2017

Party polarization, political alignment, and federal grant spending at the state level

William B. Hankins
Jacksonville State University, whankins@jsu.edu

Gary Hoover
University of Oklahoma

Paul Pecorino
University of Alabama - Tuscaloosa

Recommended Citation

Hankins, W., Hoover, G., & Pecorino, P. (2017). Party polarization, political alignment, and federal grant spending at the state level. Economics of Governance, 18(4), 351–389. https://doi.org/10.1007/s10101-017-0196-6

Party Polarization, Political Alignment, and Federal Grant Spending at the State Level*

William Hankins[†], Gary Hoover[‡], and Paul Pecorino[§]

September 2, 2017

Abstract

Research on the distribution of federal expenditures has provided mixed evidence showing that states with more legislators who belong to the president's party and states with more legislators in the chamber majority tend to receive a larger allocation of federal funds. We add to this research by considering how political polarization and political alignment impact these presidential and congressional determinants of how the domestic US budget is distributed to the states. Our results show that states with a larger percentage of senators in the majority can secure a larger share of federal grant expenditures per capita when political polarization is relatively low.

*JEL Classification: H10, H50, H61, H77. Key Words: Federal Spending, Majoritarian, Political Alignment, Political Polarization.

†Corresponding Author. Department of Finance, Economics, and Accounting, Jacksonville State University, Jacksonville, Alabama 36265, United States. Email: whankins@jsu.edu.

‡Department of Economics, University of Oklahoma, Norman, Oklahoma, 73019, United States. ghoover@ou.edu.

§Economics, Finance, and Legal Studies, The University of Alabama, Box 870224, Tuscaloosa, Alabama 35487, United States. Email: ppecorin@cba.ua.edu

1 Introduction

Studies of the distribution of federal expenditure to the states have shown that states and legislative districts that are politically aligned with the president receive more spending per capita. To a lesser extent, it has also been shown that having more senators or representatives in the majority is associated with more federal expenditure per capita. However, studies have not addressed how the payoff from these political relationships are influenced by the broader political environment. We extend this literature by examining how the political relationships that have traditionally been recognized as important for distributive policy are influenced by political polarization within Congress and political alignment between the president and Congress and between the Senate and House of Representatives.

The topic of political polarization has received much attention over the last decade. Recent discussions have included the relationship between political polarization and income inequality (Bonica et al., 2013) and how political polarization affects media bias (Bernhardt, Krasa, and Polborn, 2008) and campaign contributions (Bonica, Rosenthal, and Rothman, 2014). However, one issue that has not been explored is how polarization might influence distributive politics. The degree of polarization between the parties in the U.S. Congress shapes the environment in which distributive policy will be made and a political majority may very well choose to exploit its advantage in different ways depending upon the level of polarization. In other words, the advantage a state might receive from having more representatives in the majority could be conditional upon the degree of political polarization.

These ideas are tested using U.S. federal budget and political representation data for the period 1983 – 2010. Our findings indicate that having more senators in the majority allows a state to secure a larger share of federal grant spending per capita when Senate-level political polarization is relatively low. As polarization increases and political differences between the two parties widen, the benefit of having more senators in the majority diminishes. This finding lends support to the idea that during periods of low political polarization, when senators in opposing parties have closer ideological positions, members of the majority might feel more susceptible to challengers. Thus, a larger share of federal spending would be directed to these states in order to keep them in the majority. However, during periods of high political polarization, more senate seats may be viewed as safe, giving the majority party less incentive to direct spending to these states.

This result can be explained by recent theoretical contributions to the literature on legislative competition, in particular, those by Krasa and Polborn (2015) and Polborn and Snyder (2017). In these models, legislators seek reelection by competing for the votes of voters who care not only about the legislator's ability to satisfy the policy preferences of the district's median voter, but also about the policy preferences of the median national party member. If voters place a high weight on a legislator's party label, then certain districts or states can become safe for a party.[1,2] In particular, Polborn and Snyder (2017) also assume that voters care about their legislator's valence, which can be thought of as the legislator's ability to secure funding for the district. Their result shows an inverse relationship between the importance placed on legislators' valence and political polarization. However, if the weight placed on candidate valence is higher when polarization is lower, then this could explain why majority delegations feel compelled to secure more spending during periods of low polarization. Overall, these findings provide evidence that political polarization at the federal level affects the politics of distributive spending.

In Section 2 the literature on the political determinants of federal expenditure to the states is reviewed. We present and discuss the hypotheses tested in this paper in Section 3 and discuss the data in Section 4. Section 5 outlines the empirical model, presents the results, and conducts robustness checks. Section 6 discusses the results and concludes.

2 Literature Review

The idea that a political party would reward its members with more federal spending at the expense of its opponents suggests that the politics of distribution is, to quote Baron (1991), "majoritarian

[1]For example, Krasa and Polborn (2015) and Polborn and Snyder (2017) discuss the case of Lincoln Chafee, a former Republican U.S. Senator from Rhode Island. While Chafee was looked favorably upon by his Democrat-leaning constituents, he was voted out of office in 2006 because voters felt it was important to make the Democratic party more viable in the Senate (Krasa and Polborn (2015: p. 2).

[2]The political science literature shows evidence that party label has become increasingly important to voters. For example, Kimball (2003) refers to as the "party salience theory of voting (ibid: p. 161)." According to this theory, as the ideological divide between the parties has grown, voters have come to see the party label as an important determinant of how to vote. Supporting evidence from Hetherington (2001) shows that more polarization at the "elite level" has been followed by an increase in polarization at the "mass level."

and not universalistic (Baron, 1991, p. 57)." That is, members of the party in power will try to maximize the distribution of spending received by fellow party members, thus improving the chances that their party will retain power. The majoritarian hypothesis also relates to the theory of the minimum winning coalition, as put forth by Riker (1962). Conversely, universalism – see Weingast (1979) and Shepsle and Weingast (1981) – states that risk-averse legislators will prefer extending benefits to all states or districts since, *ex ante*, they will not know the composition of the minimum winning coalition.

Levitt and Snyder (1995) compared spending programs that were initiated during periods of partisan alignment between the presidency and Congress with spending programs that began during periods of divided government. They found that congressional districts with a higher percentage of Democratic voters received more federal spending from projects that were initiated during periods of firm Democratic control.

Bickers and Stein (2000) studied the 1994 Republican takeover of Congress. Analyzing the House of Representatives, the authors found a significant and positive increase in the issuance of contingent liabilities, which they claimed was the Republicans' most preferred way of rewarding their constituents. Importantly, Bickers and Stein identified an effect associated with a change in majority control of the House, however, their analysis did not extend to the Senate.

Hoover and Pecorino (2005) use the spending categories from the Consolidated Federal Funds Report (CFFR) and find weak evidence of majority party effects. An advantage of Hoover and Pecorino's study over Levitt and Snyder (1995) is that their sample period, 1983 – 1999, included majority party changes in both the Senate and the House of Representatives. The authors expected federal procurement spending and spending on federal grants to be most susceptible to party politics. However, the only robust evidence pointing towards a majoritarian effect was a positive and statistically significant relationship between federal grant spending per capita and the percentage of a state's House delegates in the majority party.

Albouy (2013) estimated party effects over the period 1983 – 2004. He was able to take advantage of slightly more changes in majority control of the Senate than Hoover and Pecorino (2005) but the number of changes within the House remained the same. Specifically, majority control of the

Senate changed five times over this period. However, majority control of the House of Representatives only changed once. Albouy (2013) found that states represented in the Senate by a delegation belonging to the majority party received approximately 2% more in federal grant spending than a state represented by a minority delegation.

A significant amount of evidence suggests that the president also plays a crucial role in determining how federal spending is allocated to the states. Wright ("The political economy of New Deal spending: An econometric analysis") argued that the Roosevelt administration, which had considerable power over the allocation of New Deal spending, targeted expenditures in order to maximize electoral votes. Hoover and Pecorino (2005) controlled for the percentage of a state's House delegation and the number of senators in the same party as the sitting president. The relationships between federal grant spending and both the percentage of House delegates and the number of senators in the same party as the president were positive, highly significant, and robust to a number of different specifications. These variables were not significantly related to any of the other spending categories.

Larcinese, Rizzo, and Testa (2006), analyzing a time period similar to that studied by Hoover and Pecorino (2005), found that states where the majority of the House delegation belonged to the same party as the president received more federal expenditures per capita.

Berry, Burden, and Howell (2010) focused almost exclusively on the role the executive branch plays in determining how federal spending is allocated. In fact, they go so far as to claim that "the actual proposer inhabits the White House, a basic fact that the distributive politics literatures has overlooked (ibid: p. 785)." Berry et al. tested their theory using congressional district and county-level spending and political data up through 2007. Berry et al. also attempted to measure within-party differences and determine if a congressman's relative ideological position affected the funding his or her district would receive. In other words, would a president attempt to influence a more moderate member of the opposing party by directing largess towards his or her district? However, the authors found no evidence that more moderate members of the House received more spending, regardless of party. Berry et al. appear to be the first to study how political polarization relates to the distribution of federal expenditures.

Lastly, Albouy (2013) found that states with a House delegation in the party of the president received approximately 4.5% more in federal grant spending. However, the effect of having more senators in the party of the president was not found to be statistically significant.

3 Hypotheses

McCarty et al. (2006) document a period of increased political polarization that began in the 1970s and has yet to abate. Thus, it is of interest to examine how this changing environment has affected the distribution of the federal budget to the states. Much of the literature discussed in Section 2 finds evidence that the politics of distribution is majoritarian. By examining how political polarization within the Senate and House of Representatives influences the benefits of belonging to the chamber majority, we can determine how this majoritarian tendency is affected by the relative ideological positions of the two parties. Little is known about how Congressional polarization impacts distributive political decisions. However, recent theoretical contributions by Krasa and Polborn (2015) and Polborn and Snyder (2017) offer a useful framework for thinking about how the national political environment affects a legislative delegation's incentives to direct funding to their district or state. The insight from these models is that voters care not only about state or district-specific policies, but national party identity. In addition, voters will place some weight on a legislator's valence. However, in a high polarization environment where party label is very important, valence might carry less weight. Conversely, in a low polarization environment, a delegation's valence might be more important.

What do these findings mean for the distribution of federal grant spending? If a majority senate delegation is associated with more grant spending per capita when the parties are closer together ideologically, implying that polarization is relatively low, this might be a signal that the party in the majority is more concerned with potential challenges from the minority party, which is seen as a closer substitute. Thus, the majority party will direct more funding to this state in an attempt to keep it under control. This would make sense in a political environment where party label is less important. However, when polarization is relatively high, and the weight placed on candidate valence is low, the party label becomes the important identifier. Thus, the majority would see less of a need to direct a larger share of grant spending to ideologically safe states and could instead focus on more competitive states. Conversely, if belonging to the majority is worth a larger share of spending during periods of high polarization, this would reflect an intensification of majoritarian tendencies that could not be explained by this inverse correlation between candidate valence and political polarization. Similarly, if a state with more legislators in the majority receives an average share of spending as polarization increases, this would be evidence that the politics of grant distribution is universalistic, which also could not be explained by Polborn and Snyder's theory.

