N.A.	0	1	N.A.
Economic					
Economic growth (standardized score)	0.0	1.7	- 4.5	4.4	Yes
Spending per capita	$ 4,370	$ 1,225	$ 3,027	$11,155	No

Variable	Mean*	Standard Deviation	Minimum	Max-imum	Normal+
Table 38.—Continued					
<u>Political</u>					
Legislative party support					
House	0.49	0.19	0.00	0.87	Yes
Senate	0.49	0.19	0.00	0.91	Yes
Legislative control (dummy variables)					
Divided government	17	N.A.	0	1	N.A.
Split legislature	15	N.A.	0	1	N.A.
Republican governor with Democratic legislature	8	N.A.	0	1	N.A.
Partisan change	8	N.A.	0	1	N.A.
Governor popularity					
Election margin	56.2	6.3	37.0	73.4	Yes
Poll approval	61.5	13.5	32.8	89.9	Yes
Interest group strength	3.6	0.8	1.0	5.0	Yes
Year in service					
Year in term	2.3	1.0	1.0	4.0	Yes
Year in tenure	4.6	2.7	1.0	11.0	Yes
First budget of term	16	N.A.	0.0	1.0	N.A.
Upcoming election with unified government	3	N.A.	0	1	N.A.

Variable	Mean*	Standard Deviation	Minimum	Maximum	Normal+
Personal					
Political experience (years)	17.1	9.0	0.0	39.0	Yes
Limited agenda (regression residual)	0.0	9.5	28.2	- 16.5	Yes
Consistency	0.50	0.25	- 0.11	0.96	Yes
Popular issues	1.2	1.4	- 3.0	4.0	Yes
Proposed budget growth	6.7%	5.7%	- 4.3%	23.0%	Yes

Table 38.—Continued

* For dummy variables, this column shows the number of states exhibiting this characteristic

+ A variable is considered to be normally distributed if there is less than .001 probability that it would be observed from a normal distribution, that is if *either* the quotient of skewness over its standard error *or* the quotient of the square root of kurtosis over its standard error results in a standardized score greater than 3.29 (p<.001 under a Z distribution, 2-sided test) (Tabachnick and Fidell 1996).

Three variables that are not normally distributed under this testwere transformed By using their square roots in regression analysis. Two of the three transformed variables—legislative professionalism and veto points—meet the test for normality.

The third variable—budget per capita, was transformed by taking it logarithm. The transformed variable does not meet the test for normality, although it more closely resembles a normally distributed variable than does the original variable.

APPENDIX C

SURVEY DATA

Table 39.—Surveys Mailed and Returned

	Office Held				Total
	Chief of Staff	Budget Director	Legis. Fiscal Officer	Approp. Chair	
Surveys mailed	50	50	56	114	270
Surveys returned	11	22	18	20	69
Percent returned	22%	44%	32%	18%	26%
States represented	11	21	17	20	39

Table 40.—Surveys Returned by State and Position

| State | Office Held | | | | None Returned |
	Chief of Staff	Budget Director	Legis. Fiscal Officer	Approp. Chair	
Alabama					X
Alaska					X
Arizona		1			
Arkansas		1	1		
California			2	1	
Colorado		1			
Connecticut				1	
Delaware			1	1	
Florida				1	
Georgia		1		2	
Hawaii		1			
Idaho		1		1	
Illinois		1			
Indiana	1			1	
Iowa		1		1	
Kansas					X
Kentucky	1	1			
Louisiana					X
Maine	1				
Maryland		1	1		
Massachusetts	1				
Michigan		1	2		
Minnesota		1	1		
Mississippi		1		2	

	Chief of Staff	Budget Director	Legis. Fiscal Officer	Approp. Chair	None Returned
Missouri				1	

Table 40.—Continued					
	Chief of Staff	Budget Director	Legis. Fiscal Officer	Approp. Chair	None Returned
Montana		1		1	
Nebraska	1				
Nevada					X
New Hamp.					X
New Jersey					X
New Mexico			1	1	
New York		1			
North Carolina		1	1		
North Dakota	1	1			
Ohio					X
Oklahoma			2		
Oregon					X
Pennsylvania			1		
Rhode Island					X
South Carolina				1	
South Dakota	1		1	1	
Tennessee		1		1	
Texas	1			1	
Utah			1	1	
Vermont			1		
Virginia					X
Washington		1	1		
West Virginia	1				
Wisconsin	1	1			
Wyoming	1	1		1	

| Total | 11 | 21 | 17 | 20 | 11 |

Table 41.—Influence of Governor and Staff on Budget Office

Element of Budget Office Operations	Very or Somewhat Influential (%)	Not Very or Not At All Influential (%)
Developing budget instructions	57	42
Reviewing agency requests	81	19
Determining agency and program budgets	95	4
Budget office staffing decisions	23	76
Day-to-day operations of office	23	76

