

# **The Diffusion of Successful TANF Policies**

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## **Abstract**

This paper uses a dyad-year event history analysis to provide a preliminary exploration of welfare policy diffusion across the states between 1997 and 2002. Rather than based on diffusion across geographic neighbors, policies spread to states with similar political leanings and similar budgetary constraints. More importantly, however, our results show that policies found to be successful in moving recipients into the workforce, and ultimately in reducing the number of welfare recipients, were more likely to be emulated by other states. Moreover, not all states responded equally to these diffusion considerations. States facing tighter budgets were more likely to seek out successful policies to alleviate their financial difficulties. Conservative-leaning states were more likely to emulate policies that successfully moved recipients from welfare to work. States with larger minority populations on welfare were more likely to adopt policies designed to move recipients into the workforce. But policies that effectively moved whites off of welfare were much more likely to be emulated than were those that moved blacks off welfare.

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## *The Diffusion of Successful TANF Policies*

When the Republican 104<sup>th</sup> Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act in 1996 with President Clinton's blessing to "end welfare as we know it," they began a great and risky experiment. Would the states, no longer aided by federal equity-enhancing matching grants, engage in a race to the bottom in benefits, eligibility restrictions, and services? Or would they, once free of the shackles of federal restrictions, learn from one another's experiments to produce effective welfare-to-work opportunities?

When the welfare rolls fell to less than half of their previous levels, the new Temporary Assistance for Needy Families (TANF) program was heralded as a dramatic success. Yet, were these declines due to the booming economy, to cost cutting measures that prematurely pushed poor people off of government assistance, or to truly successful policy reforms? Put simply, what policies were adopted across the states, and why?

This paper examines twenty-six dimensions of each state's welfare policies from the start of the TANF program in 1997 through 2002. Throughout this time period, states modified their programs along these dimensions hundreds of times. In so doing, they revealed patterns of policy choices that allow us to uncover many of the considerations that state policymakers weighed in modifying their TANF programs. Did they adopt policies similar to those found in their neighboring states, perhaps due to competitive pressures that could set off a race to the bottom? Did they emulate states that were confronting similar political, demographic, and budgetary conditions? Did smaller and poorer states eventually adopt the welfare policies found in larger and wealthier leader states?

Most importantly, we seek to uncover whether the devolution of welfare policy control to the states set off a series of experiments resulting in states learning and emulating one another's

policy successes. Moreover, if successful policies did indeed spread from state to state, did all states benefit from such experimentation? In particular, were the states facing the toughest budgetary circumstances able to adopt successful welfare reform practices that may eventually alleviate their welfare spending difficulties? Were ideologically conservative policymakers more driven to find successful welfare-to-work models and to move recipients off the rolls than were ideologically liberal policymakers? And were all recipients treated equally on the basis of their race – or, rather, were states less concerned with the fate of their minority welfare recipients?

Answering these questions is crucial to understanding the motivations and abilities of state policymakers. Without a sense of how states behave when confronted with complex policy choices, we are not well-positioned to assess the likely effects of policy devolution. If learning from others' successes is limited, if the geographic diffusion of policies just leads to lower benefits and more restrictive policies over time due to a race to the bottom, and if policy choices are best explained by racial biases, then the costs of devolution of welfare policy to the states easily outweigh the benefits. On the other hand, if there is a robust degree of learning and emulation of successes, if such learning swamps race-to-the-bottom considerations, and if initially racially biased policies give way over time to more effective policies to help all recipients, then welfare devolution can be deemed a successful experiment.

### **Research on Policy Diffusion and Welfare Policymaking**

This paper adds to two overlapping lines of research – policy diffusion and welfare policymaking across the American states. The policy diffusion literature is extensive and growing rapidly, both in the study of American states and in cross-national studies. Here we focus mainly on the American politics strand of that literature, which overlaps the comparative

politics approach quite significantly. Scholars of American federalism often trace the concept of states acting as policy laboratories back to the famous dissenting opinion of Supreme Court Justice Louis Brandeis (1932): “It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory, and try novel social and economic experiments without risk to the rest of the country.” Theoretically, other state policymakers would learn from the experiences of this courageous state, and the many experiments would ultimately result in better policies for the states and the country as a whole.

The idea that policies spread from one state to another is referred to as “policy diffusion.” Political scientists have taken the idea of policy diffusion seriously since the early work of Jack Walker (1969) and Virginia Gray (1973). Since 1990, the standard approach to studying policy diffusion has been through event history analysis (EHA), brought to this field by Berry and Berry (1990). This approach is most commonly used to study adoption of a single policy by multiple states over time. Whether a state adopts the policy in a particular year is seen as a function of that state’s characteristics (political, demographic, budgetary, and other conditions), as well as whether other states have adopted the policy. Typically, such “other states” are characterized by the fraction of the state’s geographic neighbors who have previously adopted the policy – based on the logic that state policymakers *learn* from nearby states, and also *compete* with nearby states based on economic or other spillovers from each state’s policy choices.<sup>1</sup>

Scholars have used this state-year EHA approach to study dozens of policies, from education (Mintrom 1997) to mother’s pensions (Skocpol et al. 1993) to morality-oriented policies (Mooney and Lee 1995). Some policy areas were found to have neighbor-to-neighbor diffusion, while others did not. In addition, political scientists began to isolate the mechanisms

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<sup>1</sup> See Boehmke and Witmer (2004) for work trying to disentangle these two effects.

behind policy changes. For example, political entrepreneurs and advocacy organizations were shown to facilitate the spread of new policies (Skocpol et al. 1993, Mintrom 1997, Balla 2001). States were seen as emulating not only their geographic neighbors, but also states that were contextually similar (Case, Hines, and Rosen 1993) or ideologically similar (Grossback, Nicholson-Crotty, and Peterson 2004). And policies were shown to spread both horizontally and vertically (Shipan and Volden 2006) and to evolve and to be reinvented as they spread (Glick and Hays 1991). Conspicuously lacking from these studies, however, was a concept crucial to the idea of states acting as policy laboratories – specifically, whether more successful policies spread more quickly and more completely across the states.

