

GUBERNATORIAL INFLUENCE ON WELFARE POLICY DECISION IN THE AMERICAN STATES

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I. Introduction

Welfare policy in itself has redistributive nature involving the high degree of conflict and disagreement over policy formulation and legislation (Ripley and Franklin 1986: 177f). Three major state policy institutions (the governor, state legislature, and state agency) participate in policy formulation with the different degrees of interests and the different weight of pressures from environments.

Although the governor is recognized as one of the most important actors in determining state policies (Weissert 1991), there has been relatively little research concerning governor's influence on state welfare policies and interactions among institutions. Some attention are given to the study of state legislative professionalism (Dawson and Robinson 1963; Ritt 1973; Karnig and Sigelman 1975; LeLoup 1978; Roeder 1979; Thompson 1986; Rosenthal 1993) and interparty competition (Ranney 1976; Barrilleaux 1986). Also, much of the literature has focused on the impact noninstitutional factors have on these decisions. For example, there has been a great deal of attention paid to the impact of political culture (Sharkansky 1968; Patterson 1971; Holbrook-Provow and Poe 1987) and socioeconomic and demographic conditions (Dawson and Robinson 1963; Barrilleaux 1986; Patterson and Caldeira 1987) on the outcome of state welfare policy decisions.

There is currently no consensus concerning the role socioeconomic and demographic conditions play in the determination of state welfare policies. Some have argued that socioeconomic and demographic conditions have a direct impact on state welfare policy

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outcomes(Dawson and Robinson 1963; Dye 1966; Wilenski 1975; Barrilleaux 1986; Hwang and Gray 1991). Others have argued that socioeconomic and demographic conditions have an indirect impact on state welfare policy outcomes by affecting state institutional characteristics such as interparty competition (Ranney 1976; Barrilleaux 1986; Patterson and Caldeira 1987; and King 1989), the incumbent governor's approval (Howell and Vanderleeuw 1990), and legislative reform (Roeder 1979). Still others have argued that welfare policies are determined by state political variables, not by state's socioeconomic and demographic conditions (Hopkins et al. 1976; Patterson and Caldeira 1987; Wright et al. 1987).

The governor has gradually gained gubernatorial power and early restrictions placed on them have been removed or greatly reduced (Beyle 1983: 181). The power of the governor comes from formal and informal sources. The studies of the influence of the governor have focused on the measurement of gubernatorial power (Schlesinger 1971; Beyle 1983; Dometrius 1979; Mueller 1985; Sigelman and Dometrius 1988; Cohen 1983) on the relationship between the governor and the state legislature or/and the bureaucracy (Wiggins 1980; Herzik 1981; Sigelman and Dometrius 1988; Beyle 1988). For this study, socioeconomic and demographic conditions are excluded because they have indirect impacts on welfare policy decisions via the mediation of political institutions.

Welfare policies are closely related to policy preferences for the allocation of expenditures. Ira Sharkansky's "Agency Requests, Gubernatorial Support and Budget Success in State Legislatures" (1968) has been a landmark of comparative information about state budgeting, analyzing relationships among policy institutions. He argued that state budgeting was primarily an incremental process and that the legislature generally followed the lead of the governor in budget matters. He also pointed out that administrative agencies and the governor played more consistent roles than the legislature and the governor's support appeared to be a critical ingredient in the success enjoyed by individual agencies (1968: 1224).

The relatively functional influences of the governor have been changed by the degree of the state governments' professionalization (Sabato 1983), by the degree of the merit system in agencies, and by the increase of the agencies' capacity resulted from the growth of the

intergovernmental interaction (Wright 1982: 301-27).

This study focuses on several selected institutional factors that seem to be related to gubernatorial influence on welfare policy decision. Welfare policies are determined by institutional interactions and institutional factors' influence on welfare policy decision is mediated by gubernatorial influence. Party affiliation of the governor do matter in determining welfare policy decisions.

The purposes of this study are 1) to examine how the independent factors (interparty competition, legislative professionalization, and bureaucratic professionalization) have effects on governors' welfare policy decisions, 2) to depict that the governor plays the key intervening role in determining the outcome of state welfare policy decisions, and 3) to examine if the governor's partisan affiliation has a significant impact on the outcome of state welfare policy decisions.

II. Model Specification and Hypotheses

I used the LISREL (Linear Structural Relationships) to examine the relationship among institutions on welfare policy decisions because the LISREL allows me to analyze gubernatorial influence on welfare policies in the whole institutional context. The structural equation model specifies the causal relationships among the latent variables and is used to describe the causal effects and the amount of unexplained variance (Sörbom & Jöreskog 1981: 181). The consistency of the model data is checked by comparing the magnitude, sign, and statistical significance of parameter estimates (Bollen 1989: 68). Data analyzed were taken from the *Statistical Abstract of the United States*, 1987-1990.

