The Determinants of State Policy Innovativeness[1]

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Abstract

What determines an American state's propensity for innovativeness, or their willingness to adopt new policies sooner or later relative to other states? Most studies focus almost exclusively on one policy area at a time at the expense of a broader understanding of innovativeness as a characteristic of states. Our study therefore departs from this tradition by simultaneously studying policy innovation across almost 100 different policies. We exploit this leverage to study the broad determinants of state innovativeness via a pooled event history analysis of all policies. This allows us to determine the internal factors that influence innovativeness in general and to more flexibly study external diffusion patterns via contiguity, geographic proximity in general, and ideological proximity.

1 Introduction

What factors help determine variation in the tendencies for American states to innovate? Political science has engaged this question since Walker's (1969) seminal work in which he utilized data on states' adoption dates for eight-eight policies to determine whether some states were more innovative, which he defined as adopting a policy sooner than other states. Finding evidence of variation in state innovativeness, Walker and subsequent researchers have sought to explain the observed variation, with a focus on a host of internal demographic and political variables as well as on external forces that shape the pattern of policy diffusion across the American states.

While a small handful of studies have followed Walker's approach by examining various indices of innovativeness across a broad sample of policies (Savage 1978; Boehmke and Skinner N.d.), the vast majority of studies over the last two decades rely on the application of event history analysis (EHA) to study the diffusion of policies, following the lead of Berry and Berry's (1990) classic study of the diffusion of state lottery adoptions. EHA facilitates the simultaneous examination of both internal and external forces as well accounting for changes in the propensity of states to adopt a policy over time.[1]

Yet the use of EHA, at least as usually applied, has also come at some cost as EHA studies almost exclusively examine policies one at a time. This creates a tension between the ability to obtain a more accurate test of the effects of various internal and external forces and the ability to learn about innovativeness and diffusion as general phenomena. Thus we collectively know a lot about what influences the diffusion of the lottery, smoking bans, or English-only laws, but we know less about the identity of the common factors that influence innovativeness across a broad swath of policies. Yet this is the precise question that motivated the literature in the first place.

We therefore seek to augment our understanding of the diffusion of specific policies with an understanding of general forces for innovativeness. Note that we do not claim that the literature has not made significant advances through the cumulative application of the single policy EHA. In fact,

[1]There are too many works to cite but a few — for reviews of this literature see Berry and Berry (2007) or Karch (2007).

there has been striking empirical and methodological innovation in this field over its history that have added to our knowledge. Rather we suggest that progress can also be made by taking what we have learned from single policy studies and testing what holds up when examining multiple policies at the same time.

Utilizing a database of nearly a hundred policies allows us to focus on the common factors that influence innovation broadly. Many of our theories of state innovativeness, such as the role of slack resources, or interstate policy diffusion via social learning, generate common predictions across policies. Yet in any single policy, these factors may or may not receive statistical support. While this could reflect the lack of an underlying effect for the specific policy being analyzed, it could also occur due to quirks in that policy or merely as a Type I error. These quirks tend to be exaggerated by the nature of EHA data, which often have very few adoptions and lots of nonadoptions. Examining many policies at once helps overcome potential policy to policy fluctuations.

Our estimation process also confers some additional advantages. Rather than estimate separate EHA models for over a hundred policies, we combine them into one database and estimate them concurrently using a relatively new approach termed pooled EHA (Boehmke 2009). Pooled EHA stacks all of the data from each policy and estimates one unified model of policy innovativeness. In addition to allowing us to test for the common factors that influence innovativeness across policies, pooled EHA allows researchers to include a variety of controls that pose challenges in single policy EHA studies. Most prominently, we are able to include state-level fixed effects and time fixed effects.

This leverage on innovativeness does come at some cost, of course, as pooling together over nearly a hundred policies limits our ability to include a wide battery of control variables in our analysis, including in particular factors specifically related to the adoption of each policy in its own right. Yet while much of the policy specific variation must be relegated to policy fixed effects, we can still include many of the most frequently examined variables in the literature for almost half a century. Our analysis therefore gives us an unprecedented opportunity to estimate and explain systematic differences in policy innovativeness across the American states.

In addition to testing long-standing hypotheses about the effects of various internal characteristics on state innovativeness, we also examine hypotheses related to the process of policy diffusion. These hypotheses all flow from the logics of economic and social learning diffusion. These have traditionally been interpreted and tested as diffusion between contiguous neighbors, with mixed support (Mooney 2001). We continue this tradition since there are many good reasons to expect that diffusion will be strongest between contiguous states. But these theories also suggest that diffusion can occur between nearby states that do not share a border or with regional patterns more generally. We therefore test whether geographic distance matters above and beyond contiguity. Third, we build on previous work that argues that similarities other than geographic proximity also matter (e.g. Grossback, Nicholson-Crotty and Peterson 2004; Volden 2006) by testing whether ideological similarity between a potential adopted and previous adopters increases the rate of innovativeness.

2 The Study of Policy Diffusion

As noted earlier, the policy innovation literature began with Walker's (1969) study, in which he attempted to shift the question from the level at which states fund various programs to whether they adopt those programs, arguing that the decision to adopt a program in the first place is at least as important as year-to-year decisions to adjust its funding level. He therefore followed Rogers's (1962) work on the diffusion of innovations and adopted as his definition of innovation "a program or policy which is new to the state adopting it, no mater how old the program may be or how many other states may have adopted it" (Walker 1969, p. 881). This definition has formed the basis for the policy innovation and diffusion literature ever since. Given this focus, Walker then wished to determine why some states were more innovative than others and hypothesized that these levels would depend on regional differences as well as various political and demographic variables including income, population, urbanization, political culture, and party competition.

In order to study these explanations, Walker gathered adoption dates for eighty-eight different

policies adopted by at least twenty states by 1965. Using these adoption dates, he constructed each state's innovation score for each policy as the ratio of the time elapsed between its adoption and the first adoption to the time elapsed between the last (observed) adoption and the first adoption, then subtracted the result from one so that larger scores corresponded to more innovative states.

