Distributive Politics and Electoral Cycles in the American Political System, 2004-2006

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Abstract

Each year, billions of dollars are distributed from the federal government to benefit state and local governments, individuals, and private and nonprofit corporations. These benefits are available in a variety of forms including: project, block, and formula grants. Are the amounts of federal funding manipulative based on the political party in charge of or in contest for the White House, Senate, and House of Representatives? Data for this project was obtained via multiple venues. The Federal Assistance Award Data System online was used for the collection of project, block, and formula grant data. House and Senate party control and representation data was obtained via their respective government websites. The 2000 US Census online was used for demographic and population data. The results of the study suggest, that the awarding of federal grants to the states was potentially manipulated in 2004, 2005, and 2006.

Introduction

Distributive politics, in essence, is the policy of determining who gets what, when, and how much. The who in this instance, are the individual states, each advocating for the greatest possible monetary gain from the federal government. The federal government does deliver; doling out billions of dollars annually to benefit state and local governments. These benefits take on a variety of forms including: "income supplements to the poor, food stamps, housing vouchers; a variety of tax credits for plant and machinery investments by business and industry; and in numerous other aid programs" (Rich, 1989). These benefits also arrive to the states in the form of federal grants; specifically block grants, formula grants, and project grants.

"Formula grant programs are noncompetitive awards based on a predetermined formula. These programs are sometimes referred to as state-administered programs."[1] Formula grants are broken down into two categories: block grants and categorical grants. Examples of formula grants include: the Work Incentive Program and the Job Training Partnership Act.[2]

Block grants, introduced to the American federal system in 1966, are defined as "funds given to the states by the federal government to run programs within defined guidelines."[3] Provisions as to how a block grant is to be spent by a state are varied, and block grants are awarded under an assortment of names including: Preventive Health and Health Services block grant, Social Services block grant (SSBG), and Temporary Assistance to Needy Families (TANF).

Project grants are granted or awarded on a competitive basis; there are numerous potential recipients competing for the same grants. Most project grants involve scientific research, the arts, advanced technologies, higher education, and social services. Examples of project grants include Pell and Federal Supplemental Opportunity Grants (FSEOG) grants.[4]

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[1] http://www2.ed.gov/fund/grant/about/formgrant.html Retrieved: 11 March, 2010
[2] http://www.money-zine.com/Financial-Planning/College-Loan/Student-Grants/ Retrieved: 11 March, 2010
[3] http://www.c-span.org/guide/congress/glossary/blockgra.htm Retrieved: 11 March, 2010
[4] http://www.money-zine.com/Financial-Planning/College-Loan/Student-Grants/ Retrieved: 11 March, 2010

Literature Review

Electoral Politics as a Redistributive Game

Within the two major parties there are relatively stable group affiliations: the identification of various minorities (African Americans) and labor with the Democratic Party and business with the Republicans is a generally accepted norm. But why is this so? Gary W. Cox and Matthew D. McCubbins attempt to answer this question (Cox and McCubbins, 1986).

Cox and McCubbins view electoral politics as a redistributive game in which candidates attempt a redistribution of welfare among the various groups of their constituencies as opposed to adopting positions in a particular "policy space." McCubbins and Cox make the assumption that candidates will adopt a variety of redistributive strategies that will best serve their electoral objectives while citizens vote for candidates of political office that will promise them the greatest utility. With this assumption, each group can be considered an investment, paying off in votes. Candidates therefore, will promise benefits to the groups within their constituencies that will promise them the highest electoral return and negate benefits/costs to those groups with the lowest rate of return. The poorest people are increasingly overlooked by candidates running for political office due to their relatively low electoral turnout rates. Additionally, the very wealthy are overlooked as they do not partake in such "inferior goods" such as public parks, public schools, and public transportation. It is the middle class that provides the core support for most politicians and therefore are the frequent recipients of federal attention (Cox and McCubbins, 1986).

Swing votes, those unattached voters, can prove to be risky investments for the political candidate. Incumbents are generally considered to be risk-averse candidates referring to their

increasing willingness to heavily support their base while providing little if any attention to swing groups (Cox and McCubbins, 1986). Matz Dahlberg and Eva Johansson disagree with this presumption, instead stating that incumbent candidates 'purchase' votes by investing in constituencies that include a majority of swing voters, arguing instead that a variety of temporary (ecological) grants are tactically distributed (Dahlberg and Johansson, 2002).

Distributive Politics during the Great Depression

The New Deal provides for an interesting case study into the premise that political behavior in a democracy can be interpreted as a rational effort by which to maximize electoral success. During the time of the New Deal, federal spending rose to unprecedented levels with considerable discretionary authority being concentrated in the executive branch of government. Economic historians have provided evidence that political considerations as opposed to a desire for social reform prompted the increase in federal spending (Wallis, 1987).

The federal funds were distributed under a series of "cooperative arrangements" with the various states. In 1932 the grant programs were at $250 million expanding to $3,922 million in 1940. The largest grants under New Deal spending were consistently allocated to politically sensitive swing states, where the possibility of switching a small number of votes could influence a presidential election. States with the highest incomes were inclined to spend a portion of their own funds on New Deal programs and were therefore entitled to larger federal grants establishing the positive relationship between state income and national grants. Total per capita grants ranged from a high of $1155 in Nevada to a low of $165 in North Carolina between the years 1933 and 1940 (Wallis, 1987).