Table 42.—Governor's Budget Issues, by Branch of Survey Respondent

| Issue Type | Percent of Issues Mentioned by: | | Mean Success Rating by*: | |
	Executive (N=122)	Legislative (N=129)	Executive	Legislative
Administration	4	2	3.2	2.7
Criminal justice	6	4	3.0	3.2
Economic development	13	5	3.7	2.7
Education (K-12)	25	26	3.4	3.0
Finance	20	18	3.1	2.9
Higher education	7	9	3.0	3.1
Infrastructure	7	13	2.4	2.0
Social services	10	13	3.3	2.9
Taxation	7	9	2.9	3.2
Could not identify	0	1	--	3.0
Total	100	100	3.2	2.9

*For each issue raised by a survey respondent that was one of the governor's top four issues, survey success values were assigned, ranging from one (Governor was not very successful) to four (Governor was very successful).

Table 43.—Comparison of Governors' Issues—Survey Responses
and Issue Method

Measure	Survey Respondents' Branch	
	Executive	Legislative
Percent of survey issues in governor's top 4 issues by issue method	28%	32%
Mean issue method score of survey issues	59.2	56.1
Correlation (Pearson's r) between survey rating and issue method rating of governor's success*	0.48	0.57

*For each issue raised by a survey respondent that was one of the governor's top four issues, survey success values were assigned, ranging from one (Governor was not very successful) to four (Governor was very successful). Resulting survey scores were correlated with the issue success score, a continuous variable ranging from 0 to 100.

APPENDIX D

GOVERNORS' OVERALL SUCCESS

Table 44.—Governor's Budget Success by State

State	Governor	Party	Agency Success (Rank)	Issue Success (Rank)
Alabama	Don Siegelman	D	52.3 (38)	31.7 (44)
Alaska	Tony Knowles	D	40.9 (47)	69.4 (21)
Arizona	Jane Dee Hull	R	54.5 (35)	62.4 (28)
Arkansas	Mike Huckabee	R	74.1 (16)	88.0 (8)
California	Gray Davis	D	38.4 (48)	31.0 (45)
Colorado	Bill Owens	R	75.1 (13)	64.5 (26)
Connecticut	John Rowland	R	96.0 (1)	57.9 (30)
Delaware	Ruth Ann Minner	D	50.2 (41)	83.4 (10)
Florida	Jeb Bush	R	47.6 (43)	71.1 (18)
Georgia	Roy Barnes	D	91.5 (3)	100.0 (1)
Hawaii	Benjamin Cayetano	D	74.6 (14)	22.3 (50)
Idaho	Dirk Kempthorne	R	91.6 (2)	69.1 (22)
Illinois	George Ryan	R	76.1 (12)	70.1 (20)
Indiana	Frank O'Bannon	D	78.4 (11)	50.7 (33)
Iowa	Tom Vilsack	D	27.7 (50)	52.5 (32)

Table 44.—Continued

State	Governor	Party	Agency Success (Rank)	Issue Success (Rank)
Kansas	Bill Graves	R	90.9 (4)	74.7 (14)
Kentucky	Paul Patton	D	62.5 (31)	35.4 (42)
Louisiana	Mike Foster	R	29.4 (49)	96.0 (4)
Maine	Angus King	Ind.	74.5 (15)	67.7 (23)
Maryland	Parris Glendening	D	65.3 (27)	67.4 (24)
Massachusetts	Jane Swift	D	43.3 (45)	41.2 (38)
Michigan	John Engler	R	48.0 (42)	65.0 (23)
Minnesota	Jesse Ventura	Reform	53.3 (37)	43.1 (36)
Mississippi	Ronnie Musgrove	D	43.1 (46)	49.5 (34)
Missouri	Bob Holden	D	74.0 (17)	75.9 (12)
Montana	Judy Martz	R	79.3 (10)	90.8 (7)
Nebraska	Mike Johanns	R	51.8 (39)	74.6 (15)
Nevada	Kenny Guinn	R	86.7 (7)	85.8 (9)
New Hampshire	Jeanne Shaheen	D	83.9 (8)	30.9 (46)
New Jersey	James McGreevey	D	88.4 (6)	96.2 (3)
New Mexico	Gary Johnson	R	66.3 (26)	41.1 (39)