This approach certainly had some strengths, but it also had some flaws that scholars quickly picked up on. Just four years later, Gray (1973) published a study of innovativeness in which she critiqued Walker's scores for making very strong assumptions regarding the comparability of diffusion patterns over time and across issue areas (see also Eyestone 1977). Further, she also questioned whether it was safe to assume that state innovativeness itself remained constant over time, stating that "'innovativeness' is not a pervasive factor; rather, it is issue- and time-specific at best" (Gray 1973, p. 1185). The empirical analysis supported this claim, but also produced similar patterns in innovativeness on specific policies with the wealthiest and most political competitive states generally among the first ten adopting states.

Despite some attempts to overcome these arguments against a general innovativeness score (e.g., Walker 1973; Savage 1978; Eyestone 1977), these concerns appear to have presented a sufficiently large hurdle at the time that the literature did not flourish and develop as Walker might had hoped (Savage 1985). But the situation changed in 1990 with the introduction of EHA for the study of state policy innovativeness (Berry and Berry 1990). EHA allowed scholars to study the correlates of the timing of policy innovation one policy at a time. Its strength lies in the ability to account for prevailing conditions at the time of adoption by modeling innovation, and therefore noninnovation, in each year at which state is at risk of adoption the policy in question (i.e., it has not yet adopted it). Thus changes in important variables over time are easily incorporated into the analysis. Further, EHA facilitates distinguishing between internal and external factors that may simultaneously influence the decision of whether to adopt in a given year.[2] Thus in studies of lottery and tax innovations, Berry and Berry (1990, 1992) were able to show that both internal factors, such as income,

[2]See Allison (1984); Box-Steffensmeier and Jones (2004) for overviews and more detailed discussions of the strengths of event history analysis and duration models in general.

election cycles, and partisanship, as well as external forces such as diffusion between contiguous states influenced policy. Subsequent studies have used the EHA framework to explore the role of internal forces such as policy entrepreneurs (Mintrom 1997), pressure from local adoptions (Shipan and Volden 2008), group conflict (Schildkraut 2001), and political institutions (Boehmke 2005), as well as pressure from external forces via ideological similarity (Grossback, Nicholson-Crotty and Peterson 2004), or population distribution near state borders (Berry and Baybeck 2005).

This division in the literature between internal and external diffusion forces has been common ever since. In a recent review, Berry and Berry (2007) suggest that the probability of policy innovation should depend on a number of internal factors, including motivation, available resources and obstacles, existing policies, and external factors resulting from the actions of national, local, or other state governments. Specific attention has been paid on the best way to measure external factors, particularly how to study cross-state policy diffusion. These forces generally arise theoretically from either direct economic competition as in lotteries (Berry and Berry 1990; Berry and Baybeck 2005; Baybeck, Berry and Siegel 2011) or casino gaming policies (Boehmke and Witmer 2004) or from social learning. Social learning describes the process whereby states feel pressure to adopt policies as a result of other states doing the same, either because it reduces the costs of looking more broadly for solutions to common problems, provides information regarding policy success, or because they do not want to feel left behind (see, e.g., Boehmke and Witmer 2004; Berry and Baybeck 2005; Mooney 2001; Volden, Ting and Carpenter 2008).

Collectively, these and other studies have added immensely to our understanding of the diffusion of policy innovation across the American states. But almost without exception, they have done so one policy at a time. This results in uncertainty in whether, for example, regional policy diffusion occurs at all: Mooney (2001, p. 103) states that "the empirical evidence regarding the effect has been mixed, at best", with only about half of published studies in the 1990s finding a positive and significant effect (Mooney 2001, p. 107). These concerns have generally led to more sophisticated theoretical and empirical investigation of policy diffusion, whether through simulations (Mooney 2001), formal modeling (Volden, Ting and Carpenter 2008; Boehmke 2005), GIS

(Berry and Baybeck 2005), more nuanced measurement strategies (Boehmke and Witmer 2004) or more advanced methodologies (Volden 2006). While significantly advancing our understanding of how both external and internal forces influence policy innovation as well as the circumstances under which we might expect external forces to matter, by examining one policy at a time these studies still leave us uncertain as to the general importance of these phenomena or whether various positive or null findings are the quirks of specific data sets or choices made by the author(s).

Scholars have begun to recognize anew the advantages of studying multiple policies at once.[3] One line of inquiry results from an interest in understanding why patterns of diffusion differ across policies (Boushey 2010; Nicholson-Crotty 2009). The other considers a single policy with multiple components, such as seven components of end of life pain management policy (Imhof and Kaskie 2008), or a closely related policy area, such as three anti-smoking regulations (Shipan and Volden 2008), and either estimates separate models for each policy or component, treats the adoption of each component as part of a sequence of repeatable events, uses these components to determine whether states policies are converging overall (Volden 2006), or pools together the data in one simultaneously estimated EHA model (Boehmke 2009).

Here, we continue this emerging line of inquiry by merging the original general innovativeness approach with the more recent EHA methodology. Rather than utilize a small number of generally similar policies, however, we construct a database of adoption dates for over one hundred policies including many, if not most, of those used previously in the literature. Using the strength of EHA analysis, we then examine the general role of internal and external forces on policy innovativeness by simultaneously estimating a single, pooled EHA model of policy innovation for all policies.

This analysis offers us significant leverage over a number of questions in the literature; in this paper we focus on two. First, we examine anew the role of internal forces on innovativeness across a wide sample of policies. Second, we also focus on the role of external forces for diffusion.

[3]This it not to suggest that this is a purely new phenomenon, of course. Given the origins of the modern innovation literature in the multiple policy approach that begat it (e.g., Walker 1969; Gray 1973; Savage 1978), it is not surprising that multiple policies have occasionally been used after the advent of the EHA approach, for example in Berry and Berry's (1992) study of the adoption of multiple forms of tax innovation.