Noting the difficulties of capturing the role of policy success in the traditional state-year EHA approach, Volden (2006) imported a dyad-year EHA approach into the policy diffusion literature. Such an approach, looking at pairs of states and how they interact with one another, has deep roots in political science through international relations studies of trade and of war (e.g., Bueno de Mesquita and Lalman 1992, Reiter and Stam 2003). For each pair of states in each year, State A may adopt an important aspect of a policy found in State B, possibly emulating that state's policy. Looking at the pattern of such potential emulations, researchers can determine whether policies tend to spread across states that are geographically proximate or otherwise similar, whether leader states are more likely to be imitated, and whether states that have achieved policy success are more likely to be emulated. Studying the Children's Health Insurance Program (CHIP), Volden (2006) finds that policies that effectively addressed the needs of uninsured children were more likely to be adopted by other states across the U.S.

We use a similar approach to examine welfare policies after the 1996 reforms. Not only does this analysis show whether the CHIP findings are consistent across other policy areas, but it

also presents a difficult case for the idea of states as policy laboratories on a number of fronts. First, different policymakers and observers are likely to define the success of welfare reforms in different ways, leading to potentially divergent policy choices. Second, welfare policy is thought to exhibit the most negative aspects of policy devolution – a race to the bottom in benefits and services, undermining possibilities of success. Third, states with different budgetary, ideological, and demographic considerations may learn from one another’s welfare-to-work policy successes in different ways, or not at all – possibilities that we seek to uncover here.

Beyond its contribution to the policy diffusion literature, this study is also clearly relevant to a growing literature on the politics of welfare reform across the American states. This literature has typically focused less on states learning from one another and more on states being in competition with one another. Most notably, if states compete with one another to develop stable tax bases and to avoid policy problems, state policymakers may have incentives to limit their welfare assistance to avoid becoming “welfare magnets” (Peterson and Rom 1990, Peterson 1995). Fear of attracting welfare recipients from surrounding states may or may not set off a “race to the bottom,” reducing benefits and other forms of welfare generosity (e.g., Volden 2002; Berry, Fording, and Hanson 2003; Bailey and Rom 2004).

While most of these studies have focused on welfare policymaking prior to the 1996 reforms, recent work on the post-reform TANF program has begun to assess why states adopted their particular policies. Evidence of neighbor-to-neighbor policy diffusion resulting in a race-to-the-bottom has been mixed at best (e.g., Schram and Beer 1999, Soss et al. 2001, Fellowes and Rowe 2004). Given the complexity of the new welfare environment, with states having control over so many additional aspects of welfare policy than just benefit levels, scholars have begun developing indices or typologies for characterizing the various dimensions of welfare-to-

work policies (e.g., Urban Institute 2000; McKernan, Bernstein, and Fender 2004; DeJong et al. 2006). Using indices and individual policy choices to examine the recent politics of welfare reform, political scientists have found, among other things, that states with larger racial minorities relying on welfare adopted more restrictive eligibility and work requirements (Soss et al. 2001; Fellowes and Rowe 2004; Keiser, Mueser, and Choi 2004). Given the robustness of these results, it will be important to assess whether such states are also less likely to take advantage of other states' policy experiments to formulate more effective welfare-to-work policies.

In sum, while policy diffusion generally has been viewed as potentially favorable due to the possibility of state experimentation and competitive pressures toward efficiency, in the area of welfare devolution there has been much more skepticism, due to the potential for a race to the bottom in benefits and eligibility requirements. Additionally, this literature has brought into question the *motives* of state-level policymakers. Does some level of inherent racism result in discriminatory practices across the states? Does the fear of becoming a welfare magnet outweigh policymakers' compassion toward the less well off? Do economic spillover pressures detract from policy learning considerations in the diffusion of welfare policies? To answer these questions, we seek to reorient welfare diffusion studies away from simple geographic neighbor comparisons to consider also conditions under which states learn from the successful reforms found across the country.

### **Dimensions of Welfare Reform**

The 1996 welfare reforms gave each state significant discretion to define nearly every aspects of their TANF policies, from who would be eligible, to what activities were required

while on welfare, to how recipients would be helped into the workforce. The Urban Institute has recorded each of these decisions for each state in each year since the welfare reforms began, in its Welfare Rules Database. This database is constructed based on state policies specified in the casebooks used by welfare caseworkers. It is a comprehensive list of over 500 welfare policy characteristics capturing the most-minute details of eligibility criteria, benefits, allowable activities, and so forth for the TANF program. We narrowed this list down to twenty-six crucial components based on three criteria: (1) the policies vary substantially across the states, (2) the policies vary substantially over time, and (3) the policies are broad enough and important enough to potentially affect the success of the state's welfare program.

[Insert Table 1 about here]

Based on these criteria, the remaining components, listed in Table 1, include such important policy choices as: the number of hours of work-related activities required to maintain eligibility, which activities are judged as appropriate (ranging from education through job skills training through job search activities), benefit levels, time limits, and whether the state uses asset tests, diversion programs, waiting periods, family caps, or transitional child care. Because each of these decisions affects the opportunities for welfare recipients to find appropriate and gainful employment and eventually to move off of the rolls, state experimentation with and alteration of their policies in these areas is expected. Such experimentation did indeed take place, with hundreds of changes in these aspects across the states in the first six years of the TANF program. Here we seek to uncover the degree to which these policy alterations were the result of emulating one another's successes or whether they were based on other considerations altogether.

## **Theory Development**

While we remain interested in such traditional questions as whether welfare policy choices are influenced by competitive pressures from geographic neighbors, our main concern is whether successful policies diffuse more fully and more quickly across the states than do other policies. In the context of TANF policies, four main success hypotheses arise. The first is based simply on the idea that state policymakers – whether governors, legislators, or administrators – are motivated to bring about good public policies. These individuals need to be reelected or reappointed, and producing good policy outcomes helps secure that goal. Moreover, policymakers themselves often are internally motivated to help build a better society. Thus, whether based on internal or external considerations, we should expect to see policymakers seeking out and adopting better policies. Whether this pressure produces beneficial policy diffusion across the states in welfare policies can be discerned by testing the following hypothesis.