The theoretical matrix forms of the measurement model are

$$X = \Lambda_x \xi + \delta \text{ and}$$

$$Y = \Lambda_y \eta + \varepsilon.$$

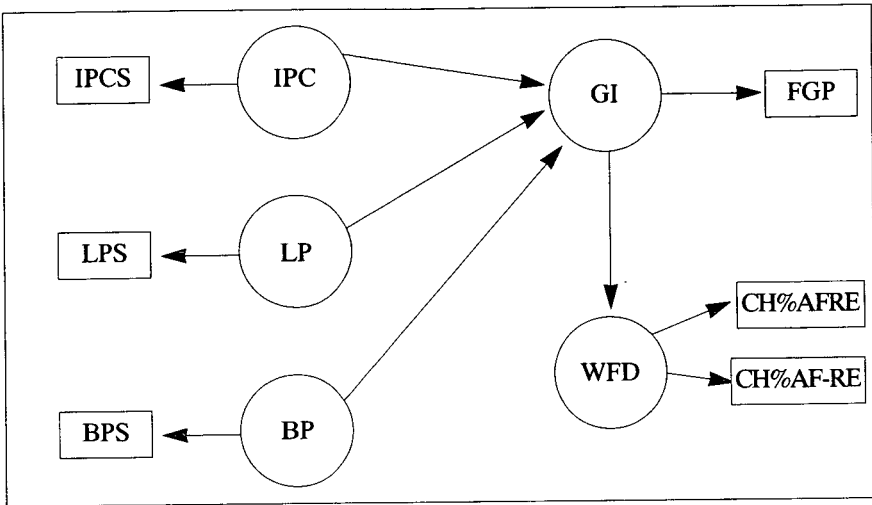
The theoretical matrix forms of structural equation model are

$$\eta_1 = \Gamma \xi + \zeta \text{ and}$$

$$\eta_2 = \beta \eta_1 + \zeta.$$

The model of state welfare policy decisions (see Figure 1) contains five latent concepts: interparty competition in the state legislature (here after IPC), state legislative professionalism (here after LP), state

FIGURE 1 Gubernatorial Influence Model



Labels:

IPCS: Interparty Competition Score

LPS: Legislative Professionalism Score

BPS: Bureaucratic Professionalism Score

FGP: Formal Governor's Power

CH%AFPRE: % Change in AGDC Expenditure Per Recipient

CH%AF-RE: % Change in AFDC Recipient

IPC: Interparty Competition

LP: Legislative Professionalism

BP: Bureaucratic Professionalism

GI: Gubernatorial Influence

bureaucratic professionalism (here after BP), governor's influence (here after GI), and state welfare fiscal decisions (here after WFD).

1. Selection and Operationalization of the Dependent Variable (WFD)

Among welfare policies, Aid to Families for Dependent Children

(here after AFDC) program is selected for welfare fiscal decisions to be tested. The model utilizes information from two observable variables to measure the state's fiscal commitment to its AFDC program: the percentage change in state AFDC expenditures, per recipient, from 1987-1990, using 1986 state AFDC expenditures, per recipient, as the base year; and the percentage change in the number of AFDC recipients, using the number of AFDC recipients in each state in 1986 as the base year.

The dependent variable captures information concerning the state's role in determining AFDC benefit levels and eligibility requirements. Using AFDC expenditures on a per recipient basis, as opposed to using total AFDC expenditures, controls for the impact the state's demographic and socioeconomic conditions have on the number of AFDC recipients and AFDC administrators, and, consequently, on expenses. Using annual percentage changes in these indicators, as opposed to using annual changes, controls for the impact the state's demographic and socioeconomic conditions have on the number of AFDC recipients.

2. Selection and Operationalization of the Intervening Variable (GI)

Gubernatorial power should be considered in terms of the reciprocal relationships with other institutions. The study of gubernatorial power began with Schlesinger's "A Combined Index of the Formal Power of the Governors" of the American states by combining rankings of tenure, appointment, budget, and veto power (1965).

Beyle (1983) measured gubernatorial powers, adding organizational power to the Schlesinger's indices. Gubernatorial tenure is a very important factor like seniority in the bureaucracy. Recently, state governments depend much on the federal funds. Longer tenure is crucial to the intergovernmental role as well as to the relationships with other institutions.

The appointive power of the governor is fundamental to the state bureaucracy. The governor can carry out his policy priorities through the bureaucracy. The higher appointive score can let the governor perform his/her job more easily.

The organizational power is the power to create and abolish

offices and to assign and reassign purposes, authorities, and duties to the bureaucracy. The greater the governor's organizational power, the better the governor will be able to manage the state bureaucracy effectively. The organizational power is only potential and may or may not be used by a governor (Beyle 1983: 199).