The second set of hypotheses concerns how the advantages of belonging to either the president's party or the chamber majority are impacted by alignment across the elected branches of government. The findings of Levitt and Snyder (1995) and Bickers and Stein (2000) lead us to form two separate hypotheses related to alignment. The first alignment hypothesis, which will be referred to as the President-Congress Alignment hypothesis, states that a House (Senate) delegation in the party of the president will receive a larger share of spending when the president's party controls both chambers of Congress. The second alignment hypothesis, which we refer to as the Congressional Alignment hypothesis, states that a House (Senate) delegation in the chamber majority will receive a larger share of spending per capita when that party also controls the Senate (House).

4 Data

The hypotheses discussed in Section 3 will be tested using state-level data from the period 1983 – 2010. The beginning and ending dates are determined by the availability of our primary data source for federal expenditures, which is discussed below. The sources for the data used in this paper are summarized in Table 1. Summary statistics are provided in Table 2 below. Mid-year party switches, resignations, and deaths affect the measurement of the House- and Senate-level political variables of interest. A discussion of how these issues were dealt with is provided in Appendix B.

– Table 1 Here –

4.1 Grant Expenditures

Federal grant expenditures are taken from the US Census Bureau's Consolidated Federal Funds Report (CFFR). Attention is focused on federal grant spending because the review of the literature in Section 2 showed this category to be the most susceptible to majoritarian politics. Spending data for each state is converted to 2010 dollars using the Consumer Price Index (CPI), obtained from the Bureau of Labor Statistics, and divided by state population (US Census, various years) to produce real per capita measures of federal spending. The grants category (*GRANTS*) includes federal spending on formula grants and project grants. Formula grants are distributed to states based on a predetermined formula that is a matter of federal law. Conversely, project grants go to specific projects for specific periods of time. The spending categories TOTAL, RETIRE, WAGES, OTHER, and PROCURE will be used in a robustness analysis presented later in the paper.

4.2 Primary Political Variables

We control for the percentage of each state's House delegation that belongs to the president's party (*HOUSEP*) and the percentage of each state's Senate delegation belonging to the president's party (*SENATEP*). The variables *HMAJOR* and *SMAJOR* will measure the percentage of each state's House and Senate delegation that belongs to the majority in those chambers.

Our measure of chamber-level political polarization is based on first dimension DW-NOMINATE scores, which are available at the website Vote View (Rosenthal and Poole, 1995). Each member of Congress is assigned a score that falls along the interval [-1,1], with -1 indicating the extreme "liberal" position and +1 indicating the extreme "conservative" position. The scores are determined using the entire available history of roll call votes on all issues and allow for the comparison of how politically polarized the individual chambers have been historically as well as how individual legislators have changed their political positions over time.[3] For each chamber, polarization is measured as the distance between the median DW-NOMINATE score for each party (*HPOLAR* and *SPOLAR*, respectively). Thus, larger values of the variables *HPOLAR* and *SPOLAR* indicate higher levels of political polarization. Figure 1 plots the polarization series for both the House

[3] See McCarty, Poole, and Rosenthal (1997) and McCarty, Poole, and Rosenthal (2006), Poole and Rosenthal (2000), and Poole (2005) for more detailed explanations of how DW-NOMINATE scores are constructed.

and the Senate, respectively. Figure 2 plots political polarization measured as the difference in the average DW-NOMINATE score for each party. The figures show that political polarization within both chambers of Congress is relatively high, but that the House has become much more polarized than the Senate.

– Insert Figure 1 Here –

– Insert Figure 2 Here –

The alignment hypotheses are tested using indicator variables. The variable *ALIGNP* will equal one if the president's party controls both chambers of Congress and will equal zero otherwise. There are nine years during the sample period during which the executive and legislative branches were controlled by the same party. Alignment across chambers is measured with the indicator variable *ALIGNC*, which will equal one if the same party controls both chambers of Congress and zero otherwise. Over the sample period there were seven years where the House of Representative and the Senate were not controlled by the same party.

4.3 Political Control Variables

A variable measuring the tenure of each state's House and Senate delegation (*HTENURE* and *STENURE*, respectively) is also included. Several researchers have found a positive correlation between the tenure of a state's House delegation and the receipt of federal spending (Crain and Tollison (1977), Mathews, Stevenson, and Shughart (2011), Young and Sobel (2013)), but no link between the tenure of a state's Senate delegation and the amount of federal spending the state receives. Levitt and Poterba (1999) found no significant relationship between congressional seniority and the receipt of federal funds by state. We adopt the strategy of Mathews, Stevenson, and Shughart (2011) and measure the relative tenure of each state's House and Senate delegation in a given year.[4] Data on congressional tenure from 1983 to 1996 is calculated using data from McKibben (1997). However, this particular data set only provides data up through 1996. These

[4]That is, if in a given year the average Senate delegation's tenure is ten years, then a state delegation with an average tenure of fifteen years would have a relative tenure of 1.5.

variables were extended up to 2010 using data from *The Biographical Directory of the United States Congress* (1983–2010).

Previous studies have found conflicting evidence regarding the impact of the presidential vote on the distribution of spending. Whereas Hoover and Pecorino (2005) found that states narrowly lost by the sitting president received more spending per capita than states that voted for the sitting president, Larcinese, Rizzo, and Testa (2006) found that states showing overwhelming support for the sitting president were rewarded more than states the president won by a small margin. Thus, subjecting the presidential vote to further empirical scrutiny is warranted. Similar to Hoover and Pecorino (2005), we control for whether or not the sitting president won a particular state in the last election ($VOTE$) and the absolute value of the margin of victory in the most recent presidential election ($MARGIN$). For each state, $VOTE$ takes the value of 1 if the sitting president won that particular state in the most recent presidential election and zero otherwise. An interaction term composed of the variables $VOTE$ and $MARGIN$ is created so that states the president narrowly won can be distinguished from states the president narrowly lost. Information on each state's presidential election voting history is obtained from McGillivray, Scammon, and Cook (2001) for the years 1983 to 1999 and from McGillivray, Scammon, and Cook (2001–2012) for the years 2000 to 2010. Lastly, we include a variable that captures whether or not a state's governor belongs to the same party as the president ($GOVP$). Both Hoover and Pecorino (2005) and Larcinese, Rizzo, and Testa (2006) show evidence that states in which the governor was aligned with the president received more total spending per capita and Hoover and Pecorino showed a positive correlation between governor-president alignment and the amount of procurement spending per capita received by a state. Information on each governor's political affiliation is collected from various editions of the *Book of the States*.

With the exception of the presidential vote variables, all political variables discussed thus far will enter into the regression models with a one year lag in order to directly control for the one year lag in the US budget process.[5]

[5] For example, the budget passed by the Congress in year t does not take effect until year $t + 1$.

4.4 Control Variables

Several economic and demographic control variables are included as well. We control for the effect income can have on the amount of federal expenditures a state receives by including a measure of real state income per capita ($INCOME$), measured in constant 2010 dollars. The age distribution can also impact the amount of federal expenditures a state receives, particularly concerning programs that depend upon age. The percentage of the population aged 65 and older ($ELDERLY$) is included to control for this effect. The inclusion of state-level unemployment rates ($UNEMPLOY$) is to control for federal spending related to poor economic performance. Land area per capita ($LANDAREA$) is included to control for economies of scale that may be associated with certain types of spending programs. Lastly, we directly control for the population of each state with the variable $POPULATION$.

5 Empirical Model

5.1 Variable Normalization

The goal of this paper is to study how the political alignment and the political environment affect the distribution of federal expenditures. Thus, we are interested in a relative measure of spending rather than simply expenditures per capita. Before we embark on a description of the empirical methodology, we will briefly explain how federal grant expenditures per capita are normalized.[6] Following Kawaura (2003), federal grant spending expenditures are normalized in the following way:

$$NGRANTS_{it} = \frac{\frac{GRANTS_{i,t}}{POPULATION_{i,t}}}{\frac{\sum_{i=1}^{N} GRANTS_{i,t}}{\sum_{i=1}^{N} POPULATION_{i,t}}}, t = 1983, 1984, ...2010 \qquad (1)$$

[6]Variable normalization has the added advantage of ensuring that our dependent variable is stationary. Results from panel unit root tests for the spending categories analyzed in this paper are presented in Tables A1 and A2 of the appendix.

where *GRANTS* refers to the adjusted dollar amount of federal grant expenditures received by state i in year t.[7] Thus, equation 1 shows expenditures per capita received by state i as a percentage of unweighted US expenditures per capita. As Kawaura points out, year-on-year spending per capita data reflect both changes in the level of spending per capita and changes in the share of spending per capita relative to the total budget allocation. Normalizing the variables in this way isolates the amount of spending per capita each state receives relative to the national average in a given year. States with a spending share greater than 1 receive an above average share of spending per capita while states with a spending share less than 1 receive spending per capita that is less than the US average.

In order to make the control variables comparable with the dependent spending variables, *INCOME*, *ELDERLY*, *UNEMPLOY*, *LANDAREA*, and *POPULATION* are normalized as well. Thus, *NINCOME* is measured as income per capita as a share of unweighted US income per capita, *NELDERLY* is the proportion of a state's elderly population as a share of the unweighted elderly population for the entire US, *NLANDAREA* is measured as land area per capita as a share of unweighted US land area per capita, and *NPOPULATION* is each state's share of the total US population. The variable *NUNEMPLOY* measures the difference between a state's unemployment rate and the US unemployment rate.[8]

5.2 Regression Specification

$$\begin{aligned} NGRANTS_{i,t} &= \gamma NGRANTS_{i,t-1} + \boldsymbol{\delta}\mathbf{X_{i,t}} + \boldsymbol{\mu}\mathbf{P_{i,t}} + \\ &\beta_1 HMAJOR_{i,t} + \beta_2 SMAJOR_{i,t} + \beta_3 HOUSEP_{i,t} + \beta_4 SENATEP_{i,t} + \alpha_i + \epsilon_{i,t} \quad (2) \end{aligned}$$

[7] A similar normalization strategy has been employed by Porto and Sanguinetti (2001) and Galiani, Torre, and Torrens (2016) in separate analyses of fiscal transfers in Argentina.

[8] Even after normalization at least two of the four panel unit root tests indicate that the variables *NINCOME* and *NELDERLY* show evidence of nonstationarity. These results are available in Table A3 of the appendix. The potential presence of nonstationarity in these variables warrants further explanation. The normalization procedure calculates each state's share of elderly and each state's share of personal income. It is likely that we are observing the fact that some states are gaining a larger share of income and elderly over the observed period. Plotting *NINCOME* and *NELDERLY* for each state confirms this suspicion. Since it is not valid to regress a variable integrated to order zero on a variable integrated to order one, the normalized regressors that contain a unit root enter into the regressions in first differences.

