INTEREST GROUPS, PUBLIC OPINION AND STATE POLICY PRIORITIES

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This paper examines systematically the relative amounts of influence that public opinion, partisanship, and interest groups exert in shaping the spending allocations of state governments across policy areas. We employ yearly state-level data from 1990 through 2008. Our findings suggest that interest groups have a stronger direct impact on state policy priorities than public opinion. Further, interest groups that promote collective goods policies appear to be more successful in moving state spending toward their objectives than are interest groups that support particularized benefits. This study provides clear empirical support for the pluralistic nature of American state politics and clarifies the important role that interest groups play in state policy-making.
According to pluralist theory (Dahl 1961; 1982), three great political institutions—voting/elections, political parties, and interest organizations—are expected to link the preferences of citizens to the actions of government: Given the importance we assign to these institutions in democratic systems, it is not surprising that scholars often ask whether the preferences of the public as a whole (translated through voting and elections), those of large electoral coalitions (represented via political parties), or those of selective publics (characterized by organized interests) actually affect public policy. Extensive research programs have developed within the discipline on each of these potential sources of democratic influence. What has been less frequently studied, however, is the relative importance of the various sources. Simply put, these engines of democratic politics are rarely examined simultaneously to assess how they might work together to shape public policy. Given the lack of attention to their common impact, we cannot readily ascertain which of these factors might be more or less important. This is a critical question that matters a great deal given the long-standing controversy over the legitimacy of one of these potential influences on democratic policymaking—interest organizations (Schattschneider 1960; Bachrach and Baratz 1962; Lowi 1964; Liphart 1977; and Dahl 1989).

This paper examines systematically the relative amounts of influence that these various forces of pluralist politics exert in shaping public policy in the American states. Importantly and in sharp contrast to the limited prior work on this topic, we employ perhaps the broadest concrete measure of public policy available to us: the policy spending allocations of state governments. After first reviewing the limited research on the roles of public opinion, partisanship, and organized interests on public policy in the states, we present the data used in our analysis—yearly state-level spending priorities from 1990 through 2008. Our findings suggest that interest groups have a much stronger direct impact on state policy priorities than public opinion and partisanship. Further, interest groups that promote collective goods policies (e.g., highways, education, and infrastructure) appear to be much more successful in moving state spending toward their objectives than are interest groups that support particu-
larized benefits (e.g., welfare and health care). We conclude the analysis by discussing both how these results clarify the important role that interest groups play in state policy-making and why our substantive findings differ so markedly from those of the few prior studies that examine the relative influence of organized interests on the state policy-making process.

**DIVERGENT FINDINGS**

If the American states are truly “laboratories of democracy” then governmental activity should be responsive to the preferences and demands of relevant constituents. But, is this actually the case? Scholarship in political science has generated a variety of differing answers to this question. The earliest studies seemed to show that state policy-making was affected by socioeconomic conditions rather than political factors (Dawson and Robinson 1963; Dye 1966; Sharkansky and Hofferbert 1969). Such results suggest that citizen preferences are largely irrelevant to governmental decision-making in the American states. While bothersome to political scientists, these results held up for two decades.

In fact, there was some evidence for the impact of public opinion on state policy dating back to the 1930’s (Erikson 1976). But, serious challenges to the dominant scholarly consensus of socioeconomic influences on policy-making only began to emerge in the 1980’s. The most important breakthrough came in the work of Robert Erikson, Gerald Wright, and John McIver (1985, 1993; Wright, Erikson, and McIver 1985, 1987). This team of researchers disaggregated national survey data to generate state-level measures of electorate partisanship and ideology. The latter comprise critical symbolic components of public opinion (Sears 2001). Thus, Erikson, Wright, and McIver were able to examine directly the relationship between citizen preferences and governmental policy activity within the states. Their empirical results show that public opinion has a much stronger impact on policy-making than do the socioeconomic characteristics of the respective states. While subsequent research has both extended and qualified the initial findings (Lowery, Gray, and Hager 1989; Berry, Ringquist, Fording, and Hanson 1998; Burstein 2008; Berry, Fording, Ringquist, Hanson, and Klarner
2010; Lyons, Jaeger, and Wolak 2012; Pacheco 2013), it is accurate to say that a new scholarly consensus has emerged within the field, emphasizing the primacy of mass preferences in shaping governmental outputs.