The governor's veto power is the most direct power of which the governor can wield vis-a-vis the legislature, even though, as Nice (1988) argued that item veto has no relationship with the level of expenditures, there will be differences between the governors.

The budget power is closely related to the level of welfare spending. Regarding the secondary position of the legislature due to the lack of information and that of staffs, the governor has a strong budgetary power. The governor as a chief legislator and chief executive has responsibility for preparing the budget, which is the policy tool for managing conflict and stress in the political process. A governor's budget recommendation is an important factor for the legislative action on budget (Roeder 1979: 56). The governor's recommendation is the most important determinant of agency's financial appropriations (Elling 1983: 272). Sharkansky pointed out that the most important determinant of budgetary outcomes is the governor's recommendation that indicates the "legislature's dependence on governor's budget cues" (1968: 231).

Like Niskanen's discretionary budget maximization theory, however, the budgetary power of the governor is reduced by the existence of entitlements and earmarked federal funds. Governors tend to be more influential in states where the governor had more formal powers and with staff agencies where they appointed agency heads (Weissert 1991: 21). Democratic governors who try to allocate resources on welfare policies than Republican Governors do, even if the governor commonly has a tendency to cut the budget requested from the bureaucracy. The stronger the governor's formal power, the more Democratic governors allocate resources on welfare policies and the less Republican governors do.

Previous research concerning the governor's influence on state policies has focused on the measurement of gubernatorial power (Schlesinger 1965, 1971; Dometrius 1979; Beyle 1983, 1990; Cohen 1983; Mueller 1985; and Sigelman and Dometrius 1988) and the relationship between the governor and the state legislature or the state

bureaucracy (Bernick 1979; Dometrius 1979; Herzik 1981; Wright 1982; Abney and Lauth 1983; Sabato 1983; Beyle 1988; and Sigelman and Dometrius 1988).

The literature suggests that there are three types of gubernatorial powers: institutional, enabling, and personal (Bowman and Kearney 1986). Institutional powers refer to the governor's authority to act, either from state statute or the state constitution. Enabling powers refer to the governor's ability to process information in a way that enables him or her to reach decisions independently from other organizations that compete for power, such as interest groups and the state legislature. Personal powers refer to the governor's intellectual, political, and verbal skills (Bowman and Kearney 1986).

Hypothesis 1: The governor plays the key intervening role in determining state welfare policy decision.

Hypothesis 2: State welfare policy decisions are affected by the governor and the governor's partisan affiliation.

The model utilizes information from Beyle's gubernatorial powers index (measuring gubernatorial tenure potential, appointment powers, budget-making powers, budget-altering powers, veto powers and the governor's partisan control over the state legislature) to measure the governor's power to influence the state's fiscal commitment to its AFDC program.

Although Beyle's index has been challenged on various grounds (Sigelman and Dometrius 1988), it remains the most comprehensive measure of gubernatorial powers available. Specifically, Beyle's index includes five variables that measure gubernatorial institutional powers (tenure potential, budget-making powers, budget-changing authority, veto powers, and partisan control over the legislature) and another that measures gubernatorial enabling resources (appointment powers). There are currently no indices available that measure gubernatorial personal powers.

3. Selection and Operationalization of Independent Variables (IPC, LP, BP)

A. Interparty Competition

Previous research has suggested that the nature of state party competition affects state policy decisions (Dye 1980; Garand 1985). Some have argued that states with competitive party systems are more responsive to the interests and desires of the "have nots" than those without competitive party systems (Dawson and Robinson 1963; Wright 1975; and Patterson and Caldeira 1984). Others have argued that states with noncompetitive party systems are more responsive to the interests and desires of the "have nots" than those with competitive party systems if the dominant party's political ideology is liberal and the less responsive is conservative (Garand and Hendrick 1991; Blais et al. 1993).

No direct study of the impact of IPC exists in the reciprocal relationship with the governor in deciding welfare spending policies (particularly, the budget allocation on welfare policies). A difference of gubernatorial influence on welfare policies seems to exist according to the pattern of IPC. However, it is unknown whether or not the pattern of IPC differs from the gubernatorial power and, if they differ, how and why they differ. According to previous studies, the lower IPC dominated by either Democratic party or Republican party should be the lower level of welfare policy. Garand (1985) found that shifts in party control resulted in the different patterns of state spending and that the different patterns of party control resulted in the different types of politics. On the other hand, Marquette and Hinckley (1981) concluded that party competition was not related with the level of expenditures and Dye (1980) argued that party control had a weak relationship with the changes in welfare spending.