Equation 2 shows a baseline regression specification where normalized federal grant spending per capita *NGRANTS* is regressed on the normalized control variables and all political variables. The vector $\mathbf{X}$ in Equation 2 captures the economic and demographic control variables discussed in Section 4.4 and $\boldsymbol{\delta}$ captures the individual coefficients associated with each variable. Similarly, the vectors $\mathbf{P}$ and $\boldsymbol{\mu}$ include the political control variables and the corresponding coefficients, respectively. Equation 2 also shows the political variables of interest that capture the alignment of state $i's$ House and Senate delegations with the chamber majority or the president's party, respectively.

To determine how political polarization impacts the procurement ability of a delegation with more members in the majority, we modify Equation 2 to include an interaction between the percentage of a state's House delegation in the majority and House-level political polarization ($HMAJOR \times HPOLAR_{dev}$) and an interaction between the percentage of a state's Senate delegation in the majority and Senate-level political polarization ($SMAJOR \times SPOLAR_{dev}$), where $HPOLAR_{dev}$ and $SPOLAR_{dev}$ refer to the mean-centered values of $HPOLAR$ and $SPOLAR$, respectively. Thus, the marginal effect of *HMAJOR* when $HPOLAR_{dev}$ equals zero should be interpreted as the change in a state's share of grant spending per capita when it has a majority House delegation and House-level political polarization equals the sample average. The marginal effect of the variable *SMAJOR* is calculated in a similar fashion. Mean-centering the polarization variables is done to make the interpretation of the point estimates more intuitive. In an uncentered regression, the point estimate on *SMAJOR*, for example, would tell us the marginal effect of having a majority Senate delegation *when Senate-level polarization is zero.* However, since we never observe a case where polarization is non-existent, the point estimate would be meaningless.[9]

The equations given below show how the marginal effects must be calculated when interaction terms are included. For example, the marginal effect of *HMAJOR* is calculated according to the equation

$$\frac{\partial(NGRANTS|HPOLAR_{dev})}{\partial HMAJOR} = \hat{\beta}_1 + \hat{\beta}_5 HPOLAR_{dev}. \tag{3}$$

[9]For a thorough discussion regarding the proper interpretation of marginal effects when interaction terms are included, see Brambor, Clark, and Golder (2006).

The marginal effect of $SMAJOR$ conditional on senate-level political polarization is calculated in a similar way. Equation 3 shows a short-run effect. The long-run marginal effect is calculated as

$$\frac{\partial(NGRANTS|HPOLAR_{dev})}{\partial HMAJOR} = \frac{\hat{\beta}_1 + \hat{\beta}_5 HPOLAR_{dev}}{(1-\hat{\gamma})} \equiv \Phi_1 \tag{4}$$

where $\hat{\gamma}$ is the estimated coefficient on the lagged dependent variable. [10]

In order to test the President-Congress Alignment hypothesis, the interaction terms $HOUSEP \times ALIGNP$ and $SENATEP \times ALIGNP$ are added to Equation 2. In separate regressions, the Congressional Alignment hypothesis is tested by adding $HMAJOR \times ALIGNC$ and $SMAJOR \times ALIGNC$ to equation 2. The short- and long-run marginal effects for the specifications controlling for $ALIGNP$ and $ALIGNC$ are calculated according to equations 3 and 4, with $ALIGNP$ and $ALIGNC$ replacing $HPOLAR_{dev}$, respectively. It is worth pointing out that when testing conditional hypotheses using interaction terms, the marginal effect of interest can be economically and statistically significant over some range of the conditioning variable even thought the coefficient on the interaction term is not statistically significant in the traditional sense.

Time invariant characteristics such as proximity of a state to Washington DC and politically connected industries and universities that receive federal grant spending could possibly be correlated with our political variables of interest. The inclusion of state fixed-effects, represented by the term α, will remove the effects of these confounding state characteristics as well as other sources of unobserved heterogeneity. An F-test reveals that year effects are jointly insignificant, regardless of whether or not the model specification includes lagged expenditures per capita, thus we do not include these controls in any of the regressions.[11] Standard errors are clustered by state in each

[10] The correct standard error associated with equation 3 is

$$\hat{\sigma} = \sqrt{var(\hat{\beta}_1) + HPOLAR_{dev}^2 * var(\hat{\beta}_5) + 2HPOLAR_{dev} * cov(\hat{\beta}_1, \hat{\beta}_5)}$$

The correct standard error associated with the long-run marginal effect presented in equation 4 is computed as

$$\hat{\sigma}_{LR} = \sqrt{\boldsymbol{g_1'} \hat{\sigma}^2 \boldsymbol{g_1}}$$

where $\boldsymbol{g_1'} \equiv \frac{\partial \Phi_1}{\partial \boldsymbol{\beta'}}$, $\boldsymbol{\beta'}$ is a vector of parameter estimates, and $\hat{\sigma}^2$ is the squared value of $\hat{\sigma}$ from the standard error of the short-run marginal effect.

[11] The normalization process makes their inclusion unnecessary. In a level regression the F-test unsurprisingly indicated that year fixed-effects were appropriate.

regression.

5.2.1 Lagged Expenditures

The variable $NGRANTS_{i,t-1}$ controls for the share of federal grant spending per capita received by state i in the previous year. Failing to include a lag of the dependent variable would imply that the benefits of having legislators politically aligned with the president or Congress do not spill over into subsequent years. However, Berry, Burden, and Howell (2010) discuss the significant *ex post* influence that the president has over how to direct federal expenditures once an appropriation has been passed. If the president is not required to spend those funds entirely within the year in which the appropriation was passed, then this "spillover" can affect the amount of grant funding a state will receive in subsequent years. Thus, spending received in one year might be influenced by political alignment between the legislator and the president from the previous year. Without controlling for this potential endogeneity, the contemporaneous relationship between spending and alignment might be overstated.

Additional reasons that lagged spending per capita should be included are discussed by Larcinese, Rizzo, and Testa (2013). First, they point out that the complexities of the appropriations process means that a new budget will rely heavily on previous budgets. Secondly, they discuss work by Rich (1989), referred to as a demand-side theory of the budget process, which stresses the importance of prior experience with the grant application and federal budgetary process that local and state grant recipients will accumulate. This theory is also related to Young and Sobel (2013), who included federal spending received in 2008 as an explanatory variable for spending received in 2009 from the ARRA. They claimed that the federal spending a state received in previous years reflected, in part, the success of relationships that a congressional delegation had already fostered.[12] By including the lagged share of grant spending per capita, we can be further assured that long-standing political relationships are not given undue influence on contemporaneous relationships between legislators and the leaders of the majority or legislators and the president. Finally, Larcinese et al. (2013) discuss the importance of controlling for "hold-harmless provisions," which are

[12]Of course, spending from the preceding year will capture the effects of other variables as well, thus we cannot say that it is entirely due to what Young and Sobel call a state's "extraction capital (ibid, p. 458)."

guarantees that a state's federal grant funding will not fall below a previously specified amount in a subsequent fiscal year.

With the lagged dependent variable we can offer both short- and long-run estimates of the impact of the political variables of interest.[13] Nickell (1981) showed that including a lag of the dependent variable in a fixed-effects model can result in a point estimate on the lagged variable that is severely biased unless the time dimension (T) is sufficiently large. Judson and Owen (1999) show that as T grows larger the bias associated with the estimated coefficients on the contemporary explanatory variables when using an LSDV regression becomes negligible and the bias associated with the lagged dependent variable becomes smaller, though in some cases it could remain sizable.[14] Each panel used here is 28 years long. Thus, we feel comfortable in using an LSDV regression.

5.3 Results

Table 3 presents results from the estimation of the baseline specification given by equation 2. The results confirm our initial expectations and the findings of much of the previous literature. Table 3 also shows that when lagged grant spending is included, the effects associated with political alignment are smaller, indicating that a failure to account for political capital can overstate the value of contemporaneous alignment.[15]

–Table 3 Here –

The most important conclusions reached in this paper are based on the results presented in Table 4. For each specification, we again include results from regressions with and without the lagged share of grant spending. Columns 1 and 2 report results from the specification that controls for political polarization within the House and the Senate. In column 2, the estimated coefficient measuring the relationship between a majority Senate delegation and a state's share of grant spending per capita is statistically significant at the .05 level. Thus, at the average level of political polar-

[13]In particular, if a political variable x has the coefficient β and the lagged dependent variable y_{it-1} has the coefficient γ, then the long-run impact on the equilibrium level of spending, $\bar{y}$, of a permanent increase in the political variable is $\partial\bar{y}/\partial\bar{x} = \beta/(1-\gamma)$.

[14]Moreover, Judson and Owen (1999) show that for longer panels, LSDV regression can outperform methods such as those developed in Anderson and Hsiao (1982) and Arellano and Bond (1991).

[15]We also test the hypotheses of interest using non-normalized data. These results are available in the appendix.

ization ($SPOLAR = .698$) a state with all senators in the majority can expect its share of grant spending per capita to increase by 2.05 percentage points relative to the average share. Table 2 shows that average grant spending per capita over the entire sample period is $1512.76. Evaluated at this level of spending per capita, a 2.05 percent increase in grant spending would translate to $31.01 more per capita. Over the long-run, a state with a majority delegation can expect a 3.93 percentage point increase in its share of grant spending per capita relative to the average share. This point estimate is statistically significant at the .01 level.[16]

– Table 4 Here –

– Insert Figure 3 Here –

The top row of Figure 3 shows the short- and long-run marginal effects of having a majority Senate delegation conditional upon Senate-level political polarization. The vertical axis measures the marginal effect and the horizontal axis measures the observed levels of polarization in the Senate from the lowest to the highest level of political polarization. This figure shows that the value of a majority Senate delegation is largest when Senate-level political polarization is relatively low. As polarization increases the value of a majority Senate delegation diminishes. In fact, for most levels of political polarization above the average the marginal effect is not statistically different from zero. However, at the lowest level of political polarization a majority Senate delegation is worth approximately 3.58 percentage points in additional grant spending per capita relative to the average share. This estimate is statistically significant with a p-value of .02.[17] Relative to the sample average of $1512.76, this point estimate implies a share of grant spending $54.16 higher per capita. The long-run marginal effect, assuming Senate-level political polarization remains at its lowest point, shows that having both senators in the majority is worth an additional 6.86 percentage points in grant expenditures per capita relative to the average share. The bottom row

[16] The calculation is computed by dividing the coefficient on $SMAJOR$ in column 2 by $(1 - 0.478) * 100$, where 0.478 is the coefficient on $NGRANTS_{t-1}$ from column 2

[17] As a robustness check, we also use a measure of political polarization based on the absolute difference in the *average* DW-NOMINATE score for each party in the Senate. Using this measure we find a senate delegation to be worth a 1.98 percentage point increase in the share of grant spending per capita at the average level of polarization and a 2.94 percentage point increase at the lowest level of polarization. These marginal effects are statistically significant at the .05 level and are available in the appendix.

of Figure 3 plots the short- and long-run marginal effects of having a House delegation aligned with the majority for all levels of House-level political polarization that are observed over the sample period. Though the marginal effect conditional on House-level political polarization is opposite of what we observed with the Senate, it is never statistically different from zero at the .05 level for any level of political polarization. In other words, we cannot reject the null hypothesis that House delegations in the majority receive an average amount of grant spending at any level of polarization. Unfortunately, an explanation for why the behavior of majority House delegations differs from Senate delegations is not immediately clear. We are cautious in our interpretation of this result because the relatively large standard errors indicate an imprecise estimate. However, a relevant factor could be the differences in incumbency advantage between the House and the Senate. Jacobson (2015) documents that the incumbency advantage in the U.S. House of Representatives has actually decreased since the mid-1990s and Ansolabehere and Snyder Jr (2002) shows evidence that the incumbency advantage in the House has fallen below the Senate. Declining incumbency advantage at a time of rising polarization could contribute to the increasing marginal effect for the House that we observe in Figure 3. However, as was just stated, we are cautious in our interpretation of this result.