Nevertheless, the literature on state-level public opinion has tended to sidestep another important class of actors in the political process: interest groups. Of course, these are central figures in modern empirical democratic theory. Pluralism holds that the basic nature of politics involves ongoing competition among groups (Truman 1951; Dahl 1961). This can be interpreted in both positive (Lijphart 1977; Dahl 1989) and negative (Schattschneider 1960; Bachrach and Baratz 1962; Lowi 1964) ways. But, in either case, it is impossible to deny the persistent presence of policy-relevant groups in the political process.

Given their obvious importance, it is somewhat surprising that interest groups generally have not been given much attention in recent scholarship regarding the influences on state-level policy-making (Burstein 2003). Virtually all of the systematic empirical research in this area has been carried out by Virginia Gray, David Lowery, and their colleagues (e.g., Gray and Lowery 1988; 1996). While the specific results vary, their general conclusion is that “the influence of organized interests on public policy is, at least in the aggregate, quite small. (Gray, Lowery, Fellowes, and McAtee 2004, pg. 419; also see Monogan, Gray, and Lowery 2009).” In contrast, however, Jacoby and Schneider (2001) find that interest group concentrations do affect the spending patterns of state governments. Schneider and Jacoby (2006) also show that interest groups are successful in moving state policy priorities toward their areas of substantive concern. Thus, while there has been relatively little prior work incorporating organized interests into more fully specified models of state public policy-making, what research we have sharply diverges in its substantive conclusions about their role.

How are we to reconcile these divergent findings? In general, we do not think that  

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1 It is important to emphasize that interest groups do affect decision-making within specific policy areas. For example, Gray, Lowery, and Benz (2013) focus on health care reform and they find that organized interests matter a great deal, although their influence varies across different arenas of health policy.
either set of findings is mistaken. Rather, there is good reason to suspect that they differ because they tend to focus on different sets of issues in a way that tends to heighten or diminish the relative importance of public opinion and organized interests. Prior research that has tended to discount the later and emphasize the importance of the former typically focused on highly salient issues, issue on which public opinion might be expected to play an especially prominent role. This is especially the case of the policy indices employed by Erikson, Wright, and McIver (1993) and Lowery, Gray, and Hager (1989; Gray, Lowery, Fellowes, and McAtee 2004). These indices include by design many of the most salient, hot button issues of the periods they examine. But beyond these prominent studies, it is also true that almost all prior research reporting limited influence on the part of organized interests has typically focused on highly salient policy issues (Smith 1995; Baumgartner and Leech 1998; Burstein and Linton 2002). For example, Gerbers (1999) analysis of referendum voting in the American states, which tend to be both highly contentious and fought within an arena in which public opinion plays a direct role via voting, found that massive infusions of cash into state referendum campaigns by business interests almost always fail to move voters. In short, many of the prior studies emphasizing the relative importance of public opinion over the influence of organized interests have examined specific policy issues or indices thereof that are highly favorable for finding just those effects. While these results are certainly valid for these cases, it is also possible that they do not apply more generally.

More to the point, there is good reason to suspect that they do not. First and perhaps most importantly, controversies over issues that are highly salient to public opinion comprise only a tiny proportion of the universe of state policymaking. For issues that are less salient to the public, we would expect public opinion to play a more limited role and, at least potentially, organized interests to have more influence. For example, Smiths (2000) analysis of business influence in Congress was highly attenuated on issues on which business interests were united, issues that by their very nature tend to be highly salient to the public. In contrast, business interests were found to play a more powerful role in shaping policy when
issues were less salient to the public, often issues when business interests competed with business interests. Second, even once hot button issues become, over time, part of the routine of state budgeting, the broadest indicator of state policymaking. Indeed, they may do so rather quickly. For example, while Gray, Lowery, and Benz (2013) reported that state public opinion handily dominated the efforts of organized interests in the initial adoption of new regulations of health maintenance organizations (HMOs) in the 1990s, nearly the reverse was true when the implementing legislation was considered in subsequent years, years when the public was far less attentive to HMO problems. And third and more broadly still, while the scale and scope of public budgets have become more politically contentious since 1980 or so, there is a long tradition of incremental budgetary scholarship (Wildavsky 1964; Fenno 1966; Sharkansky 1968a) that has emphasized how institutions governing budget decision-making are explicitly designed so as to exclude the influence of public opinion, thereby, at least implicitly allowing other influences, including those of organized interests, to be more telling in terms of influencing outcomes. In short, we have plausible reason to expect that the evidence highlighting the importance of public opinion and the limited influence of organized interests may not apply more generally once we move beyond the most salient issues in state politics.