***Emulating Success Hypothesis:*** *States are more likely to adopt the policies found in states that have achieved policy success.*

Below, we discuss a number of criteria for success in the TANF program, ranging from helping recipients to get off of welfare by any means to alleviating poverty to achieving employment success on and after leaving the welfare rolls. Each of these success criteria may be important in some measure to state politicians, and would therefore be expected to explain their policy adoptions. Yet, there may be significant variation across the states. Indeed, one of the reasons given for policy devolution is that the best policy for one state might not be the best policy for another state. And states vary substantially in their budgetary circumstances, their ideological leanings, and their demographic characteristics. The second hypothesis characterizes

state pressures due to their budgetary circumstances. We would expect that states may look to successful policies elsewhere to alleviate their budgetary pressures back home.

***Budgetary Success Hypothesis:*** *States facing tougher budgetary circumstances are more likely to seek out successful policies to alleviate their budgetary concerns. Successful reforms that are financially costly, however, will be less likely to be adopted by states with tight budgets.*

Put simply, while there may be policy emulation across all states and all circumstances, the *nature* of that diffusion may be affected by circumstances within the states. We may expect, for example, that policymakers in states facing the budget crises common in the late 1990s and early 2000s would be especially interested in adopting policies to successfully move welfare recipients into the workforce and off the rolls. On the other hand, of course, these states may be less capable of bringing about successful policy reforms, especially if the reforms are costly in their own right.

There is also an obvious ideological component to welfare politics. Conservatives, emphasizing personal responsibility, tend to see movement off of the welfare rolls and into the workplace as a success in itself, a step toward self-sufficiency and toward the hard work necessary to achieve the American dream. Liberals, emphasizing compassion for the poor and the alleviation of hardship, tend to look at removal from the welfare rolls as nowhere near success, instead seeking reductions in poverty or other goals as measures of success. We would expect that state governments that lean in a more conservative or liberal direction will therefore likewise rely on different success measures in seeking out policies to emulate.

***Ideological Success Hypothesis:*** *Conservative-leaning or Republican-controlled states are more likely to adopt the policies found in other states that have achieved policy success as defined by conservative values. Liberal-leaning or Democratic-controlled states are more likely to adopt the policies found in other states that have achieved policy success as defined by liberal values.*

Finally, to the extent that Soss et al. (2001) are correct that welfare politics are substantially impacted by racial considerations, such concerns should also be evident in the emulation of successful policies. Specifically, racially biased policymakers would be expected to judge success based only on whether policies aid white recipients, showing little concern for whether TANF policies result in successful outcomes for nonwhites.

***Racial Success Hypothesis:*** *States with a large proportion of minorities on the welfare rolls will be less likely to seek out successful policies from other states. Moreover, policymakers are more likely to adopt the policies found in states that have achieved policy success for white recipients, without concern for their effects on nonwhite recipients.*

Taken as a whole, the tests of these hypotheses will determine not only whether successful policies spread across the states following welfare reform but also whether such diffusion processes depend on the budgetary and ideological characteristics of state government and on the racial makeup of the state's welfare population. Thus we seek a much better understanding of the complex politics of welfare reform, and of policy diffusion more broadly. Finally, although this project focuses mainly on the spread of successful TANF policies, it is also possible to explore the effect of state similarity in explaining how policies spread. These considerations are important because they may point to other welfare policy adoption criteria. For example, the adoption of policies found in geographically neighboring states may hint that race-to-the-bottom considerations are still relevant to welfare policy in the post-reform era.

***Similar States Hypothesis:*** *Based on competition and policy learning, states are more likely to emulate their geographic neighbors and those with similar political, demographic, and budgetary characteristics.*

## Data Analysis

To test these five hypotheses, we examine all state TANF policies from 1997-2002 for the twenty-six policy characteristics listed in Table 1, to discover when states emulate one another, adopting a policy change found in another state. As discussed above, we rely on the dyad-year EHA (Volden 2006). In each year we examine each pair (or dyad) of states, for a total of 14700 observations (50 states  $\times$  49 potentially emulated states  $\times$  6 years).<sup>2</sup> Each of the fifty states may adopt policies in each year that imitate the policies in place in any of the other forty-nine states. The dependent variable in this dyad-year event history analysis takes a value of one if State A adopts a policy change moving it toward State B, where such policy movement is judged based on the 26 TANF policy components listed in Table 1. Because we are looking at 26 different components of each state's welfare policies, it will be necessary to classify whether a move on any or all of these dimensions is considered a potential policy emulation. For our present purposes, we code the dependent variable as taking a value of one if State A adopts a policy that moves *closer* to State B on more components than it moves *away* from State B in a given year.<sup>3</sup> Otherwise the dependent variable takes a value of zero. For components that take dichotomous values, such coding is simple; for components such as number of required work hours, however, a move toward State B is considered to occur if the final policy in State A is closer to State B's policy, even if it has surpassed that policy (such as a move from 20 hours to 40, when State B has a policy of 35 hours).<sup>4</sup>

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<sup>2</sup> Somewhat fewer observations are used when including variables available only for a subset of states or years.

<sup>3</sup> Many alternatives could be used, and will be explored in great detail in future drafts. They include coding the dependent variable as a potential emulation: if there is *any* component on which State A moves toward State B, if State A moves toward State B on at least one policy component and away from State B on *none*, or if State A moves closer to State B in a unidimensional or multidimensional policy space defined by a factor analysis of the 26 different components. Additionally, the *number* of components on which State A moves toward or away from State B may be of interest as well, perhaps best studied through an ordered logit or event counts analysis.

<sup>4</sup> The comparison is to State B's policy at the start of the year, based on the assumption that State A is relying on State B's prior experiences in deciding whether or not to emulate State B's policies.

Independent variables are constructed to test the above hypotheses. These variables characterize conditions in State B that may make the emulation of that state's policies more attractive, and similarities between State A and State B that might explain diffusion patterns.<sup>5</sup> Our first concern is testing the Emulating Success Hypothesis. As should be expected, different policymakers may deem programs successful based on different criteria. Indeed, there has been significant scholarly debate on criteria to assess the success of the TANF program (e.g., Cancian and Meyer 2004; Danziger et al. 2002; Gueron 1998; Lichter and Jayakody 2002; Loeb and Corcoran 2001; Meyers, Riccucci, and Lurie 2001). To capture this diversity of opinions, we create four measures of TANF policy success, although many others may be relevant, and we hope to include further measures in subsequent drafts of this work.