In this sense, the impacts of IPC on welfare policies would be spurious. Welfare policies are determined by gubernatorial influence rather than IPC. However, gubernatorial influence, to some extent, are mediated by IPC. The Democratic governor wants to spend more on welfare policies than on the others while the Republican governor tries to cut down on welfare spending, even if governors have a common tendency to cut the budget. The level of welfare spending depends on characteristics of governors under the mediation of IPC. Democratic governors increase welfare spending regardless of IPC. But Republican governors are mediated by IPC. According to

arguments above mentioned, the following hypothesis is derived from the arguments above mentioned.

Hypothesis 3: Interparty competition in state legislature has not direct impacts on the outcome of state welfare policy decisions and is mediated by the governor and the governor's partisan affiliation.

The Ranney Index (the percentage of votes won by each party in gubernatorial elections and the percentage of seats won by each party in each house of the legislature; the length of time each party controlled the governorship and/or the legislature; and the proportion of the time in which control of the governorship and legislature has been divided between the parties) is accepted as the standard measure of interparty competition (IPC) (Ranney 1976; Tucker 1982; King 1989). The Ranney index scores range from 0 (total Republican party success) to 1 (total Democratic party success), with .5 representing a perfectly competitive two-party system (Bibby et al. 1990).

Several variations on Ranney's index have appeared in print (Dawson and Robinson 1963; Barrilleaux 1986; Patterson and Caldeira 1987; King 1989). For the purpose of this study, Ranney's index was modified to focus on the partisan control of the state legislature. In this way, the model can determine if state welfare decisions are influenced by the partisan affiliations of the state legislature and governor.

Specifically, I calculated the percentage of seats held by the Democratic party in each house of the legislature and used the average of the two scores to represent partisan control of the state legislature. I then converted those scores to measure the competitiveness of the parties in the state legislature utilizing the following formula: $1 - |\text{IPC score} - .5|$. The index scores range from .5 (a totally noncompetitive party system where one party controls all of the legislative seats) to 1 (a perfectly competitive two-party system in the state legislature where each party controls 50 percent of the legislative seats). I utilized the scores to measure the influence of partisan affiliation on the state's fiscal commitment to its AFDC program.

B. Legislative Professionalism

Previous research concerning the state legislature's influence on state policies has focused on the extent of the state legislature's professionalism (CCSL 1971; Grumm 1971; Roeder 1979; Rosenthal 1989; Squire 1992). The literature suggests that professional legislatures tend to be more innovative than nonprofessional legislatures, tend to be more generous in their AFDC and education spending than nonprofessional legislatures, and tend to be "interventionists" in the sense of having broader powers and responsibilities than nonprofessional legislatures (Grumm 1971; Karnig and Sigelman 1975; Roeder 1979).

Unlike the U.S. Congress, state legislatures are less professionalized. There are variations in the level of professionalization among the states. Although the governor still controls the agenda on priority measures in most places, in some states the legislatures are almost as likely to initiate major policy as are the governor (Rosenthal 1989: 96). The higher levels of legislative professionalization are not related to greater membership diversity (Squire 1992) and are connected with the capability of the legislature. According to CCSL, highly capable legislatures tend to be generally innovative in many different areas of public policies, generous in welfare and education spending and service, and 'interventionist' in the sense of having powers and responsibilities of broad scope (Karnig and Sigelman 1975). Some found that legislative reform has little or no independent impact on state policies (Karnig and Sigelman 1975; Ritt 1973). However, other studies indicated that legislative professionalism is an important determinant of welfare policies (Grumm 1971; Roeder 1979).

The governor is the most visible public official in the state and is viewed by most citizens as having the major responsibility for state program (Roeder 1979). Democratic members are more inclined to professionalization than Republicans, since they are more positively oriented toward the role of the government and more activist with respect to legislation (Rosenthal 1989). Increased legislative capability can become more responsive to public needs and can influence the governor.

Hypothesis 4: State legislative professionalism on the outcome of state welfare policy decisions is mediated by the governor and the governor's partisan affiliation.

The literature on state legislative professionalism indicates that the length of the state session, the financial support provided to the state legislature, legislative compensation, and legislative staff support are the key variables in determining the professionalism of a state legislature. Based on these findings, I developed an index of state legislative professionalism that included the length of the state legislative session, the financial support provided to the state legislature, on a per legislator basis, legislative compensation on an annual basis, and legislative staff support. The model utilized the index scores to measure the state legislature's power to influence the state's fiscal commitment to its AFDC program.