In summary, research on the factors that affect state policy comprises a very healthy area of scholarship. There is a shared belief that public opinion really does matter. And, there is a general sense that interest groups are relevant for understanding policy activity as well. But, it is still important to refine our understanding of the relationships among these important concepts. That is our objective in the present study. Stated simply, we will use the most up-to-date measures available to examine the simultaneous impact of public opinion, interest groups, and socioeconomic characteristics on state policy priorities.

DATA

Virtually all studies of the influences on state policy-making take the following form: Using the 50 states as observations (sometimes for multiple years), a policy variable is modeled
as a function of some measure of citizen preferences, along with appropriate control variables. The empirical results obtained from such analyses vary widely. But, the major reason for this heterogeneity probably lies in the different variables used to measure the relevant concepts rather than the precise model specifications or estimation procedures. Perhaps this is to be expected: There are no single measures that capture the entirety of “public policy,” “citizen preferences,” or “interest groups.” For this reason, we take particular care in operationalizing our concepts, using variables that represent specific and identifiable elements of the respective phenomena.

To begin, our dependent variable measures state policy priorities across the full range of substantive areas in which state governments are involved. Note that this is not a measure of program content or policy outcomes. Rather, it is an immediate manifestation of the states’ willingness to allocate resources in different ways to address social and political problems. Jacoby and Schneider (2009) show that variability in annual state government spending patterns conforms to a very simple structure. Specifically, states can be arrayed along a bipolar unidimensional continuum. One end of the continuum corresponds to a set of policy areas that Jacoby and Schneider call “particularized benefits.” These policies include welfare, health care, hospitals, and corrections. At the other end of the continuum are located policies that they call “collective goods,” such as education, highways, parks and natural resources, government administration, and public safety. States that allocate a higher proportion of their spending toward one of these sets of policies invariably allocate a correspondingly lower proportion to the other set of policies. Thus, Jacoby and Schneider assign yearly scores to the states such that differences in any two states’ scores represent differences in the proportion of spending that the two states devote to collective goods policies. The measurement unit on this variable is a percentage; that is, if State A has a score of 10 and State B has a score of 15, it means that State B devotes five percent more of its spending to collective goods policies than state A (or, alternatively, state A devotes five percent more of its resources to particularized benefits than state B). The origin for the variable is arbitrary, but is set to the
average division of state expenditures between collective goods and particularized benefits. Our analysis will cover the 50 states from 1991 through 2008; thus, the total number of observations is 900.$^2$

Figure 1 summarizes the state-by-state distribution of policy priority scores across the time period covered by this analysis. Thirty states have mean priority scores that are lower than zero, indicating that they tend to allocate more resources toward particularized benefits. The remaining twenty states have positive mean priority scores, showing that they tend to emphasize collective goods in their program expenditures. The horizontal error bars in the graph show the range of priority scores for each state. The average within-state range across the 1991-2008 period is 9.264, representing a fairly substantial nine percent fluctuation in relative spending levels on particularized benefits and collective goods programs. There is quite a bit of variation around this mean range. For example, New Hampshire shows the maximum amount of change over time, with policy priority scores ranging across 21.150 percentage points. At the other extreme, Maryland shows very stable priority scores, with a range of only 5.059 points. In summary, our data contain a great deal of variability both across states and over time.

Our independent variables are divided into three sets. First, there are measures of state-level public opinion. We use three variables, each selected because of their direct theoretical relevance for manifestations of citizens’ policy preferences. The first two are indicators of state electorates’ partisanship and ideology. These are important because longstanding substantive theories of public opinion emphasize the primacy of symbolic political orientations like party identification and liberal-conservative self-placement for understanding individual issue attitudes in the mass public (e.g., Sears 2001). If governmental officials are responsive to public opinion, then the aggregated state-level measures of these variables should have direct effects on the ways that states allocate money to different program areas. The third variable in this set operationalizes the “policy mood” of each state’s electorate. This is in-

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$^2$All of the state-level spending data are obtained from State Government Finances (U.S. Department of Commerce, 1983-2013)
tended to summarize the degree to which the general public prefers liberal or conservative solutions on specific issues (Stimson 2004). As such, it comprises more narrowly-focused preferences than the preceding symbolic orientations. And again, democratic responsiveness would suggest that state officials are especially attuned to what the public wants them to do when addressing specific problems and issues. We use the versions of these three state public opinion variables created by Enns and Koch (2013), who used multilevel regression with post-estimation weights to disaggregate national-level data to the states. All three have values that are interpreted as percentages. The partisanship variable represents the percentage of Democrats within a state in a given year, minus the percentage of Republicans. Similarly, the ideology variable is the yearly percentage of liberals minus the percentage of conservatives. The policy mood variable can be interpreted as the percentage of a state’s electorate that prefers liberal policies.\(^3\)