We start by employing the traditional measure of external pressures captured by the number of bordering states that have adopted each policy. We go beyond this, however, by also considering the characteristics of all adopting states rather than just those neighbors. This allows us to test, for example, whether adoptions by nearby state matter more than adoptions by more distant states or whether adoptions by ideologically similar states matter more than those by ideological dissimilar states.

3 Internal and External Determinants of Innovativeness

Here we review the literature's expectations about the role of internal and external determinants of innovativeness. We adopt the slack resources framework for understanding the role of internal determinants. For external determinants we adopt the common economic competition and social learning divisions and begin with the standard approach to diffusion that measures adoptions by geographically contiguous states. We then extend this perspective to consider diffusion more broadly by considering geographic and ideological distance to adopting states.

3.1 Internal Determinants

The internal state factors that drive innovativeness are the resources available from which legislatures can draw upon. These characteristics, termed "slack resources", provide advantages to states since they serve to increase organizational capacity. Empirical evidence for this relationship shows that wealthy and highly industrialized states with large populations rank highest in terms of policy innovativeness (Walker 1969). For state legislative bodies, organizational capacity provides a fertile ground for policy outputs. The dimensions of legislative professionalism (i.e., the mean of employees per legislator, length of the legislative session, and mean salary) can be considered to be slack resources (Squire 1992). Previous single policy studies provide empirical support for this relationship, such as the adoption of statewide smoking bans and access to government services through the Internet (Shipan and Volden 2006; Tolbert, Mossberger and McNeal 2008).

In addition to slack resources, other political, economic, and social characteristics of states are factors that can influence policy innovativeness. One barrier to policy innovativeness might be divided government or split branch government (Fiorina 1982; Ranney 1976; Holbrook and Dunk 1993). Therefore, we expect that states with unified government will be more innovative compared to states that have divided government. States that share similar ideologies tend to adopt the same policies (Grossback, Nicholson-Crotty and Peterson 2004; Roh and Haider-Markel 2003; Volden 2006). If this is the case, then ideologically similar states should rate relatively closely in terms of exhibiting innovative proclivities. Since some policies in this data set diffused through the direct democratic process, initiative states may be more innovative following from the logic of the "gun behind the door" theory. Simply stated, legislators are conscious of the threat of a possible citizen initiative, and if the threat is perceived as credible, the legislature will produce a policy that is closer to the median voter's ideal point to avoid the possibility of the public producing one that is further away (Gerber 1999).

States that have a higher degree of racial and ethnic diversity should also have incentives to innovate new policies as a greater degree of heterogeneity in the population has been shown to produce higher variations in policies than homogeneous states (Hero and Tolbert 1996). The presence of distinct groups may prompt policymakers to either promote policies that burden or benefit them (Ingram, Schneider and Deleon 2007). In either case, this policy promotion should increase state innovativeness.

3.2 External Determinants

In addition to internal characteristics of a state that influence its propensity to innovate in general, we must also consider that states exist within the broader context of a Federal system and that its decisions likely depend on those made by other state, local, or national governments. This context suggests that states do not adopt policies in a vacuum, rather they respond and react to policy adoption decisions actions taken by other states that might be either helpful or detrimental depending on the nature of the policy. These external determinants of innovativeness correspond to

the process of diffusion, whereby policy adoptions by one actor may influence adoptions by other actors, as in the work of Rogers (1962), and lie at the heart of the study of policy diffusion.

External forces have generally been divided into one of two distinct processes: economic competition and social learning. Economic competition occurs when adoption in one state create spillover effects for a state, whether because economic activity by its citizens are drawn to neighboring states as in lotteries (Berry and Berry 1990; Berry and Baybeck 2005) or casino gaming policies (Boehmke and Witmer 2004) or policy divergence between two states leads high service demanding citizens to move into a state and impose a net revenue loss such as with the so-called "race to the bottom" in state welfare policy (Peterson and Rom 1990; Volden 2002). These economic forces generally operate between contiguous states since it is those closest to a border that have the lowest cost and therefore the greatest likelihood of traveling to the neighboring state to take advantage of policy differences (Berry and Baybeck 2005; Baybeck, Berry and Siegel 2011).

In addition, policies may also diffuse across states through the process of social learning (Walker 1969; May 1992; Boehmke and Witmer 2004; Mooney 2001; Volden 2006). Social learning describes the process through which states might update their beliefs about the value of adopting a specific policy based on the actions of other states. This approach is motivated to some degree by notions of satisficing (Simon 1976): if other states have adopted the policy then it must not be too bad and a state might want to try it out as well rather than do an exhaustive search of all possible policies that might address a common problem. It might also arise from or peer pressure such that legislators might not want to appear to be one-upped by peer states.

Political science has developed more rigorous theories of policy learning whereby adoptions in other states might signal something about the value of the policy in question. These approaches start with the underlying value to a state of adopting a policy: when that value exceeds the cost, it will tend to adopt and when it does not exceed the cost it will tend to stick with the status quo. Policymakers tend to be unsure about the precise costs and benefits of adopting a new policy, however, and therefore may look to gain information from other states that have adopted the same policy. When this information increases the perceived benefits it will increase the chance of adoption.

These theories can be grouped into two categories based on the importance that they place on geographic proximity and, specifically, contiguity. We focus first on those that rely on such proximity. In a recent article, Pacheco (N.d.) argues that policy adoption by a neighboring state provides information about a policy to citizens and that exposure to this policy either directly because they cross the border or indirectly through communication can increase support for their state adopting the same policy. This increased support should increase the chance that policymakers in the bordering state adopt the policy themselves. Rather than increasing public opinion directly, (Boehmke 2005) argues that if legislators are uncertain about public opinion and if opinion between neighboring states is positively correlated, then adoption by a neighboring states increases the expected value of public support for adoption in bordering states, which would also increase the chance of adoption.[4]

A handful of other studies have moved beyond a specific reliance on geographic proximity in order to understand diffusion via social learning more generally. For example, Grossback, Nicholson-Crotty and Peterson (2004) argue that the ideological location of adopting states constitutes an important piece of information that states can use to learn about the value of a policy. If other states took the time to learn about the policy and decided to adopt, then the laggard state may infer that the expected value of the policy is greater than if those other states had not adopted. Further, to the extent that adopting states are similar to the potential adopter, then the policy may have greater value for states like it rather than for states that do not have similar characteristics. Thus they argue that when the potential adopters' ideological distance from a state decreases, the state should be more likely to follow suit and adopt.