Table 44.—Continued

State	Governor	Party	Agency Success (Rank)	Issue Success (Rank)
New York	George Pataki	R	63.5 (29)	29.1 (48)
North Carolina	Michael Easley	D	70.8 (19)	34.9 (43)
North Dakota	John Hoeven	R	71.4 (18)	71.7 (17)
Ohio	Bob Taft	R	58.6 (33)	39.1 (41)
Oklahoma	Frank Keating	R	53.9 (36)	59.4 (29)
Oregon	John Kitzhaber	D	80.7 (9)	97.1 (2)
Pennsylvania	Tom Ridge	R	55.7 (34)	90.8 (6)
Rhode Island	Lincoln Almond	R	67.7 (24)	40.1 (40)
South Carolina	Jim Hodges	D	64.3 (28)	30.1 (47)
South Dakota	William Janklow	R	89.5 (5)	73.1 (16)
Tennessee	Don Sundquist	R	51.3 (40)	29.0 (49)
Texas	Rick Perry	R	47.2 (44)	81.4 (11)
Utah	Michael Leavitt	R	67.9 (23)	63.2 (27)
Vermont	Howard Dean	D	69.2 (22)	45.4 (35)
Virginia	Mark Warner	D	61.8 (32)	75.6 (13)
Washington	Gary Locke	D	63.1 (30)	70.7 (19)

Table 44.—Continued

State	Governor	Party	Agency Success (Rank)	Issue Success (Rank)
West Virginia	Bob Wise	D	67.0 (25)	54.4 (31)
Wisconsin	Scott McCallum	R	69.9 (20)	94.2 (5)
Wyoming	Jim Gehringer	R	69.3 (21)	42.6 (37)

Table 45.—Governor's Budget Success by State, Based on Regression
Residuals

State	Governor	Party	Agency Success (Rank)	Issue Success* (Rank)
Alabama	Don Siegelman	D	- 7.7 (34)	- 28.5 (46)
Alaska	Tony Knowles	D	- 21.3 (47)	17.3 (7)
Arizona	Jane Dee Hull	R	- 15.4 (44)	- 4.5 (29)
Arkansas	Mike Huckabee	R	13.2 (11)	12.1 (12)
California	Gray Davis	D	- 10.7 (40)	- 38.5 (49)
Colorado	Bill Owens	R	5.4 (19)	10.6 (14)
Connecticut	John Rowland	R	33.6 (1)	10.0 (16)
Delaware	Ruth Ann Minner	D	- 12.2 (42)	19.3 (4)
Florida	Jeb Bush	R	- 3.3 (28)	0.8 (26)
Georgia	Roy Barnes	D	21.6 (4)	40.5 (1)
Hawaii	Benjamin Cayetano	D	- 4.4 (30)	- 19.8 (44)
Idaho	Dirk Kempthorne	R	17.6 (6)	- 15.1 (41)
Illinois	George Ryan	R	18.2 (5)	10.5 (15)
Indiana	Frank O'Bannon	D	8.5 (13)	- 0.3 (27)
Iowa	Tom Vilsack	D	- 31.7 (50)	- 7.4 (35)
Kansas	Bill Graves	R	26.0 (3)	7.8 (22)
Kentucky	Paul Patton	D	- 0.3 (23)	- 29.9 (48)
Louisiana	Mike Foster	R	- 27.3 (49)	16.7 (8)
Maine	Angus King	Ind.	17.3 (7)	- 6.2 (33)
Maryland	Parris Glendening	D	3.9 (20)	13.8 (10)