The second set of independent variables is intended to capture interest group influences. Here, we use two variables that measure the relative presence of groups organized around the opposing poles of the state policy priority continuum—particularized benefits and collective goods. Gray and Lowery identified organized groups registered to lobby within each state and divided them into 26 categories based upon the substantive targets of their lobbying efforts.\(^4\) From the full set of categories, we consider groups focused on civil rights, health care, insurance, the legal profession, welfare, and women’s issues to be interested in particularized benefits. Groups organized around agriculture, communications, education, environmental concerns, good government, government employees, natural resources, transportation, utilities, and sports are considered to be collective goods interests. We take the percentage of all groups within a state that fall into each of the two broad categories as measures of particularized benefit and collective goods lobbying, respectively. The group data are only

\(^3\)Values for the three state-level public opinion variables are obtained from Peter Enns’ web page on the Harvard Dataverse Network (http://thedata.harvard.edu/dvn/dv/Enns).

\(^4\)Details about the collection and initial coding of the interest group data can be found in Gray and Lowery (2001) and Lowery, Gray, Cluverius, and Harden (2013).

It is important to emphasize that these two variables tap the substantive focus of the groups, not their specific policy objectives. So, it is entirely possible that each category contains groups working toward conflicting goals. But, that is entirely consistent with the state policy priorities variable. The latter measures the relative amount of state funds devoted to each of the two general areas, without taking into account how spend the money. For example, health care funds could go either to patients or to health care providers, probably with very different consequences in each case.

The third set of independent variables consists of three socioeconomic indicators: state population (in thousands), logged; per capita income within the state (in thousands of dollars); and the percentage of total state revenue that is obtained from the federal or local governments.\(^5\) This set of variables serves two purposes in the model. On the one hand, the socioeconomic variables act as controls to alleviate any spurious effects that would compromise the accuracy with which we measure public opinion and interest group influences. On the other hand, they also represent prominent elements of the broader economic environment. These are precisely the kinds of variables that early researchers claimed were most important for understanding state policy. Therefore, they can be viewed as a sort of baseline against which we can compare the effects of the public opinion and interest group variables that are of more immediate relevance.

**EMPIRICAL RESULTS**

In order to provide some preliminary information about the influences on state policy priorities, Figures 2 and 3 show the scatterplots of the latter variable against the various measures of state public opinion and state interest group presence. The graphs show the data for all 50 states across the full time period from 1990 through 2008. In each case,

\(^5\)The state-level socioeconomic data are obtained from the *Statistical Abstract of the United States* (U.S. Department of Commerce, 1992-2009).
an OLS regression line is superimposed over the data points. Note that the independent variables are always lagged one year relative to policy priorities.

Looking across the five scatterplots in the two figures, we can see that none of the bivariate relationships conform to very clear functional forms. In other words, the “cloud” of data points is always widely dispersed around the OLS line. And it is easy to see that this would also be the case for any other smooth curve fitted to these data, regardless of the exact shape. Nevertheless, the policy priorities variable always shows a weak to moderate relationship—in the expected direction—with each of the independent variables. The bivariate regression lines show negative slopes for the three public opinion variables. Thus, state electorates with more liberal policy moods, and higher percentages of Democrats and self-identified liberals all correspond to lower priority scores. Recall that the dependent variable is coded such that higher values indicate a larger percentage of state spending on collective goods, rather than particularized benefits. Thus, the negative relationships in Figure 2 all make sense from a substantive perspective. States with higher proportions of liberals (whether defined by policy preferences or self-identification) and Democrats tend to devote more resources to policies that provide benefits to needy or disadvantaged segments of their populations. And, the latter policies all fall at the lower end of the priorities continuum. In contrast, states with higher percentages of conservatives and Republicans spend more on programs that are at least intended to provide broader, more indivisible, goods and services across society (which fall at the upper end of the priorities continuum).

Turning to Figure 3, interest groups show exactly the kind of influences we would expect. The first panel illustrates the negative relationship between the percentage of interest groups that pursue particularized benefits and the priorities variable. Once again, lower scores on the latter indicate more spending on particularized benefit policies. In contrast, the second panel of the figure shows a marked positive relationship between the percentage of groups in a state pursuing collective goods and the policy priority scores. And, of course, higher priority scores mean more state resources going toward collective goods.
Thus, at bivariate level, the evidence definitely confirms that interest groups seem to be effective in tilting state policies toward their preferred directions. But, this is not enough in itself. All of the independent variables are correlated so we need to consider their simultaneous effects on policy priorities.