C. Bureaucratic Professionalism

The bureau's environment is dominated by its relationship with its sponsors (politicians). According to Niskanen, bureaucrats attempt to maximize their budget and largely succeed in maximizing their budgets (Niskanen 1971). He pointed out that "the relative incentives and available information, under most conditions, give the bureau the overwhelming dominant monopoly power" (1971: 30). For the reasons to be asymmetrical, the sponsor lacks the incentive to use its potential power and, even though it has the incentive, the sponsor is handicapped by the lack of information. The sponsor largely means the legislature that has the power of budget appropriation. There are so many debates about Niskanen's model of bureaucratic behavior in terms of its empirical applications (Young 1991; Lynn, Jr. 1991; Campbell and Naulls 1991; Peters 1991). As the response of debates, Niskanen modified "budget maximizing theory" and suggested an assumption that bureaucrats act to maximize their "discretionary budget" (Niskanen 1991). These debates are related to bureaucratic reform (executive professionalism). In fact, career civil servants are more closely related to agency outputs and budgets while the appointed executive's rewards are established in a wider political context and in the light of more diverse career aspirations. Much of

the literature regarding the governorship implicitly assume that a hierarchical structure is operative or can be created with respect to the state bureaucracy (Hebert and Wright 1983: 245).

The principal factors affecting bureaucratic behaviors are the means of allocating the budget and the strength of professional norms (Ingram and Schneider 1991: 349). However, a reciprocal effect is expected. The behaviors of bureaucrats affect gubernatorial influence on the allocations of resources while governors have reorganizing power over agencies that reflects the substantial or psychological effect on bureaucratic agencies. Gubernatorial influence on budget allocations can be linked to bureaucratic professionalism. The increased professionalism in state bureaucracies that is in part directly attributable to the grantsmanship, accounting, and budgeting requirements of federal aid has been something of a blessing in disguise—agencies are no longer the docile players in budgetary politics. Bureaucratic professionalism is “one indicator of the bureaucracy’s ability” to perform its tasks in terms of bureaucratically defined criteria (Meier 1987: 351).

Bureaucratic professionalism has an effect on gubernatorial influence. Bureaucratic professionalism means that the bureaucratic system becomes more autonomous and emphasizes performance and political neutrality. The establishment of higher level of professionalism may reduce the gubernatorial control over the bureaucracy.

Hypothesis 5: State bureaucratic professionalism on the outcome of state welfare policy decisions is mediated by the governor and the governor’s partisan affiliation.

Although previous research indicates that the state bureaucracy has an important impact on the outcome of state policy (Niskanen 1971; Herbert, Brudney, and Wright 1983; Elling 1990; Campbell and Naulls 1991; Ingram and Schneider 1991; Moe 1991; Young 1991), no indices have been developed to measure bureaucratic powers or levels of bureaucratic professionalism.

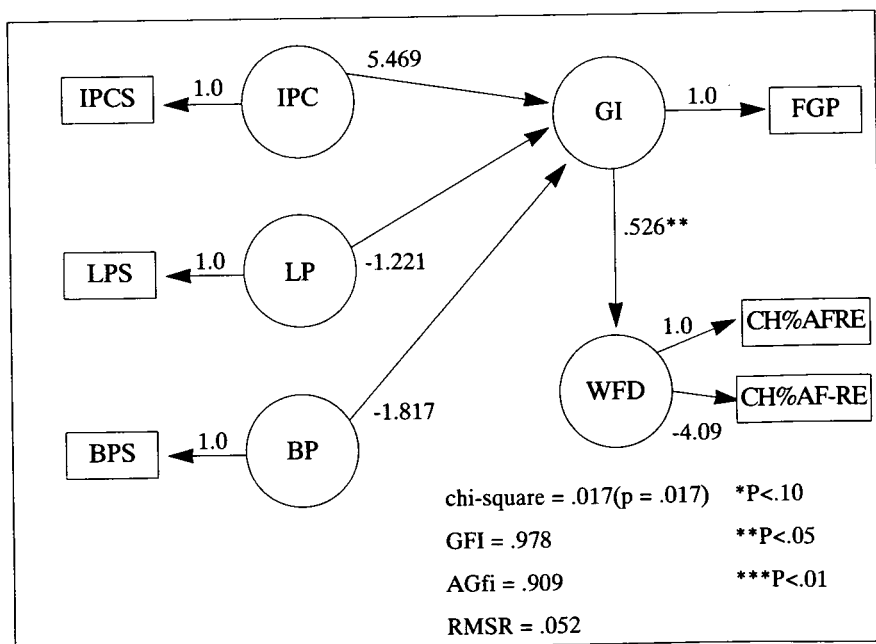
Since the literature suggests that bureaucratic power is a function of autonomy from the governor and other political actors, salary, reputation, and power (Niskanen 1971; Sigelman 1976; Elling

1983, 1990), I developed an index of bureaucratic professionalism that included the selection method employed for the state welfare agency's top administrator, monthly compensation for the state's public welfare agency's personnel, and the number of AFDC recipients per state public welfare agency employee. The first variable measures the agency's autonomy, the second measures salary and the third measures the agency's power to secure adequate staffing. The model utilized the index scores to measure the state welfare agency's power to influence the state's fiscal commitment to its AFDC program.