According to Gavin Wright, income in lieu of federal employment is seemingly the greatest determinant of voting behavior during the time of the New Deal particularly in the years 1936, 1938, and most strongly in 1940. When a worker received their paycheck directly from the federal government his loyalty to the incumbent was seemingly more durable than a worker not under the employ of the government. Roosevelt could have very well lost the election if it had not been for the votes of federal employees (Wright, 1974).

Political Parties and the Distribution of Federal Outlays

Steven D. Levitt and John Snyder, Jr. challenge the premise that political parties in the United States are weak organizations that have been in decline for the majority of the post-war period. Levitt and Snyder find contrasting evidence that political parties do indeed play a significant, albeit limited role in the determination and geographic distribution of domestic federal expenditures (Levitt and Snyder, 1995).

Since parties have limited influence over the allocation of federal spending, they instead focus on programs that are more manipulative: outlays on programs which present a significant amount of variation across districts are most heavily skewed towards Democratic voters more so than outlays on programs with benefits that are more widely distributed. Democrats in control of both the House and Senate throughout the post-war period have allowed them to develop a portfolio of spending programs that benefit their constituents. Despite this fact, the Democratic majority has been seemingly unable to focus large amounts of federal money to specific districts or to alter the geographic distribution of expenditures. Given enough time, political parties in the United States can target certain types of voters but they cannot easily target individual districts. Voter turnout is positively correlated to federal outlays. Districts that display a higher voting

turnout also receive more federal outlays than districts with lower voter turnout (Levitt and Snyder, 1995).

Allocating the US Federal Budget to the States: The Impact of the President

The presidential electoral system does not provide for a direct national election, therefore the president must instead put together an electoral majority. Presidents must act strategically by way of wooing voters due to the existence of the unitary rule which assigns all of states electors to plurality winners. One strategy employed by the president is to target federal monies to specific states as a means of increasing his odds of either winning reelection or improving the odds of his party aligned successor (Shor et al, 2003).

Based upon statistical analysis Boris Shor, Valentino Larcinesse, Leonzio Rizzo, and Cecilia Testa find that presidents do have an impact on the distribution of the federal budget to the states. States that are more competitive, have more electoral votes per capita, and that support the president experience higher levels of federal grants (Shor, 2003). Comparatively, states with a close presidential electoral race and states that may have changed political affiliations in a recent election, do not receive an influx of federal dollars (Larcinese, Rizzo, and Testa 2003).

Congressional Appropriations and the Electoral Connection and Presidential Influence on Congressional Appropriations Decisions

Appropriations which are relegated to agencies of the federal government directly benefit a wide variety of groups in society through the purchase of goods and services. These various

societal groups base their support of incumbent politicians partially upon retrospective

evaluations of the levels of benefits distributed to them by the various federal programs.

Members of Congress desiring reelection therefore seek to maximize the electoral support (votes

and campaign contributions) received from those beneficiaries of the government goods and

services. To increase their chances of reelection, incumbents will appropriate grant levels that

will result in electoral support from across the federal agencies. As Election Day approaches one

would expect to find incumbents increasingly anxious to funnel government benefits to their

local constituents. Additionally, in an election year, it could be expected that Congress would be

more generous in determining various agency budgets as opposed to nonelection years. Through

data analysis, it was determined that federal agencies during election years receive about a 2.8

percent increase to the size of their budgets (Kiewiet and McCubbins, 1985).

Appropriations are not solely in the hands of Congress of course; to a great extent, federal

funding levels also reflect the preferences of the president. The president possesses an

impressive collection of resources by which to influence congressional policymaking including

the power, prominence, and prestige of the office itself. From the presidential office, the

president has a unique vantage point by which to persuade others (Neustadt, 1960). Popular

presidents are able to transfer their standing with public opinion into congressional support for

their legislative program (Edwards, 1980; Rivers and Rose, 1985). Additionally, the president is

influential via the various administrative offices, most notably the Office of Management and

Budget (Berman, 1979; Heclo, 1975, 1984; Tompkins, 1985), but also the through various

lobbying methods and the congressional liaison office (Wayne, 1978; Sullivan, 1986).

At the opening of each session of Congress, the president submits his budget proposal.

Congress is then able to establish a variety of appropriation bills that contain its choice for

funding for numerous agencies. If the president accepts the Congressional appropriation, the bill is signed and becomes law. However, if the bill is not signed and instead vetoed, Congress can override the veto with a two-thirds vote or else sustain the veto in which case the bill returns to Congress. If a bill has not passed before the beginning of the next fiscal year, then funding for agencies included in regular annual appropriations falls to zero. Presidents are able to exert more influence in circumstances in which he prefers to appropriate less rather than more to a particular agency than Congress does. The presidential threat of a veto will likely induce Congress to include the president's fiscal preferences into legislation. Vetoes for the most part, provide for positions to be taken: Congress may pass legislation knowing that the president will veto it as a means of taking a stand on some particular issue. The president can also veto a bill, despite a possible congressional override to illustrate a point or position (Kiewiet and McCubbins, 1988).