The President-Congress Alignment hypothesis is tested using results from column 4 of Table 4. These results are used to create the marginal effects shown in Table 5. This table shows that when the government is divided, a state with its entire House delegation in the party of the president can expect its share of grant expenditures per capita to increase by 4.68 percentage points relative to the average share, which amounts to a $70.80 increase in grant expenditures per capita compared to the sample average of $1512.76. This marginal effect is statistically significant at the .01 level and over the long-run increases to approximately 9.05 percentage points relative to the average share. Contrary to our expectations the estimated coefficient on the interaction term $HOUSEP \times ALIGNP$ in column 4 of Table 4 is negative. However, the standard errors associated with the marginal effects shown in Table 5 are quite large, making these coefficients statistically insignificant. It is difficult to explain this finding, except to say that having relatively few observations where the president and Congress are controlled by the same party makes the estimation extremely imprecise, which is reflected by the large standard errors.

– Table 5 Here –

The marginal effects of a Senate delegation in the party of the president conditional on alignment between the president and Congress display a similar pattern. During periods where these branches are not aligned, a Senate delegation in the party of the president is worth a 2.95 percentage point increase in grant spending per capita relative to the average share, a point estimate that is statistically significant at the .05 level. Over the long run, this delegation would be worth an increase in the share of grant spending per capita equal to 5.70 percentage points. As we observed with the House, the point estimate on the interaction term $SENATEP \times ALIGNP$ is negative and the standard errors associated with the marginal effect when the president and Congress are aligned are again large relative to the point estimates, indicating that this effect cannot be precisely estimated. Thus, we are unable to find support for the President-Congress alignment hypothesis from Section 3.

Columns 5 and 6 of Table 4 show results from the regression specifications used to test the Congressional Alignment hypothesis, which stated that House and Senate alignment would increase the spending advantage associated with having a delegation in the majority. The estimated coefficients on the interaction terms used to test this hypothesis, $HMAJOR \times ALIGNC$ and $SMAJOR \times ALIGNC$, are positive, which was expected. However, the marginal effects in Table 5, computed from the results in column 6 of Table 4, show that the Congressional Alignment hypothesis cannot be supported for the House. As in the baseline specification, the percentage of House members in the majority never appears to be a statistically significant determinant of federal grant expenditures, regardless of whether or not the House and Senate are controlled by the same party.

When one party controls both chambers of Congress, a state with its entire Senate delegation in that party can expect 2.12 percentage points in additional grant spending per capita relative to the average share. Over the long-run, a Senate delegation in the majority is worth a 4.10 percentage point increase in grant spending per capita relative to the average share. While the standard errors on these marginal effects for the Senate are smaller than what we observed for the House, neither is statistically significant at the .05-level.

5.4 Robustness Check

As a robustness check, we examine the relationships between the political variables of interest and several other spending categories contained in the Consolidated Federal Funds Report. These categories are procurement spending (*PROCURE*), retirement spending (*RETIRE*), federal wage and salary payments (*WAGES*), and other federal spending (*OTHER*). Procurement spending includes contract payments made by defense and non-defense agencies. Retirement and disability spending includes retirement and disability payments to all federal employees, all types of social security payments, as well as select Veterans Administration programs and other federal programs. Salaries and wages encompasses the salaries and wages of all federal employees. Lastly, the other direct spending category includes payments to individuals apart from retirement and disability payments. The distribution of federal expenditures contained in these categories are, largely, not susceptible to the forces of distributive politics. For example, the majority of procurement spending is for defense-related purposes and will mostly be spent in states with large military operations that are serviced by contractors. While politics might have been a factor in the initial decision to establish these operations, current political variables are unlikely to explain current expenditures. Furthermore, the payments to Social Security recipients or salaries paid to federal employees are not distributive in nature, and, controlling for other factors, should not fluctuate based only political representation. Regressions for each of these spending categories confirm that political alignment plays little to no role in the distribution of these spending categories. The point estimates on the political variables of interest are small and mostly statistically insignificant. By not finding correlations between these spending categories and the variables measuring political alignment, we gain more confidence that our primary findings are not spurious.

– Insert Table 6 Here –

– Insert Table 7 Here –

– Insert Table 8 Here –

– Insert Table 9 Here –

– Insert Table 10 Here –

– Insert Table 11 Here –

– Insert Table 12 Here –

– Insert Table 13 Here –

6 Conclusion

We provide new evidence that political polarization and political alignment influence the distribution of federal grant expenditures to the states. In doing so, we follow Larcinese, Rizzo, and Testa (2013) and control for federal expenditures received by a state in previous years. Federal spending that a state receives as a result of established political relationships is not necessarily received all in one year. Without accounting for this spillover effect, researchers might be overstating the effect of having a delegation in the chamber majority or the party of the president.

The most robust results show that a Senate delegation in the majority is worth a larger share of grant spending per capita during periods of relatively low political polarization. When political polarization in the Senate is higher than average, having both senators in the majority does not have an economically or statistically significant impact on a state's share of grant spending. During periods of low political polarization senators in the majority might feel less safe. For example, if Democrats controlled the Senate, then in a highly polarized environment the majority might see less of a need to direct spending to a state with two Democratic senators because this would be a "blue" state which would be relative safe. Conversely, if both parties were closer ideologically, then challenges to these senators might be viewed with more concern by a Democratic majority. Thus, the majority would award this state with a larger share of spending in order to ensure that those seats remained under Democratic control. This behavior of majority senate delegations in different polarization environments closely aligns with recent theoretical contributions by Krasa and Polborn (2015) and Polborn and Snyder (2017), who show how polarization is related to candidate valence.

While a majority Senate delegation appears to be associated with a larger share of grants, a majority House delegation never does. It is difficult to state conclusively why the Senate is different; however, certain institutional differences between the House and the Senate could be relevant factors. Some obvious differences are the relative sizes of the two chambers – 100 members in the Senate, 435 members in the House –, constituencies – statewide versus smaller districts –, the existence of the filibuster in the Senate, and different term lengths and election cycles. Also, we are not the first to notice a difference between the Senate and the House. Crain and Tollison (1977), Levitt and Poterba (1999), Hoover and Pecorino (2005), Larcinese, Rizzo, and Testa (2006), Albouy (2013), and Young and Sobel (2013) all find that Senate-level variables impacted federal spending per capita – or economic growth in the case of Levitt and Poterba (1999) – differently than House-level variables.

Over the course of the sample period, budgetary matters have generally been immune to the filibuster. However, the use of the filibuster in general debate has steadily increased. In fact, Stanley Bach, a former legislative specialist at the Congressional Research Service, has stated that "at one time, filibusters generally were reserved for matters of obvious national importance .... Today, by stark contrast, filibusters ... have become almost a routine part of the Senate's floor procedures."[18] When polarization is relatively low, perhaps the Senate's smaller size makes logrolling easier, whereas at relatively high levels of polarization, threats of a filibuster on non-budgetary matters are a concern, making the majority reluctant to direct largess upon the states it controls.

Overall, we show that some important determinants of how spending is distributed are not unconditional. Future research should explore how alignment and polarization impact other aspects of these determinants. For example, does a stronger congressional majority allow members of the Senate majority to secure even larger shares of federal spending during periods of alignment? Is

[18] Statement to the Senate Subcommittee on Rules and Administration Hearing *Examining the Filibuster: History of the Filibuster 1789 – 2008* on April 22, 2010. http://www.rules.senate.gov/public/index.cfm?a=Files.Serve\&File_id=25f59865-abbd-4aa9-80aa-c6ce36e08ad7.

one party better able to exploit political alignment than the other? Is one party better able to procure higher spending shares during periods of relatively high or low political polarization? The findings here provide a foundation for answering these questions.

Acknowledgments

The authors wish to thank the editor and two anonymous referees, Stephen Borrelli, Robert Brooks, Susan Chen, Daniel Henderson, Lawrence Kenny, Carl Kitchens, seminar participants at The University of Alabama, the 2013 Southern Economic Association Annual Meeting, and the 51st Annual Meeting of the Public Choice Society for valuable and insightful comments. We also acknowledge the Culverhouse College of Commerce at the University of Alabama for providing research support.

References

Albouy, David (2013). "Partisan representation in Congress and the geographic distribution of Federal funds". *Review of Economics and Statistics* 95.1, pp. 127–141.

Anderson, Theodore Wilbur and Cheng Hsiao (1982). "Formulation and estimation of dynamic models using panel data". *Journal of Econometrics* 18.1, pp. 47–82.

Ansolabehere, Stephen and James M Snyder Jr (2002). "The incumbency advantage in US elections: an analysis of state and federal offices, 1942–2000". *Election Law Journal* 1.3, pp. 315–338.

Arellano, Manuel and Stephen Bond (1991). "Some tests of specification for panel data: Monte Carlo evidence and an application to employment equations". *The Review of Economic Studies* 58.2, pp. 277–297.

Baron, David P (1991). "Majoritarian incentives, pork barrel programs, and procedural control". *American Journal of Political Science* 35, pp. 57–90.

Bernhardt, Dan, Stefan Krasa, and Mattias Polborn (2008). "Political polarization and the electoral effects of media bias". *Journal of Public Economics* 92.5, pp. 1092–1104.

Berry, Christopher R, Barry C Burden, and William G Howell (2010). "The president and the distribution of federal spending". *American Political Science Review* 104.04, pp. 783–799.

Bickers, Kenneth N and Robert M Stein (2000). "The congressional pork barrel in a Republican era". *Journal of Politics* 62.4, pp. 1070–1086.

Bonica, Adam, Howard Rosenthal, and David J Rothman (2014). "The Political Polarization of Physicians in the United States: An Analysis of Campaign Contributions to Federal Elections, 1991 Through 2012". *JAMA Internal Medicine.*

Bonica, Adam et al. (2013). "Why Hasn't Democracy Slowed Rising Inequality?" *The Journal of Economic Perspectives* 27.3, pp. 103–123.

Book of the States. Council of State Governments, Various Years.