Table 45—<u>Continued</u>

State	Governor	Party	Agency Success (Rank)	Issue Success* (Rank)
Massachusetts	Jane Swift	D	- 15.5 (45)	- 6.2 (32)
Michigan	John Engler	R	- 2.8 (26)	9.6 (17)
Minnesota	Jesse Ventura	Reform	- 10.7 (41)	- 4.7 (36)
Mississippi	Ronnie Musgrove	D	- 17.1 (46)	- 4.7 (30)
Missouri	Bob Holden	D	6.4 (16)	- 1.8 (28)
Montana	Judy Martz	R	- 8.8 (35)	18.6 (5)
Nebraska	Mike Johanns	R	- 12.7 (43)	15.6 (9)
Nevada	Kenny Guinn	R	14.8 (8)	12.7 (11)
New Hampshire	Jeanne Shaheen	D	6.9 (15)	- 6.7 (34)
New Jersey	James McGreevey	D	31.1 (2)	8.8 (18)
New Mexico	Gary Johnson	R	- 9.4 (38)	- 10.9 (38)
New York	George Pataki	R	0.8 (22)	- 15.5 (42)
North Carolina	Michael Easley	D	- 10.0 (39)	- 13.0 (40)
North Dakota	John Hoeven	R	5.4 (18)	6.0 (24)
Ohio	Bob Taft	R	- 5.1 (32)	- 29.4 (47)
Oklahoma	Frank Keating	R	- 2.9 (27)	8.3 (20)
Oregon	John Kitzhaber	D	14.0 (10)	24.7 (3)
Pennsylvania	Tom Ridge	R	- 0.9 (25)	37.1 (2)
Rhode Island	Lincoln Almond	R	- 3.4 (29)	- 6.0 (31)
South Carolina	Jim Hodges	D	7.8 (14)	- 26.6 (45)

Table 45—<u>Continued</u>

State	Governor	Party	Agency Success (Rank)	Issue Success* (Rank)
South Dakota	William Janklow	R	14.5 (9)	- 9.6 (37)
Tennessee	Don Sundquist	R	- 9.4 (37)	- 41.0 (50)
Texas	Rick Perry	R	- 22.2 (48)	8.2 (21)
Utah	Michael Leavitt	R	- 9.0 (36)	6.8 (23)
Vermont	Howard Dean	D	- 4.8 (31)	18.2 (6)
Virginia	Mark Warner	D	1.3 (21)	3.3 (25)
Washington	Gary Locke	D	- 6.6 (33)	8.3 (19)
West Virginia	Bob Wise	D	12.4 (12)	- 12.3 (39)
Wisconsin	Scott McCallum	R	5.7 (17)	11.8 (13)
Wyoming	Jim Gehringer	R	- 0.5 (24)	- 15.6 (43)

*The best model issue model shown in Table 28 included only 45 states to omit outliers. This table shows residuals from the same model with 50 states in order to create a score for all governors. The residuals from the two models are correlated (Pearson's r) at 0.93.

Table 46.—Independent Variables for Most and Least Successful Governors		
	Mean Value by Governor Group*	
Variable	Most Successful Governors (n=8)	Least Successful Governors (n=9)
Institutional		
Governor's formal power	14.6	14.8
Governor's fiscal power	18.4	17.1
Executive budget office power and control	29.4	28.9
Legislative Professionalism	143.5	157.7
Legislative term limits		
In effect in 2001+	25%	11%
In effect at all+	38%	11%
Legislative veto points	2.7	2.8
Biennial budget+	38%	23%
Economic		
Economic growth	- 0.64	0.56
Size of budget	3.6	3.7
Political		
Legislative party support		
House proportion held by gov. party	0.59	0.47
Senate proportion held by gov. party	0.59	0.54
Unified government+	50%	33%
Split legislature+	25%	11%
Divided government+	25%	56%
Republican governor with Democratic Legislature+	13%	11%
Partisan change+	13%	11%

	Mean Value by Governor Group	
Variable	Most Successful Governors (n=8)	Least Successful Governors (n=9)
Governor popularity		
Election proportion	62.8	53.8
Popularity poll proportion**	67.7	53.9
Interest group strength	3.5	3.8
Year in service		
Year in term	2.5	2.7
Year in tenure	4.0	4.9
First budget of term	25%	11%
Upcoming election with unified government+	0%	11%
Personal		
Political experience	19.4	16.7
Limited agenda	- 3.1	3.0
Consistency	0.52	0.49
Popular issues	0.8	1.2
% increase in proposed budget	7.9	6.4

*Louisiana governor Mike Foster was among the five least successful governors by the agency method and was among the five most successful governors by the issue method. He is omitted from both groups.