**Simultaneous Effects of the Independent Variables**

The central component of our empirical analysis is a model that incorporates the variables measuring public opinion, interest groups, and socioeconomic characteristics together as a common set of influences on state policy priorities. Since the data consist of yearly scores for the states on all of the variables, it is highly unlikely that the observations in the dataset are independent. In addition, the incremental nature of state policy-making suggests that there will be autoregressive structure in the model disturbances. In order to take these problems of cross-sectional time-series data into account, we estimate the model parameters using Prais-Winsten regression (Wooldridge 2013) with panel-corrected standard errors (Beck and Katz 1995).

Table 1 shows the Prais-Winsten estimates for the multiple regression model. The Wald chi-square statistic for this equation is 382.36 with 8 df; the observed probability for this value is effectively zero at any reasonable level of statistical significance. As expected the residuals are autocorrelated, as shown by the rho value of 0.732. Wooldridge (2013) warns that the R-squared statistic from a Prais-Winsten regression is difficult to interpret. Therefore, we report the squared correlation between the actual values of the dependent variable and the model-based prediction as an alternative measure of fit. The squared correlation is 0.530.

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6 The relatively simple model specification could raise concerns about omitted variable bias in the estimates of the explanatory variables’ effects on state policy priorities. A common way to deal with this situation would be to include fixed effects for the states. However that is not feasible in the present context. The within-state values of the interest group variables do not show much variability over time; this produces very high levels of collinearity with the state dummy variables in the fixed-effects model. As an alternative robustness test, we replicated the analysis with a model that includes a sizable number of control variables. The latter gauge state legislative characteristics, gubernatorial powers, revenue and budget terms, and partisan control of state government. The effects of public opinion, interest groups, and socioeconomic characteristics in this extended model are nearly identical to, and statistically indistinguishable from, the results presented here. Therefore, we opt to retain the simpler model specification. More detailed discussion about the extended model is provided in the supplemental material for this paper.
indicating that the model accounts for just over half the variance in state policy priorities.\textsuperscript{7}

The zero points are substantively meaningful for the electorate partisanship and ideology variables, indicating an even division between Democrats and Republicans, and between liberals and conservatives. Values of zero on the interest group variables would mean that there were no such groups existing within a state; while this does not occur anywhere in the actual data, in principle, these zeroes are meaningful values. The remaining independent variables are centered at their means. Accordingly, the estimated intercept for the equation represents the mean policy priority score for a state with average logged population, per capita income, and intergovernmental revenues, in which public opinion is completely neutral and there are no interest groups devoted to either particularized benefits or collective goods. Here, the intercept is -9.074, indicating that in such a hypothetical “balanced” state, spending priorities would lead slightly more than nine percentage points in favor of particularized benefits compared to the average state spending allocations.

Turning to the coefficients for the public opinion variables, the signs are identical to those from the bivariate relationships. However, the coefficient for only one of the three is statistically different from zero. Only electorate ideology shows a significant negative impact on the policy priorities variable. The coefficients for public mood and electorate partisanship are not statistically significant at the 0.05 level. Thus, it appears that once other factors are taken into account, the impact of public opinion on state spending priorities is muted, although not entirely eliminated.

In contrast, the coefficients for the interest group variables are both significant in their expected directions. The estimate for particularized benefits groups is -0.162. This shows that a one percent increase in the number of these groups corresponds to an average of 0.16% more state spending devoted to particularized benefits. In the opposite direction, the

\textsuperscript{7}One potential source of specification error concerns variation in the relative balance of state and local spending across the states. If this variation is systematically related to the types of spending states undertake, then our results could reflect state policy scope more than policy priorities per se. However, when a measure tapping the state proportion of state-local spending is included as a control, the results are not statistically different from those reported here.
estimated coefficient of +0.274 means that a one percent increase in the number of collective goods interest groups leads to an average 0.27% boost in spending on the corresponding policies. Superficially it may appear from the sizes of the two coefficients that the impact of collective goods groups is stronger than that of particularized benefits groups. However, the difference in the absolute values of the two coefficients is not statistically distinguishable from zero.