III. Results

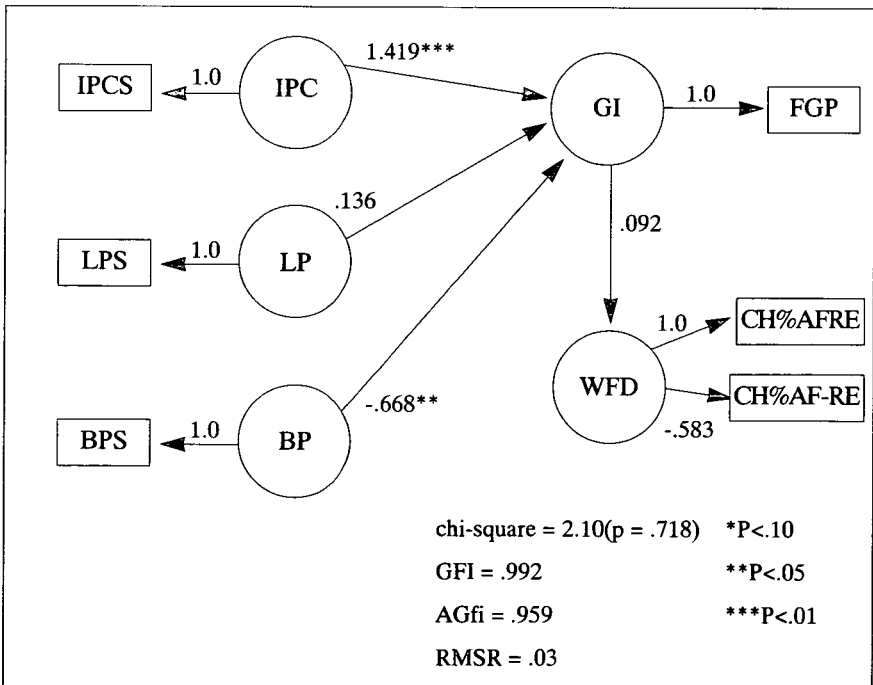
Model I includes all 50 states (Figure 2). Model II includes only those states with Democratic governors (Figure 3). Model III includes only those states with Republican governors (Figure 4).

FIGURE 2 50 States' Case (Model I)



The results from Model I indicate that governors do have a significant influence on state welfare fiscal decisions (the path coefficient between GI and WFD, .526, is significant at the .01 level). However, the path coefficients between GI and IPC, LP, and BP are insignificant. As the results from the following models suggest, there are significant relationships between gubernatorial influence and determining the outcome of state welfare fiscal decisions. That is, the result, in aggregate, shows that governors play a key role in welfare policy decisions regardless of their party affiliation. But the direction of these relationships very depending on the governor's partisan affiliation and , consequently, cancel each other out and are not detected in the overall model.

FIGURE 3 Republican Governors' Case (Model II)



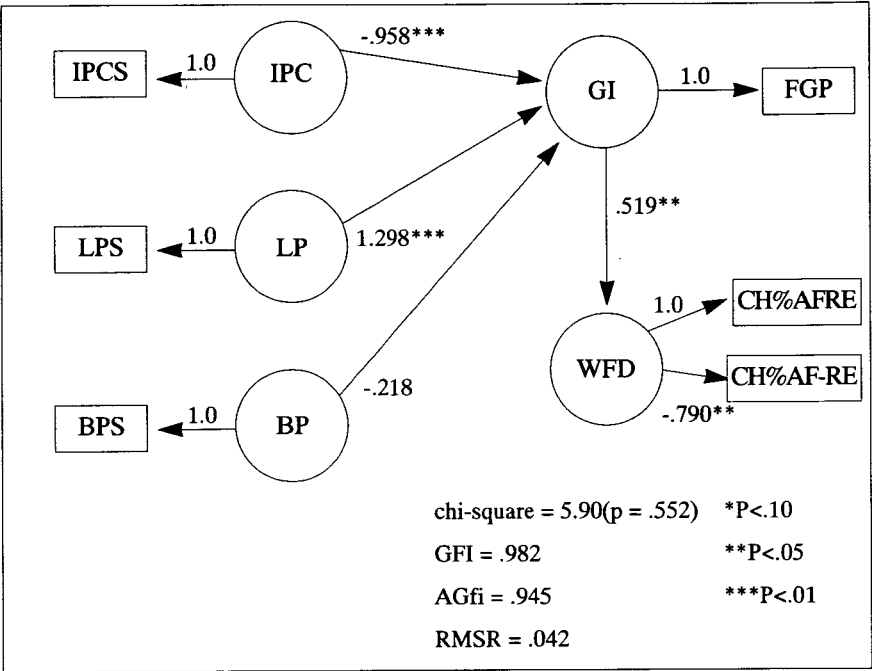
The results from model II (Republican governors only) indicate that Republican governors do not have a significant influence on state welfare fiscal decisions (the path coefficient between GI and WFD, .092, is not significant). However, the path coefficients between GI and LP, 1.419, and BP, -.668, are significant at the .01 and .05 levels respectively.