A similar conclusion emerges from Volden, Ting and Carpenter's (2008) game-theoretic model of policy adoption. States face the option of adopting one of two policies, one of which has an uncertain value, but that will tend to be of greater value to states at one ideological extreme. States may experiment by adopting the uncertain policy in the first period to learn its value, retaining

[4]While the spread of information is conditional on institutional arrangements that create legislative responsiveness in the original argument, the more far-reaching logic of inference regarding public opinion described here holds if legislators are at least somewhat responsive to public opinion.

it in period two if desired. States can also learn in period two from the experiences of states that experiment with the policy in period one. Because the uncertain policy's benefits depend on where a state lies on the ideological scale, states at one extreme will always adopt it, states at the other extreme will never adopt it, and states in the middle may be willing to experiment on their own in period one or adopt the policy in period two if it is successful in period one. If the policy is successful in other states in period one, then states in the middle will adopt in period two whereas states at the opposite extreme will not. Policies will therefore tend to diffuse to ideologically similar states rather than to ideologically distant states.

Bringing these two lines of argument together, then, we develop specific hypotheses about the pattern of policy diffusion. First, social learning and economic competition should occur most strongly between contiguous states.

Hypothesis 1 *The number of adoptions by contiguous states increases the probability that a state adopts a policy.*

While we won't be able to distinguish between social learning and economic diffusion across a large sample of policies, we can test whether the effects of the two operate on average. While this might not seem like a particularly novel hypothesis it is both at the historical root of the diffusion literature and lacking in strong support. Mooney (2001), for example, finds that diffusion via geographic contiguity receives statistical support in only about half of published studies.

Second, many of the theories of diffusion via proximity do not rely exclusively on contiguity per se. Rather, they rely on the notion of geographic nearness, which is easily proxied by contiguity but is not quite the same thing. Beyond the theories outlined above, proximity in general may capture a spatial clustering of states with commonalities (e.g., southern states or western states) since states that are closer geographically may share many common experiences (e.g. Elazar 1984). For example, states closer to each other will typically face similar geographic influences through common topography, shared riparian resources, exposure to highways and waterways, or droughts. They may also tend to be more likely to communicate with each other through regional government

alliances or even direct communication. Existing mechanisms may also influence proximate states more than distant ones even in cases without shared borders. Citizens may be willing to drive a short distance to a nearby state to purchase lottery tickets or tobacco products Baybeck, Berry and Siegel (as in 2011) or firms may be willing to relocate regionally more than move across the country. Thus we also hypothesize that nearness in and of itself matters above and beyond contiguity.

Hypothesis 2 *The probability of a state adopting a policy increases when existing adoptions are by nearby rather than distant states.*

Finally, as other authors have argued, states may learn from similar states, but similar states are not always geographically proximate. Florida, for example, may look more to states like California or Texas for solutions to its problems than it does to Georgia or Alabama. Here we follow the previous literature by beginning with a focus on ideological similarity.

Hypothesis 3 *The probability of a state adopting a policy increases with the ideological similarity of previous adopters.*

4 Data and Methods

4.1 Policy Adoption Database

In order to assemble a broad sample of policies, we started with Walker's data set, and proceeded to update this data set by conducting searches through JSTOR for all state diffusion articles. We also searched for policies that have not yet been examined in scholarly research through the National Conference of State Legislatures and other interest group websites to further supplement the data set. See Boehmke and Skinner (N.d.) for more information on how we assembled the data and the final set of 188 policies.

[Table 1 Here.]

Here we follow some of the same decision rules about coding the dependent variable. First, we use the first observed year of adoption as the starting date to determine when to set the first year of the risk set for our measure of innovativeness. Second, we determine the last year either by using the last observed adoption. Third, we exclude policies that began diffusing before 1960, which is right after Alaska and Hawaii become states and also coincides with the first year for which some of our key independent variables are measured. Using these rules, our sample of policies is reduced from 188 to 85 (see Table 1 for information on those icnluded here), but we remain confident that the sample size is sufficiently large for making valid inferences.

4.2 Pooled Event History Analysis

While these data have been used previously to construct continuous measures of state policy innovativeness (Boehmke and Skinner N.d.), here we wish to study the factors that influence policy innovation across states, policies, and time. We therefore move away from the innovation score approach by utilizing the dichotomous outcomes in a pooled EHA. Estimating this multiple policy EHA involves stacking the data for each of the single policy EHAs and estimating one model for all policies with various covariates. Notably, estimating the pooled EHA with only state fixed effects produces identical results to the innovation rate scores over the same time period. This suggests that we can think of pooled EHA as a way to model innovativeness as well as to introduce state, time, and policy-specific covariates into the process.

Combining multiple EHA models into one model allows us to include more than just state fixed effects, of course, which means that we can include other covariates in our analysis. These covariates give us great flexibility in modeling state policy innovativeness. First, we can include variables to account for differences across policies and over time. Second, as with EHA in general, we can also add variables to distinguish between internal and external forces. As examples of the advantages of this approach, note that previous analysis of these rate scores (Boehmke and Skinner N.d.) was able to account for state characteristics that vary over time, but unable to measure diffusion pressures at the policy level, where they operate.