+For dichotomous variables, the percentage of governors in each group with the characteristic is listed

**Due to limited poll availability, data are reported for 4 of the most successful and 8 of the least successful governors

Table 46.—Continued

Table 47.—Correlations Between Budget Success and Continuous Independent Variables

Variable	Correlation (Pearson's r) With	
	Agency Success	Issue Success
Institutional		
Governor's formal power	.04	.03
Governor's fiscal power	- .17	.04
Executive budget office power and control	.17	.10
Legislative professionalism	- .26	.05
Legislative veto points	- .20	- .01
Economic		
Economic growth	.00	- .27
Size of budget	- .14	- .20
Political		
Legislative party support		
House proportion held by gov. party	.13	.11
Senate proportion held by gov. party	.20	.03
Governor popularity		
Election proportion	.14	.28
Approval poll proportion+	.08	.33
Interest group strength	- .15	.07
Year in service		
Year in term	- .12	- .24
Year in tenure	.02	- .31

Table 47—<u>Continued</u>

Variable	Correlation (Pearson's r) With	
	Agency Success	Issue Success
<u>Personal</u>		
Political experience	- .04	- .08
Limited agenda	- .01	- .10
Consistency	.18	.17
Popular issues	- .13	.11
% increase in proposed budget	.33	- .02

+<u>N</u>=36. For all other variables, <u>N</u>=50.

Table 48.—Differences in Mean Budget Success for Discrete Independent
Variables

Variable	Mean Success Score	
	Agency Method	Issue Method
Institutional		
Term limits in effect in 2001?		
Yes (N=11)	65.5	68.2
No (N=39)	64.9	59.8
Term limits in effect at all?		
Yes (N=18)	66.3	69.0
No (N=32)	64.4	57.5
Biennial budget?		
Yes (N=21)	69.6	62.7
No (N=29)	61.7	60.8
Political		
Legislative control		
Unified government (N=18)	65.9	62.6
Split legislature (N=15)	67.5	65.9
Divided government (N=17)	62.0	56.8
Change in partisan arrangement		
Yes (N=8)	69.3	63.1
No (N=42)	64.2	61.3
Republican governor with divided government		
Yes (N=8)	61.0	56.6
No (N=42)	65.9	62.6
Upcoming election with unified gov't.?		
Yes (N=3)	67.5	34.7
No (N=47)	64.9	63.3
First budget of term?		
Yes (N=16)	69.8	67.9
No (N=34)	62.8	58.7

Table 49. Models of Executive Budget Success and Institutional Variables
With Alternate Term Limit Variables

Independent Variable	Agency Success Non-standardized Coefficient (Standard Error)		Issue Success+ Non-standardized Coefficient (Standard Error)	
	Selected Model*	Alternate Model	Selected Model	Alternate Model
Governor's formal power	0.85 (1.21)	0.94 (1.20)	- 0.61 (1.52)	- 0.38 (1.55)
Governor's fiscal power	0.17 (0.89)	0.07 (0.88)	54.77** (27.94)	50.05** (28.50)
Executive budget office power and control	0.23 (0.20)	0.22 (0.02)	0.17 (0.26)	0.13 (0.27)
Legislative professionalism	- 0.05 (0.05)	- 0.05 (0.05)	0.07 (0.06)	0.06 (0.06)
Legislative term limits in effect in 2001	--	1.05 (6.27)	--	10.42 (8.12)
Legislative term limits exist at all	2.61 (5.40)	--	13.19 (6.71)	--
Legislative veto points (square root)	- 2.07 (6.36)	- 1.63 (6.30)	- 0.79 (8.38)	1.70 (8.46)
Biennial budget	5.41 (5.29)	5.50 5.38	1.12 (6.85)	1.21 (7.12)
Intercept	60.50 (23.85)	60.57 (23.93)	--	--
F (degrees of freedom)	0.78 (7, 39)	0.75 (7, 39)	1.05 (6, 40)	0.66 (6, 40)
R^2	0.12	0.12	0.14	0.09
Adjusted R^2	- 0.03	- 0.04	0.01	- 0.05
N	47	47	47	47

Notes: All models omit California, which is an outlier on legislative professionalism, Minnesota, which is an outlier on veto points, and Massachusetts, which is an outlier on fiscal power.

*The Durbin-Watson d statistic is in the indeterminate zone, so autocorrelation can be neither rejected nor accepted.