Brambor, Thomas, William Roberts Clark, and Matt Golder (2006). "Understanding interaction models: Improving empirical analyses". *Political Analysis* 14.1, pp. 63–82.

Consolidated Federal Funds Report. U.S. Census Bureau, various years.

Crain, W Mark and Robert Tollison (1977). "The influence of representation on public policy". *J. Legal Stud.* 6, p. 355.

Galiani, Sebastian, Ivan Torre, and Gustavo Torrens (2016). "Fiscal Federalism and Legislative Malapportionment: Causal Evidence from Independent but Related Natural Experiments". *Economics & Politics* 28.1, pp. 133–159.

Hetherington, Marc J (2001). "Resurgent mass partisanship: The role of elite polarization". *American Political Science Association* 95.03, pp. 619–631.

Hoover, Gary A and Paul Pecorino (2005). "The political determinants of federal expenditure at the state level". *Public Choice* 123.1-2, pp. 95–113.

Jacobson, Gary C (2015). "It's nothing personal: The decline of the incumbency advantage in US House elections". *The Journal of Politics* 77.3, pp. 861–873.

Judson, Ruth A and Ann L Owen (1999). "Estimating dynamic panel data models: a guide for macroeconomists". *Economics Letters* 65.1, pp. 9–15.

Kawaura, Akihiko (2003). "Public resource allocation and electoral systems in the US and Japan". *Public Choice* 115.1-2, pp. 63–81.

Kimball, David C. (2003). “A Decline in Ticket Splitting and the Increased Salience of Party Labels”. In: *Models of Voting in Presidential Elections: The 2000 U.S. Election*. Ed. by Herbert F. Weisberg. Ed. by Clyde Wilcox. Stanford Law and Politics.

Krasa, Stefan and Mattias K Polborn (2015). “Political competition in legislative elections”. Mimeo, University of Illinois.

Larcinese, Valentino, Leonzio Rizzo, and Cecilia Testa (2006). “Allocating the US federal budget to the states: The impact of the president”. *Journal of Politics* 68.2, pp. 447–456.

Larcinese, Valentino, Leonzio Rizzo, and Cecilia Testa (2013). “Why do small states receive more federal money? US Senate representation and the allocation of federal budget”. *Economics & Politics*.

Levitt, Steven D and James M Poterba (1999). “Congressional distributive politics and state economic performance”. *Public Choice* 99.1-2, pp. 185–216.

Levitt, Steven D and James M Snyder (1995). “Political parties and the distribution of federal outlays”. *American Journal of Political Science* 39, pp. 958–980.

Mathews, Michelle B., Taylor P. Stevenson, and William F. Shughart (2011). “Political arithmetic: new evidence on the “small-state bias” in federal spending”.

McCarty, Nolan M, Keith T Poole, and Howard Rosenthal (1997). *Income Redistribution and the Realignment of American Politics*. AEI Press publisher for the American Enterprise Institute.

McCarty, Nolan M, Keith T Poole, and Howard Rosenthal (2006). *Polarized America: The Dance of Ideology and Unequal Riches*. MIT Press Cambridge.

McGillivray, A.V., R.M. Scammon, and R. Cook (2001). *America at the Polls, 1960-2000 John F. Kennedy to George W. Bush: A Handbook of American Presidential Election Statistics*. CQ Press.

McGillivray, A.V., R.M. Scammon, and R. Cook, eds. (2001–2012). *America Votes*. 24–29 vols. CQ Press.

McKibben, Carol, Inter University Consortium for Political, and Social Research (1997). *Roster of United States Congressional Officeholders and Biographical Characteristics of Members of the United States Congress, 1789-1996*.

Nickell, Stephen (1981). “Biases in dynamic models with fixed effects”. *Econometrica: Journal of the Econometric Society* 49, pp. 1417–1426.

Polborn, Mattias K and James M Snyder (2017). “Party Polarization in Legislatures with Office-Motivated Candidates”. *Quarterly Journal of Economics* 132.3, pp. 1509–1550.

Poole, Keith T (2005). *Spatial Models of Parliamentary Voting*. Cambridge University Press.

Poole, Keith T and Howard Rosenthal (2000). *Congress: A Political-Economic History of Roll Call Voting*. Oxford University Press.

Porto, Alberto and Pablo Sanguinetti (2001). “Political determinants of intergovernmental grants: Evidence from Argentina”. *Economics & Politics* 13.3, pp. 237–256.

Rich, Michael J (1989). “Distributive Politics and the Allocation of Federal Grants.” *American Political Science Review* 83.01, pp. 193–213.

Riker, William H (1962). *The Theory of Political Coalitions*. Vol. 578. Yale University Press New Haven.

Rosenthal, Howard and Keith Poole (1995). *Vote View*. URL: `http://www.voteview.com/` (visited on 05/01/2016).

Shepsle, Kenneth A and Barry R Weingast (1981). “Political preferences for the pork barrel: A generalization”. *American Journal of Political Science* 25, pp. 96–111.

The Biographical Directory of the United States Congress (1983–2010). URL: `http://bioguide.congress.gov/biosearch/biosearch.asp` (visited on 05/01/2016).

Weingast, Barry R (1979). “A rational choice perspective on congressional norms”. *American Journal of Political Science* 23, pp. 245–262.

Wright, Gavin. “The political economy of New Deal spending: An econometric analysis”. *The Review of Economics and Statistics* 56, pp. 30–38.

Young, Andrew T. and Russell S. Sobel (2013). “Recovery and Reinvestment Act spending at the state level: Keynesian stimulus or distributive politics?” *Public Choice* 155.3-4, pp. 449–468.

Table 1: Data Sources

Variable	Source
Dependent Variables	
GRANTS	U.S. Census Consolidated Federal Funds Report
TOTAL	U.S. Census Consolidated Federal Funds Report
RETIRE	U.S. Census Consolidated Federal Funds Report
WAGES	U.S. Census Consolidated Federal Funds Report
OTHER	U.S. Census Consolidated Federal Funds Report
Political Variables	
HMAJOR	Biographical Directory of the United States Congress
SMAJOR	Biographical Directory of the United States Congress
HOUSEP	Biographical Directory of the United States Congress
SENATEP	Biographical Directory of the United States Congress
HPOLAR	www.voteview.com
SPOLAR	www.voteview.com
ALIGNC	U.S. Senate website and U.S. House of Representatives website
ALIGNP	U.S. Senate website and U.S. House of Representatives website
Control Variables	
HTENURE	McKubbins (1997) and Biographical Directory of the United States Congress
STENURE	McKubbins (1997) and Biographical Directory of the United States Congress
GOVP	Book of the States
MARGIN	McGillivray, Scammon, and Cook (2001) and McGillivray, Scammon, and Cook (2001–2012)
VOTE	McGillivray, Scammon, and Cook (2001) and McGillivray, Scammon, and Cook (2001–2012)
INCOME	Bureau of Economic Analysis
POPULATION	U.S. Census Bureau, Statistical Abstract of the United States
ELDERLY	U.S. Census Bureau, Statistical Abstract of the United States
UNEMPLOY	Bureau of Labor Statistics
LANDAREA	U.S. Census Bureau

Table 2: Summary Statistics: 1983 – 2010

Variable	Mean	SD	Min	Max
Expenditures				
GRANTS	1512.76	698.19	536.50	5969.25
TOTAL	7716.40	2008.68	4631.43	17704.95
RETIRE	2495.23	415.09	1040.45	4198.86
WAGES	987.62	637.02	349.18	5792.75
OTHER	1548.65	657.49	326.53	6620.56
PROCURE	1192.46	911.87	206.98	7270.43
Normalized Expenditures				
NGRANTS	1.09	0.366	0.588	3.47
NTOTAL	1.04	0.206	0.706	2.06
NOTHER	1.00	0.314	0.391	3.39
NRETIRE	1.02	0.131	0.486	1.49
NWAGES	1.16	0.729	0.393	5.65
NPROCURE	0.996	0.722	0.156	4.94
Economic and Demographic Control Variables				
INCOME	33719.71	6398.26	18762.83	59395.80
POPULATION (in millions)	5.40	5.92	0.45	37.34
LANDAREA	70747.54	85153.20	1044.90	571951.31
ELDERLY	12.49	2.02	1.60	18.60
UNEMPLOY	5.79	2.04	2.20	18.00
Political Variables				
HOUSEP	0.48	0.29	0	1
SENATEP	0.50	0.40	0	1
SMAJOR	0.54	0.39	0	1
HMAJOR	0.56	0.29	0	1
ALIGNC	0.75	0.43	0	1
ALIGNP	0.25	0.43	0	1
HPOLAR	0.801	0.1394224	0.589	1
SPOLAR	0.698	0.0733942	0.569	0.812
GOVP	0.44	0.50	0	1
MARGIN	0.14	0.10	0	0.52
VOTE	0.71	0.45	0	1
HTENURE	1	0.49	0	3.61
STENURE	1	0.59	0	3.51

Expenditure variables and *INCOME* expressed as per capita figures in 2010 dollars. All political variables are lagged by one year with the exception of *MARGIN* and *VOTE*, which are defined as the absolute value of the margin of victory in the most recent presidential election and whether or not the state voted for the sitting president in the most recent presidential election, respectively.

Table 3: Baseline Regression Results

	(1) NGRANTS	(2) NGRANTS
$NGRANTS_{t-1}$		0.485^{***}
		(0.0665)
HMAJOR	0.0269	0.0247
	(0.0351)	(0.0213)
SMAJOR	0.0324^{**}	0.0207^{**}
	(0.0131)	(0.00926)
HOUSEP	0.0650^{***}	0.0351^{***}
	(0.0239)	(0.0125)
SENATEP	0.0361^{***}	0.0162^{**}
	(0.0129)	(0.00791)
GOVP	-0.00739	-0.00623
	(0.0101)	(0.00544)
MARGIN	0.124	0.110
	(0.120)	(0.0936)
VOTE	0.00550	0.00196
	(0.0146)	(0.0110)
MARGINVOTE	0.00876	-0.0250
	(0.0945)	(0.0992)
HTENURE	-0.00511	-0.00122
	(0.0197)	(0.0126)
STENURE	-0.00508	-0.00184
	(0.0172)	(0.00988)
$\Delta NINCOME$	0.855^{**}	0.720^{*}
	(0.386)	(0.369)
$\Delta NELDERLY$	0.0589	0.0551
	(0.0901)	(0.0861)
NUNEMPLOY	-0.00268	0.00205
	(0.00743)	(0.00371)
NLANDAREA	0.0656	0.0355
	(0.0444)	(0.0299)
NPOPULATION	0.0520	0.0326
	(0.0813)	(0.0464)
CONSTANT	0.721^{***}	0.350^{**}
	(0.220)	(0.171)
Observations	1350	1350
Adjusted R^2	0.875	0.904

Note: Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. The variables *NGRANTS*, *NINCOME*, *NELDERLY*, and *NLANDAREA*, are normalized according to equation 1. The variable *NUNEMPLOY* is the difference between state and national unemployment rate. The variables *NINCOME* and *NELDERLY* are first-differenced to account for non-stationarity.