The Republican governors' positive relationship with interparty competition in the state level legislature helps to explain why Republican governors do not have a significant influence on state welfare fiscal decisions. Previous research has shown that states with competitive party systems tend to advocate increases in AFDC expenditures (Dawson and Robinson 1963; Wright 1975; Patterson and Caldeira 1984). Thus, the positive influence of interparty competition is muting the Republican governor's efforts to restrain AFDC expenditures.

The Republican governors' negative relationship with bureaucratic professionalism in the state's welfare agency also helps to explain why Republican governors do not have a significant influence on state welfare fiscal decisions. First, it should be noted that the negative sign accompanying the path coefficient between gubernatorial influence and bureaucratic professionalism (seen in all three models) was expected because interaction between the bureaucracy and the governor negates the bureaucracy's attempt to maintain its autonomy from the governor. Thus, it is the significance of the path coefficient in model II, not its direction, that helps to explain the Republican governor's inability to influence the outcome of state welfare fiscal decisions. Specifically, the literature suggests that as a bureaucracy becomes more professional, it becomes more capable of defending its "turf," maintaining its autonomy from the governor, and gaining additional financial support for its programs. Thus, the influence of bureaucratic professionalism on Republican governors is also working to mute the Republican governor's efforts to restrain AFDC expenditures.

The results from model III (Democratic governors only) indicate that Democratic governors have a significant influence on state welfare fiscal decisions (the path coefficient between GI and WFD, .519, is significant at the .05 level). Moreover, the path coefficients between Democratic governors and interparty

FIGURE 4 Democratic Governors' Case (Model III)



competition, -.958, and state legislative professionalism, 1.298, are both significant at the .01 level.

The Democratic governors' positive relationship with state welfare fiscal decisions indicates that Democratic governors' influences are using their influence to increase AFDC expenditures. Their negative relationship with interparty competition in the state legislature indicates they are most successful in increasing AFDC expenditures when party competition in the state legislature is low, supporting the argument presented by those who have suggested that states with noncompetitive party systems are more responsive to the interests and desires of the "have nots" than those with competitive party systems if the dominant party's political ideology is liberal (Garand and Hendrick 1991; Blais et al. 1993). In addition, the LISREL analysis revealed a significant negative indirect relationship between interparty competition in the state legislature and the state's welfare fiscal decision. This explains why others have found evidence

that states with competitive party systems are more likely to advocate increases in AFDC expenditures than those with noncompetitive party systems (Dawson and Robinson 1963; Wright 1975; and Patterson and Caldeira 1984). My analysis, however, suggests that the relationship between interparty competition in the state legislature and the state's welfare fiscal decision is indirect, with the governor serving as the key intervening variable between interparty competition and the state's AFDC fiscal decision.

The Democratic governors' positive relationship with state legislative professionalism indicates that professional legislatures tend to cooperate with Democratic governors in their efforts to increase AFDC expenditures. In addition, the LISREL analysis revealed a significant positive indirect relationship between legislative professionalism and the state's welfare fiscal decision. This helps to explain why others have found evidence of a direct relationship between state legislative professionalism and welfare policy (Dawson and Robinson 1963; Ritt 1973; Karnig and Sigelman 1975; LeLoup 1978; Roeder 1979; Thompson 1986; and Rosenthal 1993). My analysis, however, suggests that the relationship between legislative professionalism and the state's welfare fiscal decision is indirect, with the governor serving as the key intervening variable between legislative professionalism and the state's AFDC fiscal decision. Moreover, the direct relationship observed between the governor and the state's AFDC fiscal decision was much stronger than the indirect relationship.