For my own analysis, I shall investigate, similarly to Kiewiet and McCubbins and Shor, Larcinesse, Rizzo, and Testa whether the political party of Congress and the President influences the distribution of federal money to the states via project, formula, and block grants. I will focus on the four quarters of 2004-2006.

Methods and Analysis

Data Collection

For my analysis, I chose the years 2004, 2005, and 2006. These particular years were chosen due to their wide variability and possibility for grant manipulation per the theory of distributive politics, that presidents and sessions of Congress manipulate federal money to the states as a means to influence their chances of reelection: 2004 was a Presidential election year, 2005 was a non-Presidential or Congressional election year, an off year, and 2006 was a Congressional election year.

Data was collected from a variety of sources. Quarterly project, formula, and block grant data was obtained via the Federal Assistance Award Data System (FAADS) database online.[5] FAADS provided 1800 cases of grant data (reported quarterly, multiplied by 50 states, multiplied by three years, multiplied by the three grant types). United States House of Representative and Senate makeup (political party, delegation, and control) for the 108th and 109th Congressional sessions was accessible via their respective government websites.[6] John Kerry's vote percentage by which the basis of battleground states was determined (if Kerry won or lost by three percentage points or less, I made the determination that that state was a battleground state) was obtained from CNN's post election coverage available online.[7] State populations, percentage of Black and Latino residents in a particular state, median household income, and educational attainment information was obtained from the 2000 United States Census state and county quick facts accessible online.[8] Once obtained, all data was imported into a Microsoft Xcel spreadsheet and then into the Statistical Package for the Social Sciences (SPSS) program for statistical analysis.

Analysis

(Map 1 about here)

Map one is a visual representation of both battleground and non-battleground states during the 2004 presidential campaign. The determination of a state to be a battleground state or not was based upon Democratic nominee John Kerry's vote percentage in the 2004 presidential election: battleground states were those in which Kerry had a three percent or less, differential off of 50 percent, as compared to Republican candidate George W. Bush.

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[5] http://www.census.gov/govs/www/faads.html Retrieved: 7 October, 2009
[6] House of Representatives: http://clerk.house.gov Retrieved: 9 October, 2009
   Senate: http://www.senate.gov Retrieved 9 October, 2009
[7] http://www.cnn.com/ELECTION/2004/pages/results/ Retrieved: 11 October, 2009
[8] http://quickfacts.census.gov/qfd/ Retrieved: 8 February, 2010

(Bar Graph 1 about here)

Bar graph one is a representation of the mean block grants per capita in battleground states and the US House of Representatives Republican delegation for the years 2004-2006. Obtained results illustrate that only in 2005 did battleground states with a greater than or equal to 75 percent Republican delegation receive a greater amount of block grant monies.

(Bar Graph 2 about here)

Bar graph two is a representation of the mean formula grants per capita in battleground states and the US House of Representatives Republican delegation for the years 2004-2006. Obtained results illustrate that for each year, 2004-2006, states with a House Republican delegation of less that 75 percent received a greater amount of formula grant dollars.

(Bar Graph 3 about here)

Bar graph three is a representation of the mean project grants per capita in battleground states and the US House of Representatives Republican delegation for the years 2004-2006. Bar graph three is the first possible indication of distributive politics. Battleground states with a Republican House of Representatives delegation of greater than or equal to 75 percent received higher amounts of project grant dollars than states with less than a 75 percent Republican delegation in the years 2004 and 2005.

(Bar Graph 4 about here)

Bar graph four is a representation of the mean block grants per capita in battleground

states and the US Senate Republican delegation for the years 2004-2006. Obtained results

indicate that states with two Republican senators received more block grant dollars than their

counterpart states with less than two Republican senators in 2004 and 2005.

(Bar Graph 5 about here)

Bar graph five is a representation of the mean formula grants per capita in battleground

states and the US Senate Republican delegation for the years 2004-2006. Obtained results

indicate that states with two Republican senators received more block grant dollars than their

counterpart states with less than two Republican senators in 2005 and 2006.

(Bar Graph 6 about here)

Bar graph six is a representation of the mean project grants per capita in battleground

states and the US Senate Republican delegation for the years 2004-2006. Obtained results

indicate that states with two Republican senators received more block grant dollars than their

counterpart states with less than two Republican senators in 2005 and 2006.

(Table 1 about here)

Table one is a linear regression with project grants as the dependent variable. Numerous

other variables were incorporated to measure association including: the percent of a state's

population with a bachelor's degree, median income, percent of Republican control in the House,

percent Latino, percent Black, and the senate delegation of a state. The analysis found an r-value

of .227, an r-squared value of .052, and an adjusted r-squared value of .037. Particularly

damaging to the idea of distributive politics evident in the linear regression is the negative B-value associated with the battleground independent variable. Additionally, the independent variable of percent Republican in the House of Representatives produced a negative B-value.