Our first measure of success is *Percent of Adult Recipients Employed* in State B. Each year each state is required by Congress to report details about current and former welfare recipients, including their recent employment circumstances. These and other data on welfare recipients are available from the U.S Department of Health and Human Services' National TANF Datafile. A large proportion of adult recipients engaged in gainful employment is a clear measure of success. Moreover, regarding former recipients, it is important to identify whether they were removed from the welfare rolls due to reaching time limits, facing sanctions from violating state or federal guidelines, or, hopefully, due to finding steady employment. Our second success measure is *Percent of Closed Cases Due to Employment* in State B. If other states are interested in adopting the policies that bring about employment while on the TANF program and those that result in a level of employment suitable to move recipients off the TANF program, we should see positive coefficients on both of these success variables.

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<sup>5</sup> Variables capturing the attributes of State A alone may be problematic for dyad-based analyses for a variety of reasons (Volden 2006). Nevertheless, in future drafts we will consider these alternative specifications fully.

Our third measure of success is simply a *Percent Reduction in Recipients* in State B. This percent reduction is measured between the number of recipients 1996 and the current number of recipients. Because this percent is expected to rise each year, at least during the early part of the program, we have normalized this percent by subtracting off the average percent reduction across all states in each given year. The variable thus takes a mean value of zero in each year, but states with particularly large declines in the recipient populations since the TANF reforms will take a positive value. If other states find policies that secured such an extraordinary reduction in caseloads worth emulating, we would expect a positive coefficient on this measure.<sup>6</sup> Finally, we construct a *Percent Reduction in Poverty* in State B variable, again relative to 1996 levels, and again normalized for each year. Although it would be ambitious for policymakers to believe that their TANF policies would effectively reduce poverty, a positive coefficient on this variable would indicate that states look to those with successful poverty reduction for policy ideas.

Beyond successes, the baseline model is able to test the Similar States Hypothesis. Numerous independent variables are constructed to capture whether the two states in the dyad are geographically proximate or otherwise similar, based on the idea that neighboring and similar states may compete with each other and learn from one another. The first of these independent variables is a *Geographic Neighbor* dummy variable, taking a value of one for dyads comprised of geographic neighbors, and zero otherwise.<sup>7</sup> If states are emulating policies that are more prevalent in their neighboring states than in all states nationwide, this variable will have a positive coefficient.

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<sup>6</sup> Reductions over the previous year or previous few years may be a reasonable alternative measure instead of reliance on the 1996 baseline. In future drafts, we will reconstruct this variable to assess the robustness of our results.

We include three independent variables to test whether policies diffuse to states with similar political characteristics. The first, *Same Governor Party*, is a dummy variable taking a value of one if the governor is from the same party in both states in the dyad. *Same Unified Government* takes a value of one if the governor, house, and senate, are all controlled by the same party in both states.<sup>8</sup> A positive coefficient is expected on each of these variables. *Absolute Difference in Government Ideology*, is constructed following the work of Berry et al. (1998). They develop a measure of the government's ideology in each state, based on partisan control in the state legislature, voting patterns of congressional representatives, and other ideological measures. Absolute Difference in Government Ideology is the absolute difference between the government's ideology score in the two states in the dyad. If both states are quite moderate, both are conservative, or both are liberal, this variable will take a low value. A negative coefficient would support the idea of diffusion to states with similar ideologies.

Three independent variables can help test the possibility of diffusion to states with similar demographic characteristics. The first, *Population Ratio*, simply focuses on the size of the population of the two states in the dyad. This variable takes the ratio of the larger of these two states to the smaller. If states tend to emulate those of approximately the same size, the coefficient on this variable will be negative.<sup>9</sup> *Absolute Difference in Minority Population* captures the absolute difference between the two states in the dyad in the percent of their populations comprised of minorities.<sup>10</sup> If state governments are shaping their TANF policies

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<sup>7</sup> An alternative specification, coding the percent of State A's population made up of people born in State B, captures instead the possibility of migration (and potentially welfare-based migration) being relevant to TANF policy choices. This variable was insignificant when included in the analysis.

<sup>8</sup> Alternative specifications, comparing the partisan leanings of the house and senate separately within the dyad, showed similar diffusion patterns.

<sup>9</sup> Alternative specifications of the absolute difference in population or absolute difference in logged population showed similar results.

<sup>10</sup> Alternative specifications broke this category down further into African-American and Hispanic groups. The results were similar to those reported here.

around those in states with similar racial population bases, this variable should have a negative coefficient. The third variable related to demographics included here is *Absolute Difference in Per Capita Income*. If states with similar poverty or wealth are more likely to emulate one another, this variable's coefficient should be negative.

Budget constraints may affect the innovativeness and policy adoptions of governments and organizations (Mohr 1969). Two variables are used to test whether budgetary similarities are important to policy diffusion. The first, *Absolute Difference in Percent Change in Revenue*, captures the relative direction of states' fiscal health. This variable is the absolute difference between the two states in the dyad in the percent change in state government revenues between the current year and the previous year. States with growing revenues will look similar to others with growing revenues, thus taking a low value for this variable. Likewise, two states facing dropping revenues will look quite similar on this front. The second independent variable in this area is *Absolute Difference in Percent Debt*. This variable captures the absolute difference between the two states in the dyad in the percent of state government debt relative to state government revenues. Negative coefficients on these variables will show support for budgetary similarities accounting for diffusion patterns.

Two additional variables control for the possibility that larger and wealthier states serve as leaders, whose policies are more likely to be adopted subsequently by others (Crain 1966, Walker 1969, Grupp and Richards 1975). First, because larger states may be more likely to be emulated, *Log of Population in State B* is included.<sup>11</sup> Second, *Per Capita Income*, expressed in thousands of dollars, captures the wealth of State B.<sup>12</sup> If larger and wealthier are seen as leaders

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<sup>11</sup> The natural log of the state's population is used to minimize outlier effects. As an alternative specification, the raw population value was incorporated, with similar effects.

<sup>12</sup> The alternative of per capita state government revenue was explored with similar results.

to be emulated, we should expect positive coefficients on these two variables. These variables are consistent with those used by Volden (2006) in his study of state CHIP policies.