It should be noted that the LISREL provides four different statistical tests for goodness of fit. The chi-square statistic is the most commonly used statistic to compare the input correlation matrix with the reproduced correlation matrix based on the model's specifications. We expect to find an insignificant chi-square value ($p > .05$) because the reproduced correlation matrix is expected to be similar to the original input correlation matrix. Although Model I fails to reach the .05 level, Models II and III do ($p = .718$ and $p = .552$ respectively). Moreover, the Goodness of Fit Index (GFI) and the Adjusted Goodness of Fit Index (AGFI) for all three models indicate that all three models explain nearly all of the variation between the independent and dependent variables (see GFI and AGFI scores at the bottom of each figure). Finally, the Root Mean Square Residuals and/or unexplained factors (RMSR) scores were .052 for Model I, .03 for Model II, and .042 for Model III. In sum, these statistics indicate that

Model II and Model III are very robust, with exceptionally strong goodness of fit.¹

IV. Conclusions

This paper identifies general tendencies and trends in the relationship among the state's three major policy affecting institutions (the governor, state legislature, and welfare agency) in the determination of state AFDC fiscal policy. Hypotheses I and II turn out to be valid. As shown in Figure 2, the relationship between GI and WFD is statistically significant at .01 level regardless of interaction with other institutional factors. As expected, for Republican governors, gubernatorial influence on state welfare policy decision is not significant, while Democratic governors influence the outcome of state welfare policy decisions. This indicates that the governor plays a key intervening role in determining the state welfare fiscal decisions. Unlike previous research, interparty competition in the state legislative professionalism, and bureaucratic professionalism have an indirect, rather than a direct, influence on the outcome of state welfare fiscal decisions. As shown in Figures 3 and 4, Democratic governors have a significant, direct impact on the outcome of state AFDC fiscal decisions and Republican governors have a significant, direct impact

¹ In terms of global fit of the models, the results of the LISREL estimates must be interpreted with caution since the results were skewed left or right. The covariance structure hypothesis is that $\Sigma = \Sigma(\theta)$. The chi-square test is the most popular, but the use of the chi-square test requires caution. The logic of significance testing here is different than that usual in testing, say, the statistical significance of the explained variance in a regression equation. In the latter situation the null hypothesis is set such that it runs counter to our theoretical hypothesis, and our hope is to reject the null hypothesis. For residual test, when the covariance structure hypothesis is true, the population residual covariance matrix, $\Sigma - \Sigma(\theta)$, is a zero matrix. Any nonzero population residual means that model specification is in error. All residuals should be near zero for a "good" model. The RMSR is a measure of the mean discrepancy between the data and the implied variances and covariances. The lower the index, the better the fit of the model to the data. The GFI measures the relative amount of the variances and covariances in S that are predicted by Σ . The AGFI adjusts for the degree of freedom of a model relative to the number of variables. These are similar to R square in Regression.

on the outcome of state AFDC fiscal decisions.

Hypothesis 3 turns out to be valid partially. In the aggregate 50 states model interparty competition in the state legislature on the outcome of state welfare decision is mediated by the governor. But the influence of IPC is different from governor's partisan affiliation: Although IPC negatively influence GI, Democratic governors have a significant impact on the increase of AFDC spending.

Hypothesis 4 is available only for explaining Democratic governor's case. As shown Figure 4, LP has a positively significant relationship with GI. The fact that LP has a positive influence on GI means that Democratic governors who try to increase AFDC are supported by the LP. However, for Republican governors, the influence of LP on GFI is not significant. This shows that, although LP has a tendency to increase AFDC, Republican governors mute that effect.

Hypothesis 5 is available only for explaining Republican governor's case. Bureaucratic professionalism is negatively related with Republican governors. However, bureaucratic professionalism does not influence the increase of the state AFDC spending.

These findings suggest that the literature has understated the governor's role in the outcome of state AFDC fiscal decisions and, in the process, has mistakenly identified the indirect influences that interparty competition in the state legislature, state legislative professionalism, and bureaucratic professionalism have on state AFDC fiscal decisions as direct ones. My analysis also helps to sort out the controversy concerning the relationship between interparty competition and state AFDC expenditures. That relationship is indirect and takes a different direction depending on the governor's partisan affiliation.

V. Discussions

The aggregate nature of this paper identifies general tendencies and trends in the study of state welfare fiscal decision. This study finds that GI is interacted with other governmental institutions in the American states. More specifically, the role of governorship is an important mediating institution conditioned upon other institutions

such as state legislature and the state bureaucracy. In particular, for the Democratic governors, we found that governors are more likely independent from IPC.

This finding contributes to establishing a new theoretical scope about governorship in state politics. As I mentioned earlier, while the relationship between IPC and welfare expenditure has been controversial, this study provides the reason when IPC is positively related to welfare expenditure and vice versa. This is why I constructed three models.

I also contribute to improving methodological advancement. For instance, my model proves of realistical the dynamic nature of state politics. For the further research, I strongly suggest that the groupings (e.g., the relationship between high and low IPC and the Democratic and Republican governors' groups) will more specifically explain the pattern of state policy decision. Much research to develop appropriate indices measuring unobservable concepts (IPC, LP, BP, GI) should be continuously conducted.

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