Conclusion

In conclusion, does distributive politics actually exist? My own study provided somewhat suggestive evidence (in lieu of the bar graphs) to support the idea of distributive politics: that presidents and members of Congress funnel federal grant dollars to battleground states as a means to influence elections/votes. Bar graphs numbered three, four, five, and six show a greater per capita influx of federal aid to battleground states in two of the three chosen years. Despite, the suggestive nature of the bar graphs however, the linear regression analysis negates the connection and instead suggests the opposite direction with the independent variables of House Republican control and battleground state.
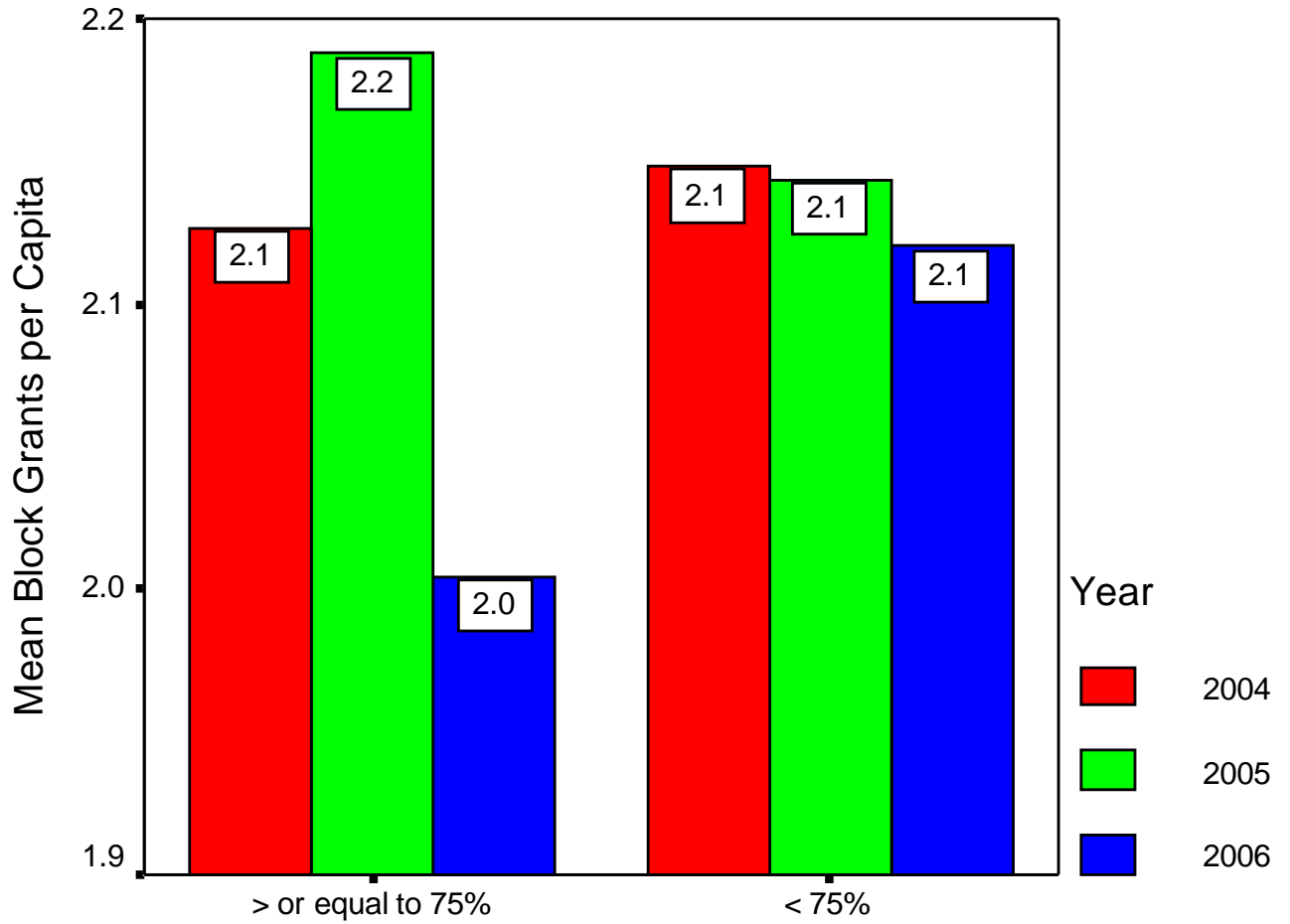
A variety of modifications could be made to perhaps discover a true distributive nature of the president and Congress. As opposed to choosing three Republican controlled years, three years of Democratically controlled presidency and Congress could have been chosen and/or included to determine correlation or significance.

Another possible modification to be made to this project would be to include more years in the analysis. Previous studies that found evidence of distributive politics included five to six times as many years as my own study, thereby providing five to six times as much data.