Table 4: Partial Regression Results for *NGRANTS*

	(1) *NGRANTS*	(2) *NGRANTS*	(3) *NGRANTS*	(4) *NGRANTS*	(5) *NGRANTS*	(6) *NGRANTS*
$NGRANTS_{t-1}$		0.478***		0.483***		0.484***
		(0.0659)		(0.0661)		(0.0661)
HMAJOR	0.0256	0.0208	0.0458	0.0404	-0.00789	0.00169
	(0.0338)	(0.0201)	(0.0459)	(0.0276)	(0.0477)	(0.0279)
SMAJOR	0.0332**	0.0205**	0.0548**	0.0338**	0.0303	0.0107
	(0.0125)	(0.00894)	(0.0209)	(0.0129)	(0.0280)	(0.0176)
$SMAJOR \times SPOLAR_{dev}$	-0.216	-0.119				
	(0.160)	(0.101)				
$HMAJOR \times HPOLAR_{dev}$	0.0665	0.118				
	(0.149)	(0.0979)				
$HPOLAR_{dev}$	0.513*	0.281*				
	(0.262)	(0.148)				
$SPOLAR_{dev}$	-0.799	-0.526*				
	(0.480)	(0.282)				
$HMAJOR \times ALIGNC$					0.0458	0.0272
					(0.0420)	(0.0258)
$SMAJOR \times ALIGNC$					-0.00243	0.0105
					(0.0391)	(0.0238)
ALIGNC					-0.0256	-0.0217
					(0.0281)	(0.0185)
HOUSEP	0.0573**	0.0271**	0.0766***	0.0468***	0.0659***	0.0353***
	(0.0221)	(0.0111)	(0.0273)	(0.0161)	(0.0241)	(0.0125)
SENATEP	0.0357***	0.0164**	0.0593**	0.0295**	0.0358**	0.0169**
	(0.0128)	(0.00785)	(0.0235)	(0.0127)	(0.0134)	(0.00825)
$HOUSEP \times ALIGNP$			-0.0362	-0.0339		
			(0.0554)	(0.0328)		
$SENATEP \times ALIGNP$			-0.0638	-0.0357		
			(0.0591)	(0.0343)		
ALIGNP			0.0606**	0.0406**		
			(0.0272)	(0.0192)		
MARGIN	0.0517	0.0774	0.107	0.101	0.118	0.113
	(0.125)	(0.0980)	(0.117)	(0.0912)	(0.124)	(0.0991)
VOTE	0.00888	0.00473	0.00695	0.00266	0.00691	0.00261
	(0.0148)	(0.0111)	(0.0143)	(0.0108)	(0.0143)	(0.0107)
MARGINVOTE	0.0660	-0.00385	0.0238	-0.0165	0.00653	-0.0314
	(0.0964)	(0.0999)	(0.0899)	(0.0971)	(0.1000)	(0.104)
HTENURE	-0.00356	0.000229	-0.00482	-0.00104	-0.00549	-0.00129
	(0.0186)	(0.0123)	(0.0196)	(0.0125)	(0.0198)	(0.0126)
STENURE	-0.00530	-0.00222	-0.00557	-0.00216	-0.00491	-0.00149
	(0.0166)	(0.00960)	(0.0168)	(0.00975)	(0.0173)	(0.0101)
GOVP	-0.00807	-0.00640	-0.00945	-0.00742	-0.00679	-0.00586
	(0.00985)	(0.00534)	(0.0103)	(0.00570)	(0.00992)	(0.00534)
CONSTANT	0.742***	0.372**	0.680***	0.323*	0.745***	0.369**
	(0.209)	(0.163)	(0.223)	(0.175)	(0.213)	(0.167)
Observations	1350	1350	1350	1350	1350	1350
Adjusted R^2	0.877	0.905	0.875	0.904	0.875	0.904

Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. The variable *NGRANTS* is normalized according to equation 1. $HPOLAR_{dev}$ and $SPOLAR_{dev}$ express the mean-centered values of *HPOLAR* and *SPOLAR*, respectively. Full regression results available from the authors upon request.

Table 5: Short and Long-Run Marginal Effects of *HOUSEP*, *SENATEP*, *HMAJOR*, and *SMAJOR*

Dependent Variable		Political Variable	*ALIGNP*=0	*ALIGNP*=1		Political Variable	*ALIGNC*=0	*ALIGNC*=1
NGRANTS	Short-run	*HOUSEP*	0.0468***	0.0129	Short-run	*HMAJOR*	0.0017	0.0289
			(0.0161)	(0.0246)			(0.0279)	(0.0201)
	Long-run		0.0905***	0.0249	Long-run		0.0033	0.0560
			(0.0326)	(0.0486)			(0.0542)	(0.0437)
	Short-run	*SENATEP*	0.0295**	-0.0063	Short-run	*SMAJOR*	0.0107	0.0212*
			(0.0127)	(0.0251)			(0.0176)	(0.0125)
	Long-run		0.0570**	-0.0121	Long-run		0.0207	0.0410*
			(0.0253)	(0.0494)			(0.0337)	(0.0218)

* $p < .10$, ** $p < .05$, *** $p < .01$. Standard errors in parentheses are clustered at the state level. Standard errors for long run estimates computed using the delta method. Short- and long-run marginal effects for *HOUSEP* and *SENATEP* are computed from estimates shown in column 4 of Table 4. Short- and long-run marginal effects for *HMAJOR* and *SMAJOR* are computed from estimates shown in column 6 of Table 4. Marginal effects from all regressions are available upon request.

Table 6: Baseline Fixed-Effects Regression Results Procurement Category

	(1) *NPROCURE*	(2) *NPROCURE*
$NPROCURE_{t-1}$		0.488***
		(0.0429)
HMAJOR	0.0492	0.0271
	(0.0526)	(0.0285)
SMAJOR	0.00124	0.00234
	(0.0259)	(0.0152)
HOUSEP	-0.00524	-0.00202
	(0.0336)	(0.0208)
SENATEP	0.0271	0.0127
	(0.0301)	(0.0174)
GOVP	0.0546**	0.0261**
	(0.0229)	(0.0116)
MARGIN	-0.365	-0.124
	(0.467)	(0.255)
VOTE	-0.0725*	-0.0395*
	(0.0400)	(0.0226)
MARGINVOTE	0.399	0.187
	(0.354)	(0.198)
HTENURE	0.0639	0.0336
	(0.0549)	(0.0278)
STENURE	0.0228	0.00783
	(0.0393)	(0.0215)
$\Delta NINCOME$	0.997	0.638
	(0.854)	(0.736)
$\Delta NELDERLY$	0.0670	0.119
	(0.0804)	(0.0906)
NUNEMPLOY	-0.0127	-0.00400
	(0.0148)	(0.00859)
NLANDAREA	0.140**	0.0716*
	(0.0670)	(0.0359)
NPOPULATION	-0.0512	-0.0315
	(0.241)	(0.120)
CONSTANT	0.476	0.248
	(0.362)	(0.184)
Observations	1350	1350
Adjusted R^2	0.809	0.855

Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. *NPROCURE*, as well as the variables, *NINCOME*, *NELDERLY*, *NUNEMPLOY*, *NLANDAREA*, and *NPOPULATION* are normalized according to equation 1 from the main text. Δ represents the first difference of a variable.

Table 7: Partial Regression Results Procurement Spending Category

	(1) *NPROCURE*	(2) *NPROCURE*	(3) *NPROCURE*	(4) *NPROCURE*	(5) *NPROCURE*	(6) *NPROCURE*
$NPROCURE_{t-1}$		0.482***		0.486***		0.485***
		(0.0444)		(0.0440)		(0.0428)
$HMAJOR$	0.0556	0.0278	0.0702	0.0228	0.0579	0.00248
	(0.0602)	(0.0331)	(0.0644)	(0.0388)	(0.0901)	(0.0505)
$SMAJOR$	0.00314	0.00239	-0.0364	-0.0189	-0.0974	-0.0585
	(0.0262)	(0.0152)	(0.0681)	(0.0370)	(0.105)	(0.0522)
$HMAJOR \times HPOLAR_{dev}$	-0.518	-0.235				
	(0.484)	(0.278)				
$SMAJOR \times SPOLAR_{dev}$	0.209	0.235				
	(0.437)	(0.283)				
$HPOLAR_{dev}$	0.549	0.283				
	(0.611)	(0.294)				
$SPOLAR_{dev}$	-0.130	-0.205				
	(0.881)	(0.469)				
$HMAJOR \times ALIGNC$					-0.0448	0.0125
					(0.0840)	(0.0458)
$SMAJOR \times ALIGNC$					0.138	0.0806
					(0.134)	(0.0684)
$ALIGNC$					-0.0165	-0.0343
					(0.0699)	(0.0355)
$HOUSEP$	-0.00262	-0.000821	0.0141	-0.00636	-0.0117	-0.00504
	(0.0327)	(0.0191)	(0.0426)	(0.0245)	(0.0323)	(0.0205)
$SENATEP$	0.0203	0.00989	-0.0181	-0.0114	0.0368	0.0184
	(0.0305)	(0.0178)	(0.0784)	(0.0449)	(0.0298)	(0.0172)
$HOUSEP \times ALIGNP$			-0.106	-0.0125		
			(0.102)	(0.0569)		
$SENATEP \times ALIGNP$			0.118	0.0619		
			(0.178)	(0.0996)		
$ALIGNP$			0.0383	-0.00546		
			(0.0813)	(0.0495)		
$MARGIN$	-0.574	-0.212	-0.378	-0.129	-0.267	-0.0740
	(0.491)	(0.281)	(0.451)	(0.250)	(0.440)	(0.240)
$VOTE$	-0.0686*	-0.0377	-0.0730*	-0.0398*	-0.0768*	-0.0410*
	(0.0409)	(0.0234)	(0.0397)	(0.0230)	(0.0403)	(0.0234)
$MARGINVOTE$	0.635*	0.284	0.441	0.205	0.367	0.165
	(0.347)	(0.212)	(0.349)	(0.199)	(0.352)	(0.196)
$HTENURE$	0.0616	0.0326	0.0650	0.0342	0.0667	0.0351
	(0.0500)	(0.0263)	(0.0541)	(0.0279)	(0.0544)	(0.0282)
$STENURE$	0.0224	0.00760	0.0230	0.00812	0.0250	0.00939
	(0.0370)	(0.0211)	(0.0390)	(0.0216)	(0.0405)	(0.0223)
$GOVP$	0.0477**	0.0237**	0.0486**	0.0239*	0.0527**	0.0257**
	(0.0222)	(0.0115)	(0.0240)	(0.0121)	(0.0222)	(0.0115)
$CONSTANT$	0.471	0.250	0.487	0.271	0.475	0.272
	(0.381)	(0.197)	(0.353)	(0.180)	(0.355)	(0.186)
Observations	1350	1350	1350	1350	1350	1350
Adjusted R^2	0.811	0.855	0.810	0.855	0.810	0.855

Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. The variable $NPROCURE$ is normalized according to equation 1 from the main text. $HPOLAR_{dev}$ and $SPOLAR_{dev}$ express the mean-centered values of $HPOLAR$ and $SPOLAR$, respectively. Full regression results available from the authors upon request.