+Due to autocorrelation in the OLS model, models are weighted least squares (WLS) model, weighted by the inverse square root of fiscal power.

**Coefficient is on the square root of fiscal power.

Table 50.—Alternate Regression Models of Agency Budget Success and Political Variables

Independent Variable	Model					
	1*	2	3	4	5	6
Legislative party support						
Party support in house	--	11.00 14.12	--	--	--	--
Divided government	- 3.82 (5.81)	--	5.69 6.37	- 3.89 (5.80)	- 3.29 (5.81)	- 4.22 (5.74)
Split legislature	1.03 (6.44)	--	6.79 (7.93)	0.87 (6.43)	1.43 (6.25)	- 0.17 (6.39)
Governor's popularity						
Election proportion	0.35 (0.40)	0.32 (0.39)	--	0.35 (0.40)	0.36 (0.40)	0.36 (0.39)
Approval poll proportion	--	--	0.08 (0.22)	--	--	--
Interest group strength	- 3.70 (3.45)	- 4.17 (3.39)	- 3.62 (3.80)	- 3.61 (3.45)	- 4.32 (3.54)	- 3.11 (3.43)
Time in term						
Year in term	- 1.00 (2.80)	- 1.32 (2.65)	- 0.06 3.64	--	--	--
Year in term (square root)	--	--	--	- 3.42 (7.73)	--	--
Year in tenure	--	--	--	--	- 0.25 (1.00)	
First budget of term	--	--	--	--	--	5.42 (5.70)
Intercept	62.59 (25.36)	59.78 (24.53)	66.80 (25.00)	65.00 (26.34)	62.60 (25.53)	56.14 (25.64)
F (degrees of freedom)	0.67 (5, 43)	0.82 (4, 44)	0.56 (5, 29)	0.68 (5, 43)	0.66 (5, 43)	0.84 (5, 43)
R^2	0.07	0.07	0.09	0.07	0.07	0.09
Adjusted R^2	- 0.04	- 0.01	- 0.07	- 0.03	- 0.04	- 0.02
N	49	49	34	49	49	49

Table 50.—<u>Continued</u>

Notes: Entries in cells are nonstandardized coefficients, with standard errors in parentheses. All models Minnesota, which is an outlier on legislative support and governor's election proportion.

* This model is shown in Table 27, Chapter 4.

Table 51.—Alternate Regression Models of Issue Budget Success and Political
Variables

	Model					
Independent Variable	1*	2	3	4	5	6
Legislative party support						
Party support in house	--	- 2.68 (17.25)	--		--	--
Divided government	- 2.58 (7.02)	--	- 2.39 (8.83)	- 7.19 (7.25)	- 7.07 (7.26)	- 6.57 (7.32)
Split legislature	2.65 (7.55)	--	11.96 (10.93)	1.91 (8.03)	2.02 (8.05)	2.62 (8.15)
Governor's popularity						
Election proportion	1.17 (0.49)	1.20 (0.49)	--	0.94 (0.49)	0.94 (0.49)	0.93 (0.50)
Approval poll proportion	--	--	0.67 (0.30)	--	--	--
Interest group strength	- 2.15 (4.28)	- 2.87 (4.09)	9.52 (6.83)	3.54 (4.30)	3.51 (4.32)	3.26 (4.37)
Time in term						
Year in term	--	--	--	- 6.21 (3.49)	--	--
Year in term (square root)	--	--	--	--	-16.71 (9.68)	--
Year in tenure	- 3.00 (1.20)	- 3.28 (1.15)	1.32 (1.96)	--	--	--
First budget of term	--	--	--	--	--	10.42 (7.26)
Intercept	17.78 (30.83)	20.96 (30.05)	-26.92 (44.19)	12.13 (31.66)	22.58 (32.96)	- 4.53 (32.67)
F (degrees of freedom)	2.43 (5, 43)	2.98 (4, 44)	1.34 (5, 29)	1.74 (5, 43)	1.70 (5, 43)	1.50 (5, 43)
R^2	0.22	0.21	0.19	0.17	0.17	0.15
Adjusted R^2	0.13	0.14	0.05	0.07	0.07	0.05
N*	49	49	35	49	49	49

Notes: Entries in cells are nonstandardized coefficients, with standard errors in
parentheses. All models Minnesota, which is an outlier on legislative support
and governor's election proportion.

* This model is shown in Table 27, Chapter 4.