The baseline model tests whether successful and similar states are more likely to be emulated. Tests of the other three hypotheses, exploring the nature of success emulation with respect to budgetary, ideological, and racial considerations, are discussed below. All variable descriptions, sources, and summary statistics are given in the Appendix.

### *The Baseline Model*

We begin with a test of the baseline Emulating Success Hypothesis. This hypothesis suggests that states will adopt policies found in other states that have achieved policy success. As described above, the dependent variable is a dummy for whether State A adopts a policy change moving it on average toward State B's TANF policy. Given the dichotomous nature of this variable, the analysis is conducted using logit models.<sup>13</sup> Given concerns about potential temporal dependence (Beck, Katz, and Tucker 1998), we include year dummies in each model to account for different hazard rates over time. We also cluster the data by dyad and rely on Huber/White robust standard errors. Because each pair of states is included twice in each year (Kentucky may emulate Ohio or vice versa), there may be concern about whether these observations are truly independent of one another. By clustering both such pairs together, this potential dependence is addressed, consistent with the directed dyad approach of Reiter and Stam (2003).<sup>14</sup> The robust standard errors also are used to address the possibility of heteroskedasticity. All analyses were carried out using Stata 8.1.

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<sup>13</sup> Results reported here are robust to the alternatives of probit and cloglog models (Buckley and Westerland 2004).

<sup>14</sup> Each cluster therefore includes twelve observations – both pairs of states in each of the six years. Independence is assumed across, but not within, clusters. Clustering each directed dyad separately does not substantially change the results reported here, nor does using neither clusters nor robust standard errors.

[Insert Table 2 about here]

The four models in Table 2 show the results of the baseline analyses with variables capturing the role of policy success and of similarities across states. Before turning to a detailed discussion of the findings surrounding the success variables, it is worth noting the effects that similar and neighboring states, as well as leader states, have on the diffusion of TANF policies. Results regarding these variables are quite consistent across the models reported throughout the paper, so getting a firm handle on what these results tell us here will allow the rest of our description to focus mainly on the success effects.

The first, somewhat surprising result is that Geographic Neighbors seem to have a negative effect on policy diffusion. This effect varies somewhat across models, but is always at or near conventional levels of statistical significance. This result suggests that, relative to a typical state, neighbors tend to be less likely to move their policies toward one another. Perhaps this is due to the similarities of neighboring states' Aid to Families with Dependent Children (AFDC) policies prior to the 1996 welfare reforms, a program shown to promote similar policies and competition across neighboring states (e.g., Volden 2002; Berry, Fording, and Hanson 2003; Bailey and Rom 2004). A number of the welfare reform changes, including the shortened time limits for which recipients could stay on welfare, may have removed competitive pressures across geographically neighboring states (e.g., Volden 1997). Thus neighboring states, once freed from such race-to-the-bottom competition, were able to move in separate directions from their geographic neighbors – perhaps toward models of successful or similar states outside of their immediate geographic region. The size of this effect varies somewhat across models and, quite intuitively, is stronger in Models 2-4, which include 1997 and 1998.<sup>15</sup> In these models, the

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<sup>15</sup> Due to data availability, models including the Percent of Adult Recipients Employed variable only cover the years from 1999-2002.

odds of emulation are about fifteen percent lower for pairs of states that border one another than for all dyads.

The political similarity variables all take their expected signs in Model 1, although only Same Governor Party achieves statistical significance at conventional levels. In Models 3 and 4, Absolute Difference in Government Ideology also shows some support for the Similar States Hypothesis, although at a quite loose standard of statistical significant ( $p < 0.1$ , one-tailed). Across these models, where both states in the dyad have a governor of the same party, the odds of State A adopting a policy change moving toward State B increase by about twelve percent. Interpreting the result for the government ideology scores is more difficult as the ideology index is a constructed measure. Nevertheless, in Model 3, for example, a one-standard-deviation increase in the absolute difference in government ideology between the two states in the dyad is associated with a four-percent decline in the odds that State A will emulate State B's policies. This is consistent with the spread of policies across states that have similar political ideologies.

There is far less support for the Similar States Hypothesis with respect to demographic similarities. States with similar population sizes and those with similar per capita incomes appear no more or less likely to emulate one another's policies than are disparate states on these measures. However, here a noteworthy anomaly arises for the Absolute Difference in Minority Population. Each additional unit of difference between the percent of minorities in State A and the percent of minorities in State B actually seems to *increase* the odds of emulation by above one-half of one percent. This result is strange given expectations that states with similar-sized minority populations would adopt similar policies. However, perhaps it is indicative of a temporal policy lag, in which states with large minority populations are slow to adopt policies changes that are taken up swiftly in the rest of the states (or vice versa). They would thus, over

time, be moving toward states that are otherwise dissimilar on this dimension. Such a story would be consistent with the Soss et al. (2001) finding of initial TANF policies being particularly harsh for states with large minority populations on welfare, especially if such states changed their policies over time.<sup>16</sup> Below, we take up some of these concerns, regarding whether racial considerations played a role in the emulation of successful TANF policies across the states.

Budgetary similarities demonstrate support for the Similar State Hypothesis. States that are similar in terms of their rising or falling revenues and in terms of their debt to revenue ratios appear more likely to look to one another for policy ideas. Specifically, a one-standard-deviation increase in the absolute difference in percent change in revenue from year to year across the two states in the dyad is associated with about a four-percent decline in the odds of a policy emulation from State A to State B. And a one-standard-deviation increase in the absolute difference in percent debt between the dyad states is linked to about an eighteen-percent decline in the odds ratio. In both cases, it appears that states facing difficult budgetary circumstances look to others in the same condition for policy ideas. Below we also explore whether difficult budgetary circumstances induce an increased focus on finding successful policies in other states.

Taken together, these results show that similar political and budgetary circumstances across the states tend to facilitate policy diffusion, while demographic and geographic similarities are much less important (or even hindrances) to policy emulation in the TANF program. Finally, in terms of leader states, there is significant evidence that the policies of wealthier states are more likely to be imitated subsequently by other states, while larger states do not seem to be serving such a leadership role in the TANF program. Specifically, each one thousand dollar rise in the per capita income of State B increases the odds of State A adopting its policies by about six percent. As a whole, these similar states and leader states results are largely

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<sup>16</sup> We intend to explore such possibilities in more detail in future drafts of this paper.

consistent with Volden's (2006) findings for the Children's Health Insurance Program, which was focused on about the same time period. That study again showed a positive impact of political and budgetary similarities and of leader states on policy diffusion, no support for positive diffusion across geographic neighbors, and an anomaly of states with disparate minority populations emulating one another.