Table 8: Baseline Fixed-Effects Regression Results
Other Category

	(1) *NOTHER*	(2) *NOTHER*
$NOTHER_{t-1}$		0.614***
		(0.0562)
HMAJOR	0.00268	-0.000416
	(0.0314)	(0.0148)
SMAJOR	0.00539	0.00561
	(0.0123)	(0.0110)
HOUSEP	-0.0288	-0.0234
	(0.0389)	(0.0201)
SENATEP	-0.00249	0.00499
	(0.0217)	(0.0119)
GOVP	0.00888	0.00105
	(0.0125)	(0.00743)
MARGIN	-0.0142	-0.0871
	(0.168)	(0.0747)
VOTE	-0.00113	-0.0185
	(0.0213)	(0.0116)
MARGINVOTE	0.244	0.218*
	(0.221)	(0.115)
HTENURE	-0.0124	-0.00581
	(0.0242)	(0.0115)
STENURE	0.00508	-0.00225
	(0.0277)	(0.0127)
$\Delta NINCOME$	-0.519	-0.580
	(0.408)	(0.348)
$\Delta NELDERLY$	-0.0395	-0.0631
	(0.0897)	(0.0661)
NUNEMPLOY	0.0162*	0.00895**
	(0.00950)	(0.00399)
NLANDAREA	-0.0477	-0.0313
	(0.0470)	(0.0229)
NPOPULATION	-0.123	-0.0740
	(0.125)	(0.0592)
CONSTANT	1.286***	0.587***
	(0.226)	(0.143)
Observations	1350	1350
Adjusted R^2	0.717	0.819

Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. *NOTHER*, as well as the variables, *NINCOME*, *NELDERLY*, *NUNEMPLOY*, *NLANDAREA*, and *NPOPULATION* are normalized according to equation 1 from the main text. Δ represents the first difference of a variable.

Table 9: Partial Regression Results Other Spending Category

	(1) *NOTHER*	(2) *NOTHER*	(3) *NOTHER*	(4) *NOTHER*	(5) *NOTHER*	(6) *NOTHER*
$NOTHER_{t-1}$		0.612***		0.614***		0.614***
		(0.0566)		(0.0563)		(0.0568)
$HMAJOR$	-0.0126	-0.00778	0.00549	-0.00128	-0.00593	0.0107
	(0.0405)	(0.0171)	(0.0364)	(0.0261)	(0.0857)	(0.0680)
$SMAJOR$	0.00144	0.00390	0.0150	0.0189	0.0257	0.0243
	(0.0124)	(0.0101)	(0.0312)	(0.0208)	(0.0542)	(0.0324)
$HMAJOR \times HPOLAR_{dev}$	0.369	0.198				
	(0.342)	(0.177)				
$SMAJOR \times \text{SPOLAR}_{dev}$	0.0732	0.000195				
	(0.221)	(0.147)				
$HPOLAR_{dev}$	0.0347	0.0852				
	(0.317)	(0.189)				
$SPOLAR_{dev}$	-0.504	-0.384				
	(0.367)	(0.263)				
$HMAJOR \times ALIGNC$					0.0181	-0.00872
					(0.0761)	(0.0763)
$SMAJOR \times ALIGNC$					-0.0293	-0.0239
					(0.0682)	(0.0371)
$ALIGNC$					-0.00544	0.00917
					(0.0643)	(0.0535)
$HOUSEP$	-0.0474	-0.0326*	-0.0251	-0.0253	-0.0271	-0.0224
	(0.0310)	(0.0187)	(0.0405)	(0.0239)	(0.0383)	(0.0202)
$SENATEP$	-0.00139	0.00582	0.00856	0.0202	-0.00444	0.00347
	(0.0208)	(0.0117)	(0.0471)	(0.0270)	(0.0188)	(0.0103)
$HOUSEP \times ALIGNP$			0.00475	0.0168		
			(0.0628)	(0.0460)		
$SENATEP \times ALIGNP$			-0.0273	-0.0402		
			(0.0834)	(0.0480)		
$ALIGNP$			-0.00131	0.00320		
			(0.0612)	(0.0415)		
$MARGIN$	0.0219	-0.0695	-0.00977	-0.0872	-0.0382	-0.104
	(0.159)	(0.0824)	(0.166)	(0.0753)	(0.166)	(0.0773)
$VOTE$	0.00314	-0.0162	-0.00133	-0.0181	0.0000909	-0.0182
	(0.0212)	(0.0118)	(0.0216)	(0.0117)	(0.0207)	(0.0122)
$MARGINVOTE$	0.189	0.188	0.232	0.211*	0.247	0.223*
	(0.203)	(0.120)	(0.216)	(0.115)	(0.216)	(0.118)
$HTENURE$	-0.00966	-0.00434	-0.0126	-0.00600	-0.0131	-0.00622
	(0.0251)	(0.0120)	(0.0243)	(0.0115)	(0.0249)	(0.0119)
$STENURE$	0.00396	-0.00273	0.00501	-0.00238	0.00474	-0.00263
	(0.0278)	(0.0125)	(0.0276)	(0.0124)	(0.0276)	(0.0127)
$GOVP$	0.0100	0.00196	0.0105	0.00205	0.00957	0.00131
	(0.0121)	(0.00676)	(0.0121)	(0.00709)	(0.0121)	(0.00725)
$CONSTANT$	1.314***	0.605***	1.276***	0.576***	1.294***	0.581***
	(0.238)	(0.149)	(0.232)	(0.138)	(0.230)	(0.141)
Observations	1350	1350	1350	1350	1350	1350
Adjusted R^2	0.718	0.819	0.717	0.819	0.717	0.819

Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. The variable *NOTHER* is normalized according to equation 1 from the main text. $HPOLAR_{dev}$ and $SPOLAR_{dev}$ express the mean-centered values of *HPOLAR* and *SPOLAR*, respectively. Full regression results available from the authors upon request.

Table 10: Baseline Fixed-Effects Regression Results Retire Category

	(1) *NRETIRE*	(2) *NRETIRE*
$NRETIRE_{t-1}$		0.968^{***}
		(0.0128)
HMAJOR	0.00940	-0.000535
	(0.0116)	(0.00183)
SMAJOR	0.00188	0.000479
	(0.00276)	(0.000948)
HOUSEP	0.0126	0.00141
	(0.00864)	(0.00172)
SENATEP	0.0122^{**}	0.000794
	(0.00513)	(0.000911)
GOVP	0.00450	-0.000137
	(0.00456)	(0.000726)
MARGIN	0.0491	-0.0115
	(0.0601)	(0.0111)
VOTE	-0.00543	-0.00187
	(0.00716)	(0.00116)
MARGINVOTE	-0.0756	0.00869
	(0.0534)	(0.00867)
HTENURE	0.0171	0.000617
	(0.0125)	(0.00119)
STENURE	-0.000645	0.000901
	(0.00800)	(0.000683)
$\Delta NINCOME$	0.309^{**}	0.0223
	(0.140)	(0.0213)
$\Delta NELDERLY$	0.0232	0.00939
	(0.0178)	(0.00609)
NUNEMPLOY	-0.00774^{***}	0.00216^{***}
	(0.00286)	(0.000454)
NLANDAREA	0.0294^{*}	0.00227
	(0.0160)	(0.00157)
NPOPULATION	-0.119^{**}	-0.00595
	(0.0555)	(0.00409)
CONSTANT	1.010^{***}	0.0335^{**}
	(0.0841)	(0.0153)
Observations	1350	1350
Adjusted R^2	0.917	0.994

Note: Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. *NRETIRE*, as well as the variables, *NINCOME*, *NELDERLY*, *NUNEMPLOY*, *NLANDAREA*, and *NPOPULATION* are normalized according to equation 1 from the main text. Δ represents the first difference of a variable. Full regression results available from the authors upon request.

Table 11: Partial Regression Results Retire Spending Category

	(1) *NRETIRE*	(2) *NRETIRE*	(3) *NRETIRE*	(4) *NRETIRE*	(5) *NRETIRE*	(6) *NRETIRE*
$NRETIRE_{t-1}$		0.959***		0.968***		0.969***
		(0.0120)		(0.0121)		(0.0118)
$HMAJOR$	0.00774	-0.000151	0.0150	0.00133	0.0158	0.00450
	(0.0115)	(0.00190)	(0.0118)	(0.00188)	(0.0200)	(0.00295)
$SMAJOR$	0.00160	0.000604	-0.00480	0.00120	-0.00786	0.00271
	(0.00270)	(0.000940)	(0.00841)	(0.00131)	(0.0120)	(0.00168)
$HMAJOR \times HPOLAR_{dev}$	-0.0385	-0.00572				
	(0.0859)	(0.0154)				
$SMAJOR \times SPOLAR_{dev}$	-0.0699	-0.0157				
	(0.0442)	(0.0108)				
$HPOLAR_{dev}$	0.121**	0.0114				
	(0.0597)	(0.0128)				
$SPOLAR_{dev}$	0.0722	0.00333				
	(0.0614)	(0.0203)				
$HMAJOR \times ALIGNC$					-0.0113	-0.00600*
					(0.0155)	(0.00317)
$SMAJOR \times ALIGNC$					0.0138	-0.00229
					(0.0159)	(0.00244)
$ALIGNC$					0.0125	0.00403
					(0.0111)	(0.00250)
$HOUSEP$	0.00306	0.00131	0.0164*	0.00321	0.0113	0.00139
	(0.00706)	(0.00155)	(0.00933)	(0.00256)	(0.00867)	(0.00170)
$SENATEP$	0.00939*	0.000769	0.00379	0.00147	0.0129**	0.000648
	(0.00489)	(0.000941)	(0.00985)	(0.00134)	(0.00535)	(0.000989)
$HOUSEP \times ALIGNP$			-0.0261**	-0.00447		
			(0.0118)	(0.00535)		
$SENATEP \times ALIGNP$			0.0209	-0.00158		
			(0.0224)	(0.00346)		
$ALIGNP$			0.0170	0.00277		
			(0.0116)	(0.00295)		
$MARGIN$	-0.0417	-0.0167	0.0424	-0.0117	0.0660	-0.0127
	(0.0545)	(0.0110)	(0.0588)	(0.0109)	(0.0638)	(0.0113)
$VOTE$	-0.00227	-0.00183	-0.00520	-0.00189	-0.00625	-0.00200*
	(0.00669)	(0.00114)	(0.00687)	(0.00119)	(0.00731)	(0.00118)
$MARGINVOTE$	0.0238	0.0140	-0.0610	0.00859	-0.0708	0.00963
	(0.0446)	(0.00855)	(0.0511)	(0.00859)	(0.0532)	(0.00896)
$HTENURE$	0.0182*	0.000805	0.0174	0.000613	0.0176	0.000603
	(0.00967)	(0.00116)	(0.0121)	(0.00118)	(0.0120)	(0.00118)
$STENURE$	-0.00115	0.000897	-0.000672	0.000885	-0.000656	0.000839
	(0.00725)	(0.000672)	(0.00780)	(0.000688)	(0.00788)	(0.000683)
$GOVP$	0.00116	-0.000258	0.00250	-0.000133	0.00378	-0.000189
	(0.00409)	(0.000748)	(0.00446)	(0.000743)	(0.00439)	(0.000737)
$CONSTANT$	1.020***	0.0423**	1.009***	0.0306**	0.997***	0.0291*
	(0.0908)	(0.0159)	(0.0831)	(0.0140)	(0.0827)	(0.0156)
Observations	1350	1350	1350	1350	1350	1350
Adjusted R^2	0.931	0.994	0.920	0.994	0.919	0.994

Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. The variable $NRETIRE$ is normalized according to equation 1 from the main text. $HPOLAR_{dev}$ and $SPOLAR_{dev}$ express the mean-centered values of $HPOLAR$ and $SPOLAR$, respectively. Full regression results available from the authors upon request.