While scholars have only begun to use the pooled EHA (hereafter, PEHA) approach, it has received attention mainly in the context of studying the diffusion of small groups of related policies or policies with multiple components, (e.g., Imhof and Kaskie 2008; Shipan and Volden 2008; Yackee 2009). In an overview of this approach, Boehmke (2009) argues that PEHA is a flexible estimation method that allows scholars to obtain a better understanding of policy diffusion by leveraging the similarities across policies through the inclusion of covariates with common effects while also accounting for important differences across policies by including policy fixed effects and also by allowing some variables to have different effects across components or policies. Here, we borrow the structure of PEHA but extend its use by applying it to an intentionally broad set of policies. Our goal remains similar, though our controls more limited, since we also wish to estimate commonalities in innovativeness for each state across policies while simultaneously accounting for blunt differences across those policies. Specifically, then, PEHA allows us to begin to address some of the major criticisms of existing state policy innovation scores—that they do not account for differences across policies and over time (Gray 1973; Eyestone 1977)—and to begin to sort out the general sources of variation in innovativeness.

4.3 Measuring Internal and External Determinants

Since it is plausible that resources are integral to the innovativeness of states, we start by operationalizing the measures that capture aspects of these resources. We obtained our measures of income and state population from the Bureau of Economic Analysis. For income, we use real dollars per capita.[5] Both are available annually from from 1960-2000.

Legislative professionalism is measured using Squire's (1992) method, which captures the resemblance of each statehouse to Congress and is constructed by indexing the mean staff per legislator, mean legislator salary, and the average number of days per legislative session. We utilize King's (2000) measure of this variable since it is measured decennially since 1963 and assign values for the entire decade in which they were measured.

[5]We used the BEA's urban consumer price index (CPI-U) to convert nominal income to real.

We include other politically and socially relevant variables as well. For state ideology, we begin with the citizen components (Berry et al. 1998). This is measured along a 0-100 scale, with increasing values indicating increasing liberalism. Party competition has been hypothesized to be associated with innovativeness (Ranney 1976; Holbrook and Dunk 1993). Therefore we include a measure of unified government based on Klarner's (2003) data from 1959-2007. We include a dichotomous indicator of initiative states, coded 1 in each year that the process is available for each state. These data are from the Initiative and Referendum Institute website. Finally, racial diversity is measured based on statistics coded by the U.S. Census from 1960-2005; in order to maintain comparability over time, we calculate the sum of the squared proportions of white, African American, Native American, and Asian and Pacific Islander.

Our first external diffusion force captures pressures that operate across borders. The most common measures of these forms of social learning and economic competition have been a count or percentage of adoptions in contiguous states (see Mooney (2001) for a review). As the number of bordering states that already have the policy increases, the pressure on other states to adopt rises.

Our other diffusion variables are not as commonly employed in the literature. In his dyadic analysis, Volden (2006) constructs measures of these relative concepts by taking either the absolute difference between a variable in the potential emulating state and the current value in the leader state that has already adopted, such as for ideology, or by creating indicator variables for whether the two states share a characteristic, such as unified government. Because our analysis is monadic, we can not use the same measures directly. Thus we hew more closely to the approach taken by Grossback, Nicholson-Crotty and Peterson (2004), who use a formula that weights the average ideology of all adopting states with ideology of the most recent adopter. Our relative measures are constructed similarly by taking the average of the ideological distances between a potential adopter and previous adopters (as opposed the difference between the potential adopter and the

average ideology of adopting states, as in Grossback, Nicholson-Crotty and Peterson (2004)):

$$\text{Ideology Relative to Adopters}_{itp} = \frac{1}{K_{pt}} \sum_{j \in \mathcal{A}_{pt}} |Ideol_{it} - Ideol_{jt}|, \quad (1)$$

where $\mathcal{A}_{pt}$ represents the set of states that have adopted policy p before year t and K_{pt} is the number of such states. Thus, the greater the value in the relative ideology measure, the more ideologically dissimilar State A is from State B. For dichotomous variables, we are interested in whether both states in the dyad share unified partisan control of their respective governments, (e.g., if State A and State B are each controlled by a unified Republican government, then the value is 1), so we calculate the proportion of adopters that share either unified Democratic or unified Republican control with the potential adopter. Note that these measures vary across states, policies, and time.

To measure the effects of proximity to adopters beyond contiguity, we measured the distance between state capitals. We plan to employ measures based on nearest distance between borders in the future, but for now we believe our measure taps into proximity in general and with respect to state policymakers more specifically. To capture external diffusion pressures arising through this mechanism, we again calculated the absolute distance between the potential adopter and states that previously adopted the same policy and took the average.

5 Adoption and Emulation Results

In this section we used the PEHA model just discussed to examine the general sources of policy innovativeness and diffusion across the American states.

5.1 Empirical Results

Our models include data from 1960-1999 that features over forty thousand observations. Each set of models is specified to include predictors to test our hypotheses and controls common to both policy diffusion and state politics research. In addition to the basic model, we then add policy,

state, and year fixed effects, respectively. These fixed effects help account for phenomena not captured by our independent variables. Policy fixed effects capture contextual influences for each policy such as the influence of national government forces or whether it was particularly salient or complex (Nicholson-Crotty 2009). Year fixed effects account for common shocks across the states, some of which take the form of changes in technology, national economic recessions, and shifts in patterns of federalism (e.g., devolution in the 1980s). Finally, state fixed effects account for constant differences across the states. Without these effects we could miss crucial variation in internal features across these polities and effectively ignore the essence of what makes the states ideal laboratories for policies. These variables will also capture any constant differences across regions (e.g. Elazar 1984; Sharkansky 1969) that we do not account for. By including these we are better able to test, for example, what makes New York distinct from Alabama.

[Table 2 Here.]