We turn finally to our examination of the Emulating Success Hypothesis. The four models in Table 2 each contain one of the success variables described above. Model 1 shows that when State B has a larger percent of its adult TANF recipients employed, its policies are more likely to be emulated by other states. Specifically, for any pair of states, when State B has one percent more of its welfare recipients in the workforce, the odds of State A moving its policy toward State B are just over half a percent higher. Put another way, relative to the average state, when State B has one standard deviation greater success in facilitating employment for its welfare recipients, the odds of its policies being emulated by each other state in that year are ten percent higher.

Model 2 shows similar results for former recipients. When they have been removed from the welfare rolls due to achieving employment, rather than due to failing to meet requirements or confronting time limits, we consider the program successful. The more success a state has on this criteria, the more likely other states emulate its policies. In particular, when one percent more of the closed cases in State B are closed due to employment, State A has about one-third of a percent greater odds of adopting the policies found in State B. Put another way, a one-standard-deviation increase in the percent of closed cases due to employment in State B is associated with a five-percent rise in the odds of adoption of similar policies by State A.

Model 3 relies on the measure of success that is more agnostic about the conditions for removal from the welfare rolls. The Percent Reduction in Recipients measure considers any reduction in welfare rolls to be successful. The evidence from Model 3 suggests that state policymakers likewise consider this a goal worth pursuing. In particular, when State B has achieved a greater reduction in its welfare rolls since 1996, relative to the average reduction across the states to that date, it is more likely to have its policies emulated by other states. This effect is approximately the same in size as was the effect of the other success measures. Specifically, an additional percent reduction in State B's welfare rolls is associated with a one-third percent rise in the odds of State A imitating State B's policies. Expressed differently, relative to the average state, for State B being one standard deviation above the mean in its reduction of welfare recipients, the odds of each other state emulating its policies increase by about five percent.

Model 4 shows no statistically significant effect of the percent reduction in poverty. That is, states with a significant decline in the percent of their population under the poverty line are no more or less likely to have their TANF policies adopted by other states. One interpretation may be that state policymakers are not concerned about reducing poverty. More plausibly, they do not see their welfare policies as having a significant impact on poverty rates, or they think that so many other factors account for changing poverty rates that they will not attribute such success to welfare reform policies. Regardless of the reasoning, successful reduction of poverty does not appear to facilitate the spread of welfare policies in this era. Because of its continued insignificance, this success measure is not reported for the more complex analyses detailed in subsequent tables.

Setting aside the poverty success measure, the Emulating Success Hypothesis receives strong support in Models 1-3. When one state finds a set of policies that is effective in reducing its welfare rolls and in providing employment opportunities for current and former recipients, policymakers in other states take notice. The analysis here shows that, in addition to emulating states with similar budgetary and political features, TANF policies spread based on their achieved successes. We now turn to whether the spread of successful policies from state to state is affected by conditions in the emulating state, such as budgetary stress, ideological goals, and racial biases.

### *Emulation of Successes in Tough Budgetary Times*

The Budgetary Success Hypothesis speculates that states facing difficult budgetary circumstances face greater pressures to seek out and adopt successful policies to alleviate their financial difficulties. On the other hand, one could imagine that only the states with sufficient budgetary slack are able to expend the resources needed to find and bring about successful policy changes. To test these alternatives, we need to focus not only on whether State B in each dyad has a successful policy but also on whether State A has the conditions necessary to learn from State B's experiments. To do so, we create additional independent variables based on an interaction between each of our success variables and conditions in State A.

Specifically, we interact the three success measures of Models 1-3 with Percent Change in Revenue in State A.<sup>17</sup> The resulting interactive variables allow us to test whether states vary

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<sup>17</sup> It may be appropriate to also include this Percent Change in Revenue in State A variable directly, in addition to the interactions (and likewise for the other interacted variables below). Including State A variables directly in the dyad-based models, however, presents some difficulties (Volden 2006). Nevertheless, there are ways to overcome these concerns, which we will explore further in subsequent drafts of this paper.

in their response to successful policies based on their budgetary circumstances.<sup>18</sup> A negative coefficient on these interactive variables would indicate that states with declining budgets are more likely to seek out and emulate successes than are those with rising budgets, consistent with the Budgetary Success Hypothesis. A positive coefficient indicates the opposite, that states with rising budgets are better positioned to learn from one another's successes. And a coefficient near zero would indicate that all states are equally responsive to policy successes found elsewhere.

[Insert Table 3 about here]

The models shown in Table 3 replicate the results of Models 1-3, now with the addition of these interactive effects. These results show strong support for the Budgetary Success Hypothesis. In all three models, the interactive effect takes on a negative coefficient, while the main effect remains positive and strong. This negative interaction, suggesting that states with declining revenues are more likely to emulate successful policies found elsewhere, attains statistical significance in Models 5 and 6. In particular, in Model 5, when State A has an average percent change in revenue from the previous year to the current year (+5.61 percent), its odds of adopting State B's policy increase by 0.5 percent for each additional percent of adult TANF recipients employed in State B. This is as was found in Model 1. However, when State A is one standard deviation below the mean in its change in revenue from the previous year (thus at +0.77 percent), its odds of adopting State B's policy increase by 1.0 percent for each additional percent of adult recipients employed in State B. Put simply, relative to the average state, states that are one standard deviation below the mean in revenue change from the previous year are twice as responsive to evidence of policy success in choosing whether and how to revise their own TANF policies.

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<sup>18</sup> An alternative interaction with Percent Budget Deficit in State A yielded similar results to those reported here.

Model 6 shows an even greater effect for the emulation of success in moving recipients off the rolls because of employment. For State A being one standard deviation below the mean in its year-to-year revenue change, the odds of emulating State B's policy are 0.86 percent higher for each additional percent of closed cases caused by employment in State B. This rate of responsiveness to evidence of policy success is about three times that found for the average state. Perhaps surprisingly, but pleasantly so, according to the results shown in Model 7, states with lower budget growth are not statistically more likely to emulate policies that simply reduce welfare caseloads, without consideration for whether the recipients gain employment.