Another suggestion for modification of this project would be to look at a possible distributive nature to the budgets of federal agencies during election years. An increase in a
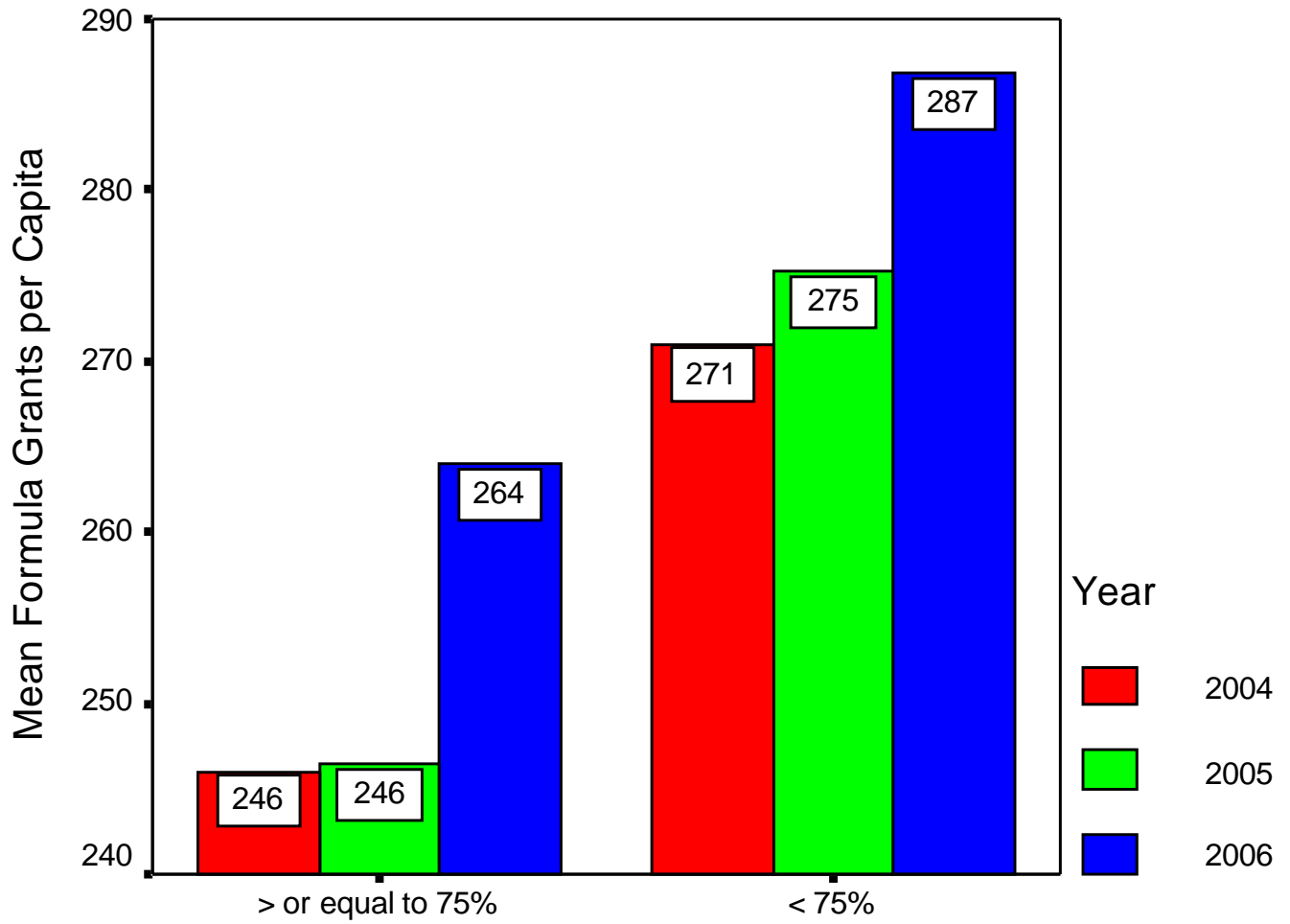
federal agency's budget could provide it with a greater hiring ability and therefore a means to

attract voters.

Appendix

Map 1: Battleground and Non-Battleground States in the 2004 Presidential Election