All three of the socioeconomic variables have statistically significant coefficients. Although larger states tend to have somewhat more diverse interest communities, we had no prior expectations about the structure of the relationship between logged population and policy priorities. But, the coefficient on this variable, -2.700, is statistically different from zero in a two-sided test. And, the negative sign is consistent with results obtained in prior research (Jacoby and Schneider 2001; Lewis, Schneider, Jacoby, 2013). The significant negative coefficients on per capita income and intergovernmental revenue both conform to prior hypotheses. Longstanding research on state politics confirms that wealthier states devote more resources to helping disadvantaged groups (Plotnick and Winters 1985; Barilleaux and Miller 1988; Berry and Berry 2007; Boehmke and Skinner 2012). Here, the coefficient of -0.214 shows that states with higher per capita income also tend to provide more resources for particularized benefit policies. Similarly, much of the intergovernmental revenue that states receive is earmarked for entitlement programs which also would fall under the particularized benefits heading (Barilleaux, Holbrook, and Langer 2002). So, the significant negative coefficient for this variable (-0.169) makes perfect sense from a substantive perspective.

**Net Effects**

The regression coefficients discussed in the previous section measure the rate at which policy priorities differ with respect to a single unit difference in each of the independent variables. But, the values of the respective independent variables vary markedly across the states. Therefore, in order to see the net impact of each variable, we must incorporate the variables’ values along with the coefficients. In order to do this, we create three summary
net effects variables. The net effects of public opinion are obtained by summing together the products of the public mood, electorate partisanship, and electorate ideology variables times their corresponding Prais-Winsten coefficients. Similarly, the net effects of interest groups are obtained by summing the products of the particularized benefits groups and collective goods groups variable values times their coefficients. And, the net effects of socioeconomic characteristics are calculated by taking the sum of the values on logged population, per capita income, and intergovernmental revenue times their corresponding coefficients. Net effects are a convenient way to summarize the yearly impact that each subset of independent variables has on each of the states. A positive net effect indicates that a set of variables is “pushing” a state toward more spending on collective goods policies, while a negative net effect means that the variables promote spending on particularized benefits.

Figure 4 shows a dotplot of the net effects of public opinion within each state. The plotted points represent the mean of the yearly net effects for each state while the horizontal error bars show the range of the yearly net effects across the 1991-2008 time period. The graph shows that public opinion generally exerts a conservative influence on state priorities. Almost all of the net effects are positive, indicating that public opinion leads to more spending on collective goods. Only two states, Hawaii and Massachusetts, have mean net effects that are negative (indicating more spending on particularized benefits). Overall, the amount of influence is rather small. The mean absolute net effect of public opinion, across all states and years, only produces a 1.291% difference in state spending priorities. The largest mean net effect occurs in Wyoming, where public opinion results (on average) in 2.239% more revenue being devoted to collective goods.

Figure 5 shows the net effects of interest groups. Here, too, state spending is moved in the direction of collective goods. In fact, there is only one instance across all states and years where the net effect of interest groups moves policy priorities toward more spending on particularized benefits; this occurs for Arkansas in 1998, with a net effect of -1.266. Furthermore the size of the net effects for interest groups is much larger than that of public
opinion. The mean net effect of interest groups (across all states and years) is 6.116. This value is much larger than even the single largest net effect of public opinion (3.212) which occurred for Wyoming in 2003. Thus, interest groups clearly have a much stronger effect in determining state policy priorities than public opinion, even though these two factors tend to move state spending in the same direction.

It is also important to examine the relationship between the net effects of public opinion and interest groups. Critics of interest groups contend that organized lobbying supplants popular influence on governmental policy-making. If that really is the case, then the net effects should be negatively correlated because the ability of public opinion to move policy priorities would be offset by the degree to which interest groups are able to do so. Figure 6 shows the scatterplot of the absolute net effects of public opinion and interest groups across all states and years. The highly dispersed “cloud” of data points shows that the two variables definitely are not negatively related. The correlation between them is an anemic 0.155. Thus, it is probably more accurate to say that the net effects are simply not related to each other. This suggests that public opinion and interest groups comprise alternative, but not competing, channels of influence on state governmental spending priorities.

Finally, Figure 7 shows a dotplot for the net effects of socioeconomic characteristics. There are two noteworthy features in this graph. First, the absolute size of the net effect falls in between the net effects of public opinion and interest groups. Here, the mean absolute net effect (across all states and years) is 2.726, compared to 1.291 for public opinion and 6.116 for interest groups. Socioeconomic conditions thus have an important effect on policy priorities, but they do not have an overwhelming influence on the ways that states spend money in the various program areas. Second, there are sizable net effects running in both directions. Unlike those for public opinion and interest groups, which tend to move all states toward collective goods, there are 25 states for which the mean net effect of socioeconomic factors leads to increased spending on particularized benefits. Thus, features of the external environment have a relatively even-handed impact on state spending patterns across the
CONCLUSIONS

In this paper we have developed and tested a model of the major influences on policy priorities within the American states. We identify three sets of factors and examine their roles in determining the ways that state decision-makers allocate resources across the array of policy areas that confront them. Our basic findings are straightforward. Interest groups have the strongest impact, followed by socioeconomic factors. This leaves public opinion as a relatively attenuated influence on policy priorities.