Taken together, the models of Table 3 show strong initial support for the Budgetary Success Hypothesis, indicating that states with low revenue growth respond to pressures to seek out successful alternative approaches to their welfare concerns. The second part of the Budgetary Success Hypothesis notes that more costly policy changes will be less likely emulated by states facing tough budgetary circumstances. Although we do not presently separate out which of the 26 components of TANF policy change are more costly and which are less costly, we plan to do so in future drafts of this paper, to more completely uncover the effects of budgetary considerations on the emulation of successful policies.

### ***Ideological Considerations***

The Ideological Success Hypothesis suggests that conservative and liberal states will both emulate successes found elsewhere, but that they may rely on different criteria for success. An overly simplified and undoubtedly biased account might portray conservatives as wanting to remove recipients from the welfare rolls regardless of their job preparedness, while liberals would be interested in providing everyone with a basic standard of living, even if that meant

keeping recipients on the welfare rolls indefinitely. Both of these caricatures overstate the policy differences between liberal and conservative state policymakers. Nevertheless, the current approach allows us to determine whether, just like states with different budget pressures, states varying in ideological leanings respond differently to evidence of successful policies elsewhere. As always, there were no significant results regarding evidence of successful reduction of poverty. Table 4 presents the results for our other three success measures.

[Insert Table 4 about here]

Once again, we look for different responsiveness to evidence of policy success by interacting our success measures with characteristics of State A – here with *Government Ideology in State A*.<sup>19</sup> The results are consistent across all three models, and are strong for Models 8 and 9. These models show conservative states (those with lower government ideology scores) to be more likely to emulate employment-based successes of other states. Specifically, where State A has an average ideology score (43.1), its odds of moving its policies toward State B increase by about half a percent for each percent increase in State B’s TANF recipient employment rates. For one-standard-deviation more-conservative states (ideology score of 17.1), the odds-rate responsiveness is a 0.84-percent increase in response to each percent rise in State B’s employment success. For one-standard-deviation more-liberal states (ideology score of 69.1), the responsiveness to State B’s success rate is 0.32 – just over a third of that for the conservative states. An even more dramatic drop in responsiveness is evident for closing cases due to employment, shown in Model 9. The more-conservative state has an odds-rate response of a 0.88-percent rise for each percent increase in State B’s successful removal of welfare recipients via employment, compared to a slight *negative* response (-0.23) to State B’s success among the more-liberal state.

These results, while still tentative and subject to further investigation, suggest that states vary in response to policy success and learning based on their ideological leanings. Consistent with their pro-devolution position, conservative policymakers seem to have made the most of the experiments taking place across the states. Perhaps eager to move welfare recipients off the rolls and into the workplace, conservative-leaning states were much more likely to emulate the policies found to be successful at employing recipients while on welfare and moving them off welfare due to that employment. While liberals might claim that these conservative states are moving recipients into the workforce too quickly and are placing too many harsh work requirements on their recipients, conservatives might respond that they are seeking out successful policies to start recipients on the path out of poverty. Regardless of interpretation, these results suggest that states vary in the emulation of policy success not only on financial grounds, but also based on ideological leanings.

### ***Racial Considerations in the Emulation of Policy Successes***

The Racial Success Hypothesis suggests that states with larger minority populations on welfare will respond differently to evidence of success than will states with a largely white recipient population. Moreover, states may be more likely to adopt policies that benefit white recipients while ignoring policies that benefit nonwhite recipients. To explore the first of these claims, we again create interactive variables, this time between our three success measures and *Percent of Recipients in State A Who Are Black*. Results of these interactive models are shown in Table 5.

[Insert Table 5 about here]

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<sup>19</sup> Interactions with the party of the governor in State A yield similar results.

The interactions do not attain statistical significance for the success measures of reduction in recipients or of percent of closed cases due to employment. However, as illustrated in Model 11, the interaction is significant with percent of adult recipients employed. Perhaps surprisingly, this interaction takes a *positive* coefficient, and is therefore inconsistent with the Racial Success Hypothesis. What it suggests is that states with larger black welfare populations are more likely to seek out policies found to successfully incorporate current TANF recipients into the workforce. Specifically, for states with an average-sized black welfare population (34.2 percent), the odds of adopting the policy of State B increase by about 0.54 percent for each percent rise in State B's recipient employment rate. However, for a state with a one-standard-deviation higher black welfare population (61.4 percent), that responsiveness rate is about 0.71 percent. Put simply, states with larger minority populations on welfare appear to be more likely to seek out policies that effectively employ these recipients. Of course alternative (and more dreary) interpretations are also plausible, such as that states with larger minority populations on welfare adopt successively tougher work requirements, which do indeed result in more recipients working while on welfare but also potentially in a lack of preparedness and a higher rate of removal from the program due to sanctions from not meeting program requirements.

A second approach to addressing how the emulation of successes varies by racial conditions is tackled in the models of Table 6. Here we construct measures of success that are themselves racially focused. Specifically, rather than the overall Percent Reduction in Recipients used previously, we now rely on separate measures of *Percent Reduction in Black Adult Recipients* in State B and *Percent Reduction in White Adult Recipients* in State B. Consistent data with these racial breakdowns are available from the Department of Health and Human Services from 1998 through 2002. Thus these reductions are relative to the recipient numbers in

1998, rather than in 1996; they are once again normalized relative to the average reduction across the states in these measures for the given year. If states look equally for policies that successfully move black and white recipients off of the welfare rolls, we would expect that the coefficients on both of these measures would be positive and of comparable sizes.

[Insert Table 6 about here]

Model 14 does show some evidence that states emulate the policies found to be successful for black TANF recipients. Although its statistical significance is based on a very loose standard, the results suggest that, each additional percent reduction in State B's black recipient population is associated with 0.16-percent greater odds of emulation by State A. This is less than a third of the responsiveness to white welfare roll reductions, evident in Model 15. Moreover, the black recipients finding may have simply been an artifact that policies designed to help whites off the welfare rolls also helped blacks off by association. Including both success measures in Model 16 illustrates this relationship. Upon controlling for the increased emulation of policies that successfully move white recipients off of welfare, states that are better able at moving blacks off the welfare rolls are no more or less likely to have their policies imitated across the states.