2004 Battleground and Non-Battleground States

Battleground States

Non-Battleground States

Bar Chart 1: Mean Block Grants per Capita in Battleground States and US House of Representatives Republican Delegation, 2004-2006
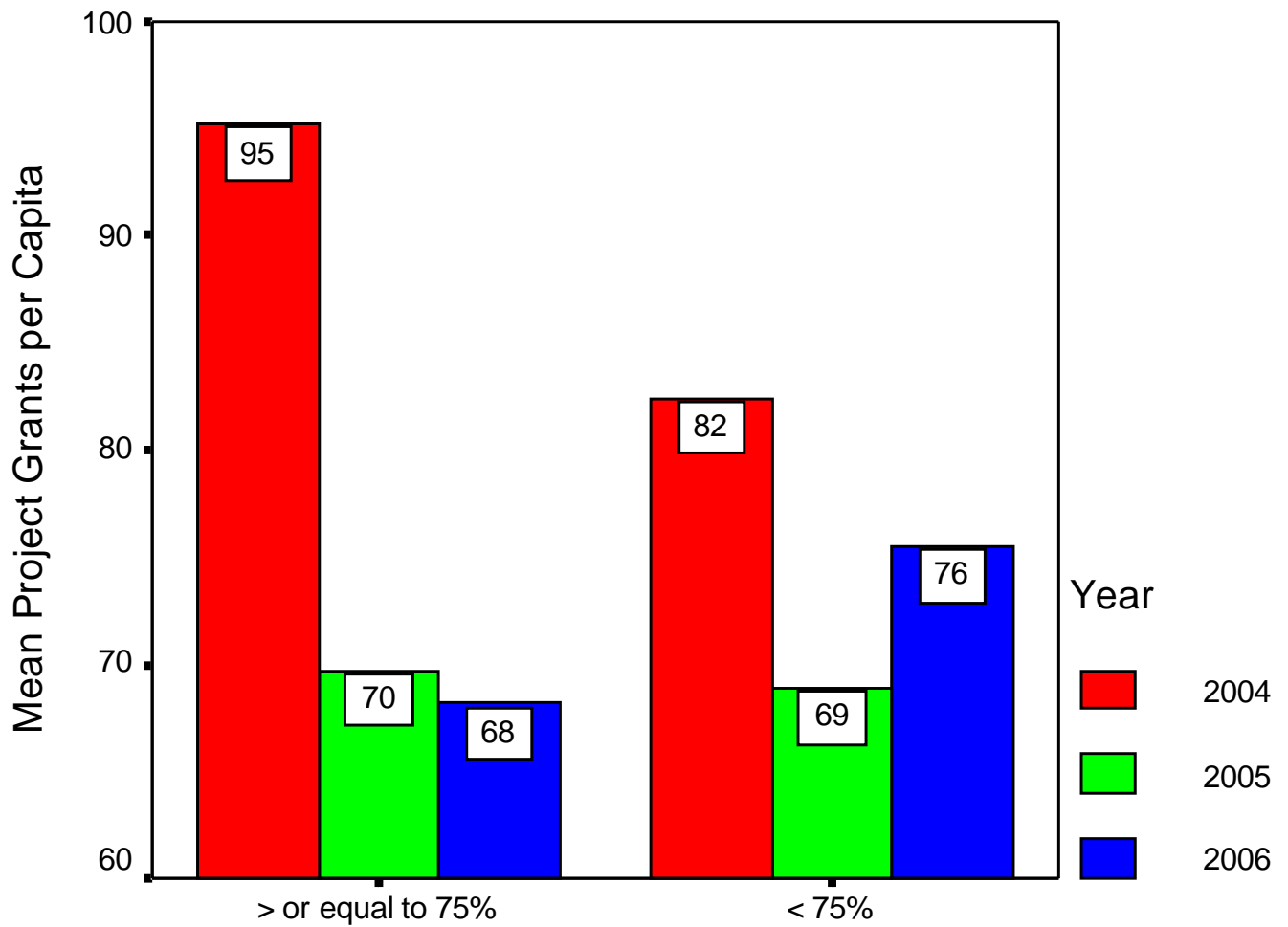
Bar Chart 2: Meuan Formula Grants per Capita in Battleground States and US House of Representatives Republican Delegation, 2004-2006