We believe our analysis makes several specific contributions. First, by focusing on policy priorities, we have identified a likely access point where external actors gain entry into the governmental decision-making process. Our dependent variable serves this function very nicely because it captures the relative allocation of resources without getting bogged down in the specific details of governmental programs and administrative structures. This is certainly a point where self-interested actors like lobbying groups would try to exert influence. After all, nothing can be done unless the resources are provided to address specific conditions and social problems.

Second, we have enhanced measurement of the components of public opinion and interest groups that affect policy priorities. The variables we use to capture citizen preferences differentiate between the symbolic and issue-specific elements of public opinion. This distinction has been a central element of the research literature on political attitudes. And, it is the former elements—the symbolic aspects of individual political orientations—that determine mass reactions to policy issues. At the state level, we produce a similar result by showing that policy mood is largely unrelated to state priorities, while electorate ideology does track with the ways that state governments spend across program areas (Lyons, Jaeger, and Wolak 2013; Pacheco 2013). In a similar vein, our interest group measures are defined in a way that corresponds to the major dimension underlying state spending patterns. Rather than focusing on general aspects of the overall interest group environment (e.g., group density
or diversity), we classify lobbying organizations by the substantive nature of their concerns. And, reasonably enough, we find that the presence of groups interested in either particularized benefits or collective goods corresponds to enhanced spending on precisely those kinds of policies.

The finding that organized interests seem to matter a great deal provides further indirect support for the traditional Dye (1966), Sharkansky (1968b) and Hofferbert (1966) perspective of the importance of socioeconomic factors, above and beyond the direct effects associated with population and per capita income. Gray and Lowery (1996) and Lowery, Gray, and Fellowes (2005) report there is considerable evidence that the supply of interest organizations is conditioned by the economic structure of states. Thus, the economic diversity of states is strongly reflected in the diversity of their interest group systems. Given this, Dye, Sharkansky and Hofferbert probably would not be surprised by our findings on the interest group variables.

Third, our analysis employs a broad perspective on the policy process that is relatively unique compared to the previous empirical literature. Most prior work has focused on the role of state public opinion, with more limited attention paid to interest groups. Very few studies make any attempt to compare the effects of these two types of actors to each other. And, those that do so emphasize cross-state variation during very limited time frames (Jacoby and Schneider 2001; Gray et al. 2004; Schneider and Jacoby 2005). The present study is distinctive not only in its more complete model specification but also because it covers a fairly long time span of 19 years. Thus, our analysis explicitly allows for temporal variability within states as well as difference across states.

This study produces some results that seem to be quite different from those reported in the recent research literature. So, it is important that we consider why this might be the case. Let us begin with the importance of interest groups relative to public opinion. As we have already mentioned, most of the influential studies that demonstrate the importance of public opinion simply do not incorporate interest groups at all. But, Gray et al. (2004) do
examine both kinds of influences, and they report that public opinion has a much stronger effect— exactly the opposite of what we report here. As discussed earlier, we believe that the difference lies in the nature of the dependent variable. Gray et al. used an updated version of Wright, Erikson, and McIver’s policy liberalism index. This variable is explicitly intended to operationalize liberal-conservative distinctions in policy-making and it incorporates a variety of specific elements. As a result, it captures the symbolic aspects of day-to-day political issues— precisely the kinds of salient concerns that are the focus of public attention. In contrast, spending priorities are set largely outside popular scrutiny. At the same time, the complexities inherent in policy trade-offs surely exceed the political knowledge and motivation of many citizens within the mass public. But, interest groups routinely monitor the details of governmental activity, particularly spending allocations, closely and consistently. Of course, this can only enhance their opportunities to influence the nature of governmental expenditures. And, we believe this is manifested in the strong relationship we find between the presence of certain types of interest groups and the direction of state policy priorities.

Another element of our results that differs from other recent work involves the prominent effects of socioeconomic conditions. For example, Wright, Erikson, and McIver report that “citizens’ preferences are markedly more important than state social and economic characteristics in accounting for patterns of policy liberalism in the states” (1987, pg. 980). But, we find that both the individual coefficients on the variables and the net effects are larger for socioeconomic factors than for public opinion. Once again, we believe the difference lies in the dependent variable. Wright et al. used the policy liberalism index that is explicitly intended to be optimally related to major dimensions of public opinion. But, governmental spending goes far beyond the limited set of issues that are captured within this variable. Regardless of political inclinations, state officials must develop policy responses to external conditions— for example, roads have to be maintained and public health concerns must be addressed regardless of governmental officials’ ideological inclinations. And, it is precisely these kinds of inescapable responses that we believe are generating the moderately strong
influences of the socioeconomic variables that we find in our analysis.