Table 12: Baseline Fixed-Effects Regression Results Wages Category

	(1) *NWAGES*	(2) *NWAGES*
$NWAGES_{t-1}$		0.999***
		(0.0331)
HMAJOR	-0.0491	0.00137
	(0.0432)	(0.00889)
SMAJOR	-0.0158	-0.00521
	(0.0106)	(0.00387)
HOUSEP	-0.0333	-0.000635
	(0.0237)	(0.00933)
SENATEP	-0.000438	0.00459
	(0.0124)	(0.00515)
GOVP	0.00777	0.00260
	(0.00963)	(0.00433)
MARGIN	0.337*	0.0734
	(0.197)	(0.0986)
VOTE	-0.0319	-0.00566
	(0.0292)	(0.0112)
MARGINVOTE	0.0445	-0.00736
	(0.250)	(0.0929)
HTENURE	0.00359	-0.00270
	(0.0235)	(0.00579)
STENURE	0.00304	0.000295
	(0.0175)	(0.00642)
$\Delta NINCOME$	0.530	0.236**
	(0.585)	(0.110)
$\Delta NELDERLY$	-0.0227	-0.00549
	(0.0651)	(0.0367)
NUNEMPLOY	-0.0279**	-0.000807
	(0.0136)	(0.00342)
NLANDAREA	0.0116	-0.0142**
	(0.0706)	(0.00620)
NPOPULATION	-0.107	0.0444*
	(0.105)	(0.0262)
CONSTANT	1.231***	0.00357
	(0.308)	(0.0622)
Observations	1350	1350
Adjusted R^2	0.963	0.989

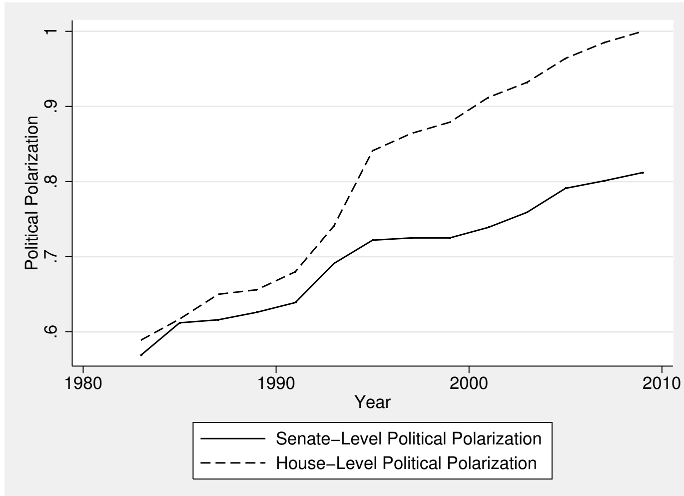
Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. *NWAGES*, as well as the variables, *NINCOME*, *NELDERLY*, *NUNEMPLOY*, *NLANDAREA*, and *NPOPULATION* and are normalized according to equation 1 from the main text. Δ represents the first difference of a variable. Full regression results available from the authors upon request.

Table 13: Partial Regression Results Wages Spending Category

	(1) *NWAGES*	(2) *NWAGES*	(3) *NWAGES*	(4) *NWAGES*	(5) *NWAGES*	(6) *NWAGES*
$NWAGES_{t-1}$		0.998***		1.002***		0.999***
		(0.0295)		(0.0332)		(0.0340)
$HMAJOR$	-0.0582	0.00279	-0.0297	0.00516	0.00714	-0.00209
	(0.0384)	(0.00526)	(0.0519)	(0.0155)	(0.0654)	(0.00580)
$SMAJOR$	-0.0188	-0.00465	-0.0231	0.000254	-0.000997	0.00526
	(0.0113)	(0.00330)	(0.0297)	(0.00754)	(0.0317)	(0.00529)
$HMAJOR \times HPOLAR_{dev}$	0.0453	0.0134				
	(0.351)	(0.238)				
$SMAJOR \times SPOLAR_{dev}$	0.115	-0.156*				
	(0.292)	(0.0875)				
$HPOLAR_{dev}$	-0.132	-0.00707				
	(0.247)	(0.185)				
$SPOLAR_{dev}$	0.414	0.129				
	(0.397)	(0.150)				
$HMAJOR \times ALIGNC$					-0.0688	0.00856
					(0.0678)	(0.0131)
$SMAJOR \times ALIGNC$					-0.0138	-0.0157*
					(0.0431)	(0.00887)
$ALIGNC$					0.0736*	0.00978
					(0.0416)	(0.00673)
$HOUSEP$	-0.0515	-0.00354	-0.0181	0.00308	-0.0356	-0.000386
	(0.0338)	(0.0239)	(0.0161)	(0.00639)	(0.0253)	(0.00926)
$SENATEP$	-0.00432	0.00408	-0.0110	0.0106**	-0.00221	0.00312
	(0.0126)	(0.00503)	(0.0284)	(0.00513)	(0.0121)	(0.00531)
$HOUSEP \times ALIGNP$			-0.0685	-0.00389		
			(0.0526)	(0.0207)		
$SENATEP \times ALIGNP$			0.0260	-0.0150		
			(0.0750)	(0.0176)		
$ALIGNP$			0.0471	0.00477		
			(0.0286)	(0.0225)		
$MARGIN$	0.257	0.0473	0.323	0.0737	0.353*	0.0685
	(0.174)	(0.0822)	(0.195)	(0.102)	(0.201)	(0.101)
$VOTE$	-0.0271	-0.00538	-0.0315	-0.00563	-0.0343	-0.00528
	(0.0272)	(0.00885)	(0.0294)	(0.0109)	(0.0300)	(0.0109)
$MARGINVOTE$	0.141	0.0214	0.0716	-0.0117	0.0743	0.00342
	(0.220)	(0.0721)	(0.246)	(0.0977)	(0.238)	(0.0940)
$HTENURE$	0.00529	-0.00194	0.00424	-0.00279	0.00439	-0.00286
	(0.0212)	(0.00504)	(0.0230)	(0.00577)	(0.0227)	(0.00613)
$STENURE$	0.00182	0.000379	0.00288	0.000223	0.00193	-0.000117
	(0.0165)	(0.00581)	(0.0170)	(0.00628)	(0.0177)	(0.00634)
$GOVP$	0.00333	0.00173	0.00401	0.00313	0.00574	0.00244
	(0.0105)	(0.00369)	(0.0102)	(0.00453)	(0.0103)	(0.00418)
$CONSTANT$	1.245***	0.00771	1.217***	-0.00707	1.165***	-0.00256
	(0.289)	(0.0488)	(0.318)	(0.0705)	(0.280)	(0.0618)
Observations	1350	1350	1350	1350	1350	1350
Adjusted R^2	0.964	0.989	0.963	0.989	0.963	0.989

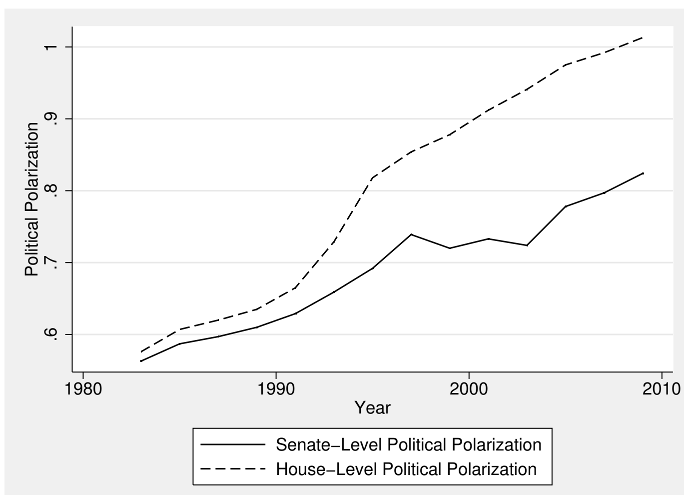
Standard errors in parentheses are clustered at the state level. * $p < .10$, ** $p < .05$, *** $p < .01$. All regressions include state fixed-effects. An F-test revealed year effects were jointly insignificant. The variable *NWAGES* is normalized according to equation 1 from the main text.. $HPOLAR_{dev}$ and $SPOLAR_{dev}$ express the mean-centered values of $HPOLAR$ and $SPOLAR$, respectively. Full regression results available from the authors upon request.

Figure 1: House and Senate Political Polarization: 1983 – 2010



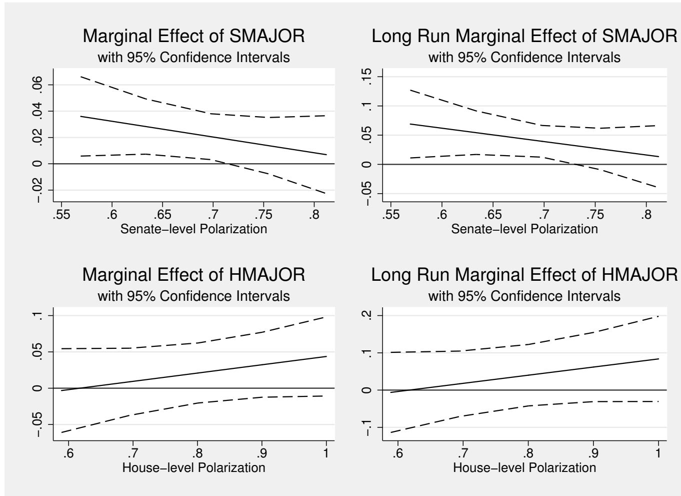
Polarization in each chamber is measured as the distance between the median first dimension DW-NOMINATE score for each party.

Figure 2: House and Senate Political Polarization: 1983 – 2010



Polarization in each chamber is measured as the distance between the average first dimension DW-NOMINATE score for each party.

Figure 3: Short and Long-Run Effects of *SMAJOR* and *HMAJOR*



Short- and long-run marginal effects calculated from estimates given in column 2 of Table 4.