Mean Formula Grants per Capita

|	> or equal to 75%	< 75%
2004	246	271
2005	246	275
2006	264	287

Year
- 2004
- 2005
- 2006

US House of Representatives Republican Delegation

Bar Chart 3: Mean Project Grants per Capita in Battleground States and US House of Representatives Republican Delegation, 2004-2006
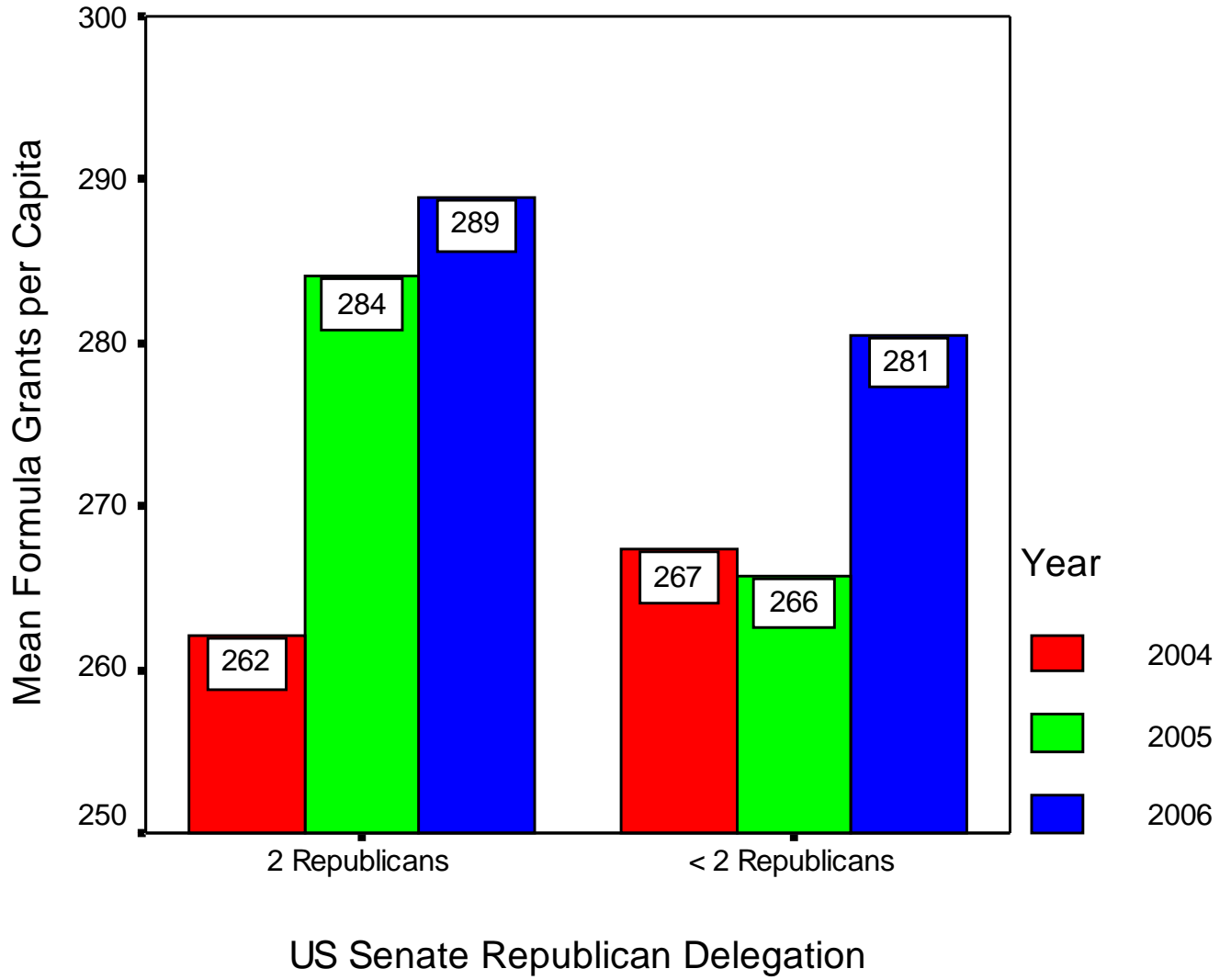
Bar Chart 4: Mean Block Grants per Capita in Battleground States and US Senate Republican Delegation, 2004-2006
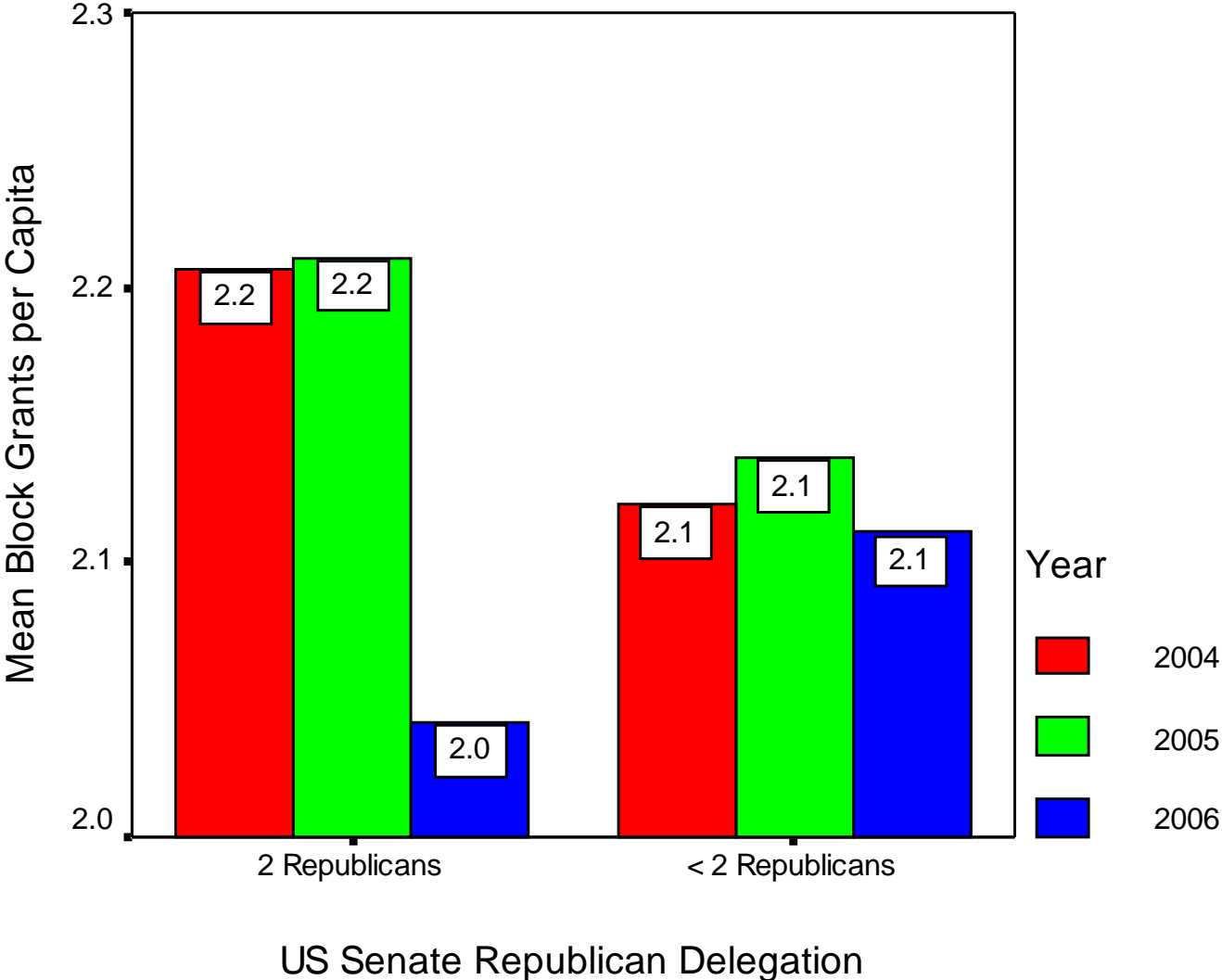
Bar Chart 5: Mean Formula Grants per Capita in Battleground States and US Senate Republican Delegation, 2004-2006