Table 2 displays the results of the first PEHA predicting policy adoptions from 1960-1999. Important differences arise depending on which fixed effects we include, though the direction of each relationship remains consistent for all statistically significant variables. We begin with variables capturing various internal explanations for variation in state innovativeness. The most consistent findings support Walker's original conclusions that a proclivity to be among the first to adopt new public policies is due to wealthy states with many people. Supporting this conclusion firstly is our measure of state population, which is both positive and highly significant in the first three models and remains so at the .05 level in the model with all fixed effects included. Secondly, the same magnitude and direction of the relationship is true for the real income per capita variable, though it fails to reach standard significance levels in the final model. While we are cautious to overstate the results when we consider the model with all three fixed effects, one plausible explanation for this is that a large number of citizens along with a larger economy are inherent traits of these states, which state fixed effects might be soaking up when included in the same model.

Other variables return less consistent results. Legislative professionalism appears to have a

negative effect, though it becomes insignificant once we add year fixed effects and eventually positive, though still insignificant with state fixed effects as well. This is perhaps due to the way that state professionalism is normalized to the US Congress over time since adding controls for time eliminates the unexpectedly negative effect. State liberal ideology has a positive effect, though insignificant in most models. This is not surprising over a broad sample of ideologically mixed policies. Unified government generally has no significant effect, though it consistently produces a negative coefficient. Increased minority diversity tends to increase innovativeness, as expected, though this variable loses significance with all three fixed effects included.

Internal features are but one side of the coin in terms of what makes states innovative, so we now turn to external forces that spurn diffusion. The most consistent influence across all four models is that exerted from neighboring state adoptions of a given policy; across all four models this factor significantly increases the likelihood that the state in question will also choose to adopt that policy.

Our non-geographic measures of social learning diffusion forces suggest that contiguity is not the entire story. While the direct measure of state citizen ideology, which captures the inner-workings of each state, is only significant in the model without fixed effects, the relative measure of ideology which accounts for social learning is negative in direction and strong in magnitude in first three models. Thus when the average ideological difference between a potential adopter and previous adopters increases, the potential adopter becomes less likely to adopt the policy in question.

Similar conclusions obtain for unified government — when we consider the internal influence of being governed by unified Republican or Democratic governors and legislatures we see no consistent effect, but externally we find that when a state shares this feature with previous adopters the relationship is stronger and more consistent. The reason for this is straightforward as public officials that rely on ideological heuristics for determining the compatibility of policies with their respective philosophies. For states without slack resources for which to expend on careful examination of the nuances of a new law, satisficing offers a low-cost mechanism in its place.

[Table 3 Here.]

Finally, we estimate the same set of models with the addition of a measure of the average distance to previous adopters. If states that are close in proximity are the most influential external forces on one's decision to innovate, and our findings suggest that this is true, then it follows that geographic units that are far apart will have less of an influence. Table 3 reports these results. When we add this variable, we see it has a statistically significant effect in the negative direction in three of the four models, including the last model with all three fixed effects. While most of the relationships described from Table 2 remain the same, we do observe a drop in significance in our ideological distance measure, which drops past standard significance levels with all three fixed effects included.

6 Discussion and Conclusion

Overall our results offer important insights into the factors that consistently influence state policy innovativeness and policy diffusion. We find consistent effects across all eight-five policies that indicates that wealthier, larger, and more diverse states innovate more quickly. We find little evidence, however, that state with more professional legislatures innovate faster, though we have some concerns about the comparability of this measure over time.

External diffusion, as measured between contiguous states, also consistently increases innovativeness. Compared to single policy EHA studies which have produced mixed findings, our results suggest fairly definitive evidence for cross-border diffusion. Moving beyond these traditional measures, we also find evidence that geographic proximity matters above and beyond contiguity. This suggests the possibility of geographic waves of diffusion that spread out from adopting states beyond their neighbors as well as the possibility of regional diffusion patterns.

We also find evidence of diffusion via social learning between ideologically similar states. States have a greater chance of adopting a policy previously adopted by states that share either the same partisan control of government or that have similar preferences among their citizens. These

results do not emerge equally across all our models, but the patterns do suggest such ideological diffusion in one form or another in all of our models.

In future, more attention could be paid to the policy-specific mechanisms of external diffusion. While we able to estimate in a flexible manner the influence of diffusion between contiguous states, our models assume a constant effect across policies. Yes some of our policies should be more likely to fit into the conception of economic competition than others. Theoretical and empirical results lead us to expect different forms of diffusion across policy areas based on the distinct components of social learning and economic competition, so accounting for these different patterns of diffusion could prove theoretically beneficial.

A Supplementary Appendix

Table 1: Information about Policies and Adoptions in the Database

Policy	First	Last	Total	Description
aboldeapen	1846	1969	13	Death Penalty Reform
aborparc	1981	1999	15	1-parent Consent for Abortion by a Minor
aborparn	1981	2000	17	1-parent Notification for Abortion by a Minor
aborpreroe	1966	1972	16	Abortion pre-Roe
absvot	1960	2003	24	Unrestricted Absentee Voting
aging	1974	1991	18	Strategic Planning for Aging
airpol	1907	1973	48	Air Pollution Control
animcruel	1804	2003	41	Animal Cruelty Felony Laws
antiage	1903	1975	22	Anti-Age Discrimination
arts	1936	1966	28	Council on the Arts
autosaf	1962	1965	43	Automobile Safety Compact
banfaninc	1996	2001	28	Ban on Financial Incentives for Doctors to Perform Less Costly Procedures/Prescribe Less Costly Drugs
bangag	1975	1999	44	Prohibits Agreements that Limits a Doctor's Ability to Inform Patients of All Treatment Options
bottle	1971	1986	10	Bottle Deposit Law
bradycamp	1989	2000	16	Child Access to Guns Protection Law
broadcom	1990	1997	18	State Law Requiring Broad Community Notification of Sex Offenders
cappun	1972	1982	38	Capital Punishment
ccreceipt	1999	2008	30	Restrictions on Displaying Credit Card Numbers on Sales Receipts
chartersch	1991	1996	23	Charter Schools
childabu	1963	1967	46	Child Abuse Reporting Legislation
childseat	1981	1984	47	Child Seatbelt Requirement
cigtax	1921	1964	46	Cigarette Tax
civinjaut	1998	2001	14	Civil Injunction Authority
cogrowman	1970	1998	9	Planning Laws Requiring Loc/Reg Planners to Coordinate Growth Management Plan Developments
colcanscr	1991	2007	26	Colorectal Cancer Screening
contrains	1996	2007	26	Insurers That Cover Prescription Drugs Cannot Exclude FDA-Approved Contraceptives
correct	1970	1991	18	Strategic Planning for Corrections
crtadm	1937	1965	25	Court Administrators
cyberstalk	1998	2001	21	Cyberstalking Definition and Penalty
dirdem	1898	1972	26	Initiative/Referendum
dui08	1983	2001	24	.08 per se penalty for DUI
earlvot	1970	2002	13	In-Person Early Voting
econdev	1981	1992	22	Strategic Planning for Economic Development
education	1970	1991	14	Strategic Planning for Education
edutv	1951	1989	42	Educational Television
elecdayreg	1974	1994	7	Election Day Registration
elecdereg	1996	1999	24	Electricity Deregulation
engonly	1811	2007	28	English Only Law
enterzone	1981	1992	37	State Enterprise Zones
environ	1978	1991	14	Strategic Planning for Environmental Protection
equalpay	1919	2002	28	Equal Pay For Females
fairemp	1945	1963	24	Fair Employment Laws
famcap	1992	1998	21	Family Cap Exemptions