In conclusion, we do not believe that our analysis produces results that are contradictory in any way to recent prominent lines of research on state politics. Rather, we contend that our findings help clarify the circumstances under which public opinion can occupy a prominent position among the influences on state policy-making. Citizen preferences are most relevant when political activity focuses on salient and symbolic issues. But, state governments must address a very wide range of social problems on a regular basis. And an important part of this process is the allocation of scarce resources toward the achievement of different goals. Here, public opinion takes a back seat to interest groups and demands posed by the external environment. Thus, the relative importance of public opinion and interest groups depends upon where one looks in the overall policy process.
Table 1: The impact of public opinion and interest groups on state policy priorities, 1991-2008.

<table>
<thead>
<tr>
<th></th>
<th>Coefficient Estimate</th>
<th>Standard Error</th>
<th>Observed prob-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public opinion variables:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy mood</td>
<td>-0.064</td>
<td>0.050</td>
<td>0.101</td>
</tr>
<tr>
<td>Electorate partisanship</td>
<td>-0.005</td>
<td>0.019</td>
<td>0.380</td>
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<tr>
<td>Electorate ideology</td>
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<td>0.029</td>
<td>0.009</td>
</tr>
<tr>
<td><strong>Interest group variables:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Particularized benefits</td>
<td>-0.162</td>
<td>0.067</td>
<td>0.008</td>
</tr>
<tr>
<td>Collective goods</td>
<td>0.274</td>
<td>0.049</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Control variables:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population (logged)</td>
<td>-2.700</td>
<td>0.186</td>
<td>0.000</td>
</tr>
<tr>
<td>Per capita income</td>
<td>-0.214</td>
<td>0.058</td>
<td>0.000</td>
</tr>
<tr>
<td>Intergovernmental revenue</td>
<td>-0.169</td>
<td>0.041</td>
<td>0.000</td>
</tr>
<tr>
<td>Intercept</td>
<td>-9.074</td>
<td>3.132</td>
<td>0.002</td>
</tr>
<tr>
<td>Rho</td>
<td>0.732</td>
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</tr>
<tr>
<td>( R^2 )</td>
<td>0.317</td>
<td></td>
<td></td>
</tr>
<tr>
<td>( r_{Y\hat{Y}}^2 )</td>
<td>0.542</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Coefficients are Prais-Winsten estimates with panel-corrected standard errors. The analysis is carried out with 900 observations; independent variables are lagged one year relative to the dependent variable. The Wald \( \chi^2 \) statistic is 382.36, with 8 degrees of freedom. The observed probability value is effectively zero. Coefficients in boldface are statistically different from zero in a directional test at the 0.05 level. Observed probability values are also from directional tests at the 0.05 level.
Figure 1: Dotplot showing state policy priorities, 1991-2008.

Note: Plotted points represent the mean policy priority score for each state across the 1991-2008 time period. The horizontal error bars extend to the minimum and maximum yearly priority scores for each state across the same time period.
Figure 2: Bivariate relationships between state policy priorities and state public opinion

A. State policy mood

B. State electorate partisanship
Figure 2: Bivariate relationships between state policy priorities and state public opinion (Continued).

C. State electorate ideology
**Figure 3:** Bivariate relationships between state policy priorities and state interest group communities

A. Particularized benefits interest groups

B. Collective goods interest groups
Figure 4: Dotplot showing the net effects of public opinion on state policy priorities, 1991-2008.

Note: Plotted points represent the mean net effect for each state across the 1991-2008 time period. The horizontal error bars extend to the minimum and maximum yearly net effects for each state across the same time period.
Figure 5: Dotplot showing the net effects of interest groups on state policy priorities, 1991-2008.

Note: Plotted points represent the mean net effect for each state across the 1991-2008 time period. The horizontal error bars extend to the minimum and maximum yearly net effects for each state across the same time period.
Figure 6: Relationship between the absolute net effect of public opinion and the absolute net effect of interest groups.
Figure 7: Dotplot showing the net effects of socioeconomic variables on state policy priorities, 1991-2008.

Note: Plotted points represent the mean net effect for each state across the 1991-2008 time period. The horizontal error bars extend to the minimum and maximum yearly net effects for each state across the same time period.
REFERENCES