Bar Chart 6: Mean Formula Grants per Capita in Battleground States and US Senate Republican Delegation, 2004-2006
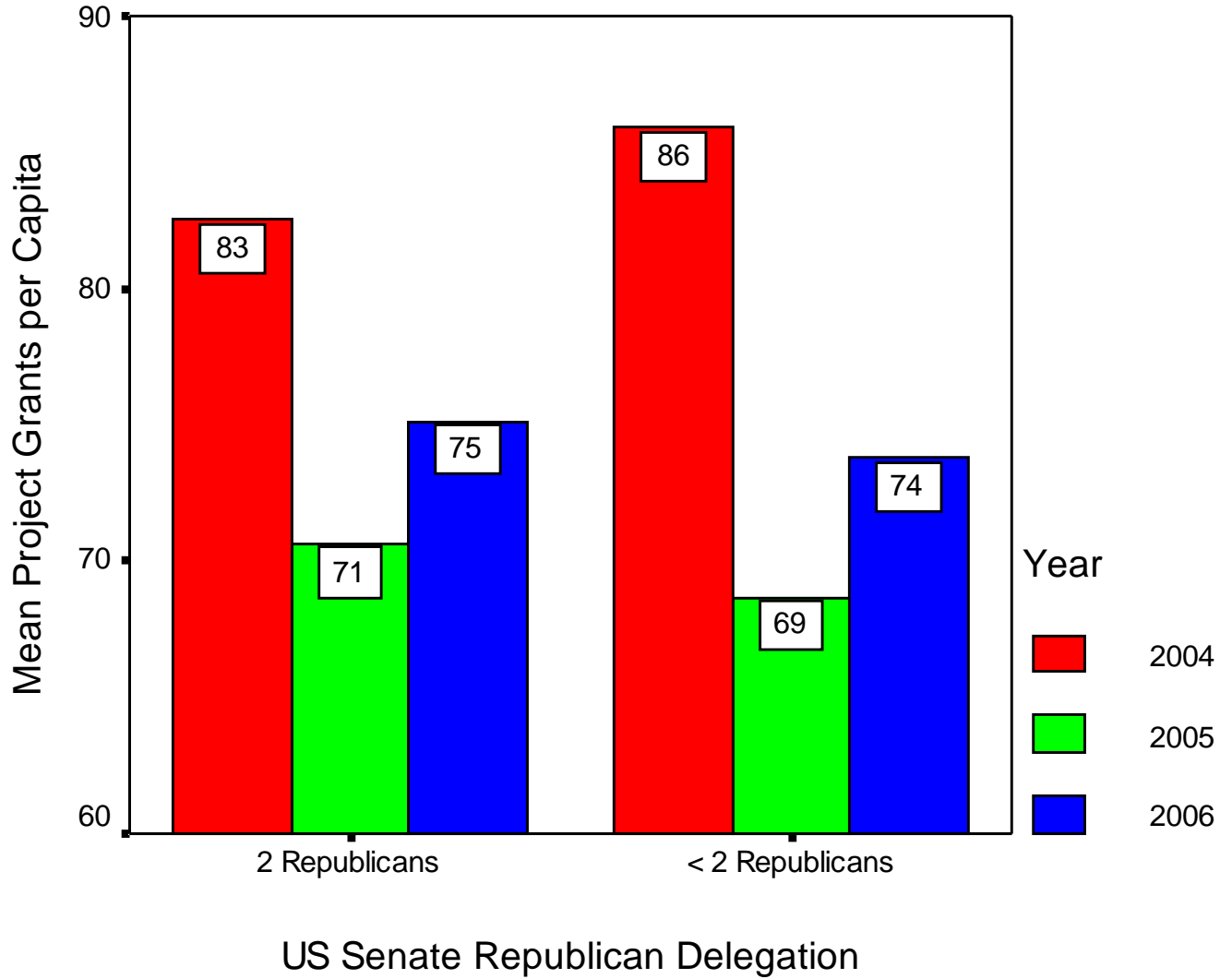
Table 1: Linear Regression with Project Grants per Capita as the Dependent Variable

Model	B	Standard Error	Beta	T	Significance
Constant	59.135	30.453		1.942	.053
% Population w/ Bachelors Degree	-2.62	2.433	-.068	-1.079	.281
Median Income	2.842	.001	.179	2.837	.005
% Republican Control (House)	-27.883	10.863	-.117	-2.567	.011
% Latino	-.768	.426	-.075	-1.804	.072
% Black	.310	.493	.029	.629	.529
Battleground	-31.045	9.292	-.143	-3.341	.001
Senate Delegation	5.959	8.836	.029	.674	.500

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