Table 1: (continued)

Policy	First	Last	Total	Description
fhpriv	1959	1963	11	Fair Housing - Private Housing
fhpub	1937	1961	15	Fair Housing - Public Housing
fhurb	1945	1963	15	Fair Housing - Urban Renewal Areas
foia	1851	2003	38	Open Records/Freedom of Information Acts
gaymarban	1995	2008	31	Constitutional Amendment Banning Gay Marriage
gdl	1996	2009	47	State Graduated Driver's Licensing Program
grandvist	1964	1987	48	Grandparents' Visitation Rights
harass	1998	2001	10	Harassment Crime
hatecrime	1978	1994	32	State Hate Crime Laws
health	1985	1991	23	Strategic Planning for Health Services
higissue	1990	1994	35	Guranteed Issue of Health Insurance
higrenew	1990	1995	44	Guranteed Renewal of Health Insurance
hiport	1990	1995	42	Health Insurance Portability
hiprecon	1990	1994	38	Health Insurance Preexisting Conditions Limits
hmomod1	1973	1988	23	Health Maintenance Organization Model Act (First)
hmomod2	1989	1995	20	Health Maintenance Organization Model Act (Second)
homerul	1875	1962	30	Municipal Home Rule
hsexit	1976	1999	24	High School Exit Exams
humrel	1945	1963	22	Human Relations Commission
idas	1993	2001	34	Individual Development Accounts
idtheft	1996	2001	43	ID Theft Protection
indgaming	1990	1995	24	State allows Tribal Gaming
indorgris	1994	1997	14	State Law Requiring Notification to Individuals/Organizations at Risk (Sex Offender Policy)
infanthear	1991	2008	42	Newborn Hearing Screening
juvisup	1951	1966	41	Juveniles Supervision Compact
kegreg	1978	1999	12	Beer Keg Registration Requirement
kidhelmet	1992	2007	20	Mandatory Bycicle Helmets for Minors
kinship	1998	2006	26	Kinship Care Program
legresea	1901	1963	48	Legislative Research Agency
lemon	1982	1984	27	Lemon Laws
lien	1995	1999	25	Lien Statutes
livingwill	1976	1986	36	Living Wills
lott	1964	1993	36	Lottery
mailreg	1972	1995	47	Malpractice Reforms
manclin	1994	2008	23	Mandated Coverage of Clinical Trials
medmar	1978	2008	29	Symbolic Medical Marijuana Policy
methpre	1996	2005	24	Restrictions on OTC Medications with Methamphetamine Precursors
miglab	1943	1960	28	Migratory Labor Committee
minwage	1915	1965	34	Minimum Wage Law
missplan	1940	1976	19	Missouri Plan
mlda21	1933	1988	48	Minimum Legal Drinking Age 21
mntlhlth	1955	1965	30	Mental Health Standards Committee
motorhelm	1967	1985	48	Motorcycle Helmet Requirement
motorvoter	1976	1995	47	Voter Registration with Driver's License Renewal
msas	1993	1997	28	Medical Savings Accounts
natreso	1975	1991	16	Strategic Planning for Natural Resources
offwmh	1993	2009	19	Special Agent/Office for Women's Health
pdrugmon	1940	1999	14	Prescription Drug Monitoring
pestcomp	1968	2009	36	Interstate Pest Control Compact
postdna	1997	2005	34	Post-Conviction DNA Motions

Table 1: (continued)

Policy	First	Last	Total	Description
primseat	1984	2004	20	Primary Seat Belt Laws
prob	1878	2005	45	Probation Law
pubbrefeed	1993	2008	44	Allowance of Breastfeeding in Public
pubcamfun	1973	1987	22	Public Campaign Funding
renewport	1991	2004	18	State Renewable Portfolio Standards
retainag	1957	1965	14	Retainers Agreement
retstate	1911	1961	48	Retirement System for State Employees
revenue	1981	1991	17	Strategic Planning for Revenue
right2work	1911	2001	22	Protects Employees from Termination for Not Joining Unions/Paying Dues
rightdie	1976	1988	15	Right to Die
sals	1945	1965	25	Seasonal Agricultural Labor Standards
schoolchoi	1987	1992	16	School Choice
sdce	1994	2008	25	Dependent Coverage Expansion Insurance for Young Adults
sexreginfo	1991	1997	13	Access to Sex Offender Registries
shield	1935	2009	32	Protections Against Compelling Reporters to Disclose Sources in Court
smokeban	1995	2009	24	Statewide Smoking Ban
snrpresc	1975	2001	27	Senior Prescription Drugs
stalkdef	1998	2001	24	Stalking Definition and Penalty
statrapage	1950	1998	42	Age Span Provisions for Statutory Rape
strikes	1993	1995	24	Three Strikes for Felony Sentencing
tels	1976	1994	24	Tax and Expenditure Limitations
termlim	1990	2000	15	Term Limits
timelim	1993	1996	17	Time Limitations
transport	1974	1991	19	Strategic Planning for Transportation
viccomp	1965	1988	40	Victims' Compensation
vicrtsamd	1982	1999	31	Victims' Rights Constitutional Amendment
zerotol	1983	1998	48	Zero Tolerance ($<$.02 BAC) for Underage Drinking

Source: Walker database from ICPSR (#66), authors' data collection efforts.

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Table 2: Pooled Logit Event History Analysis of State Policy Innovation, 1960-1999

Neighbors Adoptions	$0.3958***$	$0.2924***$	$0.1751***$	$0.2179***$
	(0.0230)	(0.0220)	(0.0245)	(0.0264)
Income (Real per capita)	$0.3348***$	$0.6098***$	$0.2628***$	-0.3426
	(0.0673)	(0.0743)	(0.0811)	(0.2351)
Total Population	$0.0250***$	$0.0295***$	$0.0222***$	$0.0943*$
	(0.0073)	(0.0066)	(0.0069)	(0.0489)
Initiative State	0.0340	0.0567	0.0284	$0.6034*$
	(0.0584)	(0.0539)	(0.0540)	(0.3340)
Legislative Professionalism	$-0.6776**$	$-0.8351***$	-0.0817	0.1597
	(0.2750)	(0.2704)	(0.2759)	(0.7277)
State Citizen Ideology	$0.0059***$	0.0029	0.0034	0.0008
	(0.0022)	(0.0020)	(0.0022)	(0.0043)
Unified Republican Government	-0.0217	-0.0933	-0.1348	-0.0691
	(0.0874)	(0.0935)	(0.0956)	(0.1086)
Unified Democratic Government	-0.0981	$-0.1668**$	$-0.1320*$	-0.0933
	(0.0776)	(0.0791)	(0.0796)	(0.0920)
Minority Diversity	$0.9363***$	$0.7158***$	$0.3950*$	-0.1349
	(0.2214)	(0.2189)	(0.2260)	(0.7706)
Citizen Ideology Relative to Adopters	$-0.0129***$	-0.0005	$-0.0083***$	$-0.0083***$
	(0.0027)	(0.0025)	(0.0029)	(0.0032)
Unified Republican Relative to Adopters	$0.6820***$	$0.7937***$	0.3214	0.3548
	(0.2405)	(0.2891)	(0.3121)	(0.3240)
Unified Democratic Relative to Adopters	0.0526	$0.3215**$	$0.4595***$	$0.4276***$
	(0.1456)	(0.1477)	(0.1557)	(0.1585)
constant	$-4.4141***$	$-4.4880***$	$-2.1406***$	$-1.3837*$
	(0.1662)	(0.1903)	(0.2731)	(0.8309)
Policy Fixed Effects		Yes	Yes	Yes
Year Fixed Effects			Yes	Yes
State Fixed Effects				Yes
Observations Observations	40,904	40,904	40,904	40,808
Final Log-Likelihood	-7344.24	-6565.21	-6404.95	-6333.86

Source: Walker database from ICPSR, authors' data collection efforts. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 3: Pooled Logit Event History Analysis of State Policy Innovation, 1960-1999

Lagged Neighboring Adoption	0.3846***	0.2921***	0.1678***	0.2109***
	(0.0231)	(0.0222)	(0.0245)	(0.0263)
Income per Capita	0.3372***	0.6107***	0.2766***	−0.3142
	(0.0672)	(0.0742)	(0.0813)	(0.2350)
State Population	0.0224***	0.0294***	0.0202***	0.0952**
	(0.0074)	(0.0067)	(0.0070)	(0.0484)
Initiative State	0.0524	0.0576	0.0435	0.6041*
	(0.0583)	(0.0543)	(0.0545)	(0.3345)
Legislative Professionalism	−0.6297**	−0.8337***	−0.0546	0.1604
	(0.2770)	(0.2698)	(0.2760)	(0.7268)
State Citizen Ideology	0.0067***	0.0030	0.0039*	0.0014
	(0.0022)	(0.0021)	(0.0022)	(0.0043)
Unified Republican State	−0.0140	−0.0930	−0.1296	−0.0711
	(0.0871)	(0.0935)	(0.0955)	(0.1085)
Unified Democrat State	−0.1110	−0.1672**	−0.1359*	−0.1100
	(0.0768)	(0.0793)	(0.0794)	(0.0920)
Minority Diversity	1.0563***	0.7219***	0.4906**	−0.1521
	(0.2235)	(0.2259)	(0.2329)	(0.7635)
Citizen Ideology Relative to Adopters	−0.0084***	−0.0004	−0.0059*	−0.0038
	(0.0029)	(0.0028)	(0.0031)	(0.0036)
Unified Republican Relative to Adopters	0.6846***	0.7951***	0.3246	0.3755
	(0.2390)	(0.2890)	(0.3114)	(0.3221)
Unified Democratic Relative to Adopters	0.0983	0.3233**	0.4841***	0.4793***
	(0.1438)	(0.1481)	(0.1560)	(0.1589)
Distance (mi) to Adopters	−0.0844***	−0.0031	−0.0509*	−0.0898***
	(0.0233)	(0.0243)	(0.0277)	(0.0338)
constant	−4.3998***	−4.4900***	−2.1552***	−1.3743*
	(0.1660)	(0.1901)	(0.2721)	(0.8306)
Policy Fixed Effects		Yes	Yes	Yes
Year Fixed Effects			Yes	Yes
State Fixed Effects				Yes
Observations	40,904	40,904	40,904	40,808
Final Log-Likelihood	7336.98	-6565.20	-6403.16	-6330.23

Source: Walker database from ICPSR, authors' data collection efforts. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$