Taken as a whole, these results strongly suggest that race is a significant factor in understanding the diffusion of successful welfare policies. It appears from these preliminary results that policies aiding white recipients are much more likely to be emulated than policies aiding black recipients. However, policies that move current recipients into the workforce are more likely to be imitated by states with large minority populations on welfare than by those with large white recipient populations. How these results fit together with one another and with

prior work on race and welfare politics is one area we hope to uncover with further investigations in subsequent drafts.

### **Conclusions and Next Steps**

This paper provides compelling preliminary evidence that welfare policies under the TANF program spread across the states in fairly systematic ways. Rather than based on diffusion across geographic neighbors, policies spread to states with similar political leanings and similar budgetary constraints. More importantly, however, our results show that policies found to be successful in moving recipients into the workforce, and ultimately in reducing the number of welfare recipients, were more likely to be emulated by other states. Moreover, not all states responded equally to these diffusion considerations. States facing tighter budgets were more likely to seek out successful policies to alleviate their financial difficulties. Conservative-leaning states were more likely to emulate policies that successfully moved recipients from welfare to work. States with larger minority populations on welfare were more likely to adopt policies designed to move recipients into the workforce. But policies that effectively moved whites off of welfare were much more likely to be emulated than were those that moved blacks off welfare.

As noted throughout the manuscript, these results are preliminary, but intriguing and suggestive. As such, we are beginning to take a series of steps to insure that these results are robust to alternative specifications and to piece together the disparate results into a more complete and comprehensible whole. Here we briefly mention seven of those steps that we consider crucial to this endeavor. First, we are interested in reconstructing the dependent variable in a variety of additional ways. Currently, the dependent variable captures a potential

emulation in terms of State A adopting a policy change that moves its policy closer to State B on more of the 26 components listed in Table 1 than the number of components moving away. Alternatives, such as whether *any* move toward State B occurred, the *number* of components moving toward State B, and an overall *spatial* move closer based on factor analysis of the 26 components, are all worth exploring, and may shed additional light on the underlying diffusion processes.

Second, we would like to confirm that our models are robust to alternative characterizations of the underlying hazard rates dictating when emulations occur, including nonparametric approaches such as a Cox proportional hazards model. Third, we will incorporate variables that capture the conditions found in State A that may make the state more likely on average to seek out and adopt experiments tried elsewhere. Of particular interest are variables that capture whether State A previously had a policy that was failing on the success criteria examined here, as well as variables that are subsequently used in interactions between State A's characteristics (budget, ideology, race) and State B's success measures. Fourth, we are seeking out additional success measures, including those that characterize the conditions faced by former recipients in the years after they leave the welfare rolls.

Fifth, while the interactions uncovered here are interesting, there is no reason to believe that they are comprehensive. Further interactions, such as between geographically neighboring states and success, may yet show further important relationships, such as the emulation of neighboring states only if their policies are found to be successful. Sixth, to further capture the role of budgetary concerns in the emulation of welfare policies, it is important to re-characterize the 26 policy changes in Table 1 in terms of whether they make the TANF program more or less costly. Successful but costly innovations may not diffuse as easily across the states as less costly

successes. Finally, the goals of state welfare programs may have changed significantly over the TANF program's history. Although the time frame of available data may still be too short, separating out which policies and which success criteria were most relevant early in the program, compared to those that were important as the program evolved, will help us understand how welfare reforms evolve over time.

## Appendix: Data Descriptions and Sources

Variables	Description	Mean	Std. Dev.
Emulated (dependent variable) <sup>a</sup>	Dummy = 1 for dyad in which State A adopts a policy change with more components moving toward the policy present in State B at start of year than away	0.158	0.365
Percent Adult Recipients Employed <sup>b</sup>	Percent of adult TANF recipients in State B who are employed	46.6	18.0
Percent Closed Cases Due to Employment <sup>b</sup>	Percent of closed cases in State B that were closed due to recipient becoming employed	23.5	15.1
Percent Reduction in Recipients <sup>b</sup>	Percent reduction in welfare recipients since 1996 minus average reduction in all states for given year	0.00	13.6
Percent Reduction in Poverty <sup>c</sup>	Percent reduction in poverty since 1996 minus average reduction in all states for given year	0.00	1.96
Geographic Neighbor	Dummy = 1 if for dyad of contiguous neighbors	0.087	0.282
Same Governor Party <sup>d</sup>	Dummy = 1 if governor in both states in dyad is from same party	0.575	0.494
Same Unified Government <sup>d</sup>	Dummy = 1 if there exists a unified government of the same party in both states in dyad	0.078	0.269
Absolute Difference in Government Ideology <sup>e</sup>	Absolute difference between the two states in the dyad on the governmental ideology scale	29.6	21.4
Population Ratio <sup>f</sup>	Population ratio of larger state divided by smaller state in dyad	4.85	6.24
Absolute Difference in Minority Population <sup>f</sup>	Absolute difference between the two states in the dyad in the percent of population made up of minorities	13.5	12.2
Absolute Difference in Per Capita Income <sup>g</sup>	Absolute difference between the two states in the dyad in per capita income in thousands of dollars	4.29	3.48
Absolute Difference in Percent Change in Revenue <sup>d</sup>	Absolute difference between the two states in the dyad in percent change in government revenues from previous year	4.23	4.66
Absolute Difference in Percent Debt <sup>d</sup>	Absolute difference between the two states in the dyad in percent state debt proportional to revenue	33.5	32.3
Log of Population <sup>f</sup>	Natural logarithm of population in State B	15.1	1.01
Per Capita Income <sup>g</sup>	Per capita income in State B (in thousands of dollars)	27.4	4.29

<sup>a</sup>Calculated by authors from Urban Institute's Welfare Rules Database.

<sup>b</sup>Calculated by authors from HHS Administration for Children and Families website.

<sup>c</sup>Calculated by authors from U.S. Census Bureau website.

<sup>d</sup>Calculated by authors from *Book of the States*, various years.

<sup>e</sup>Calculated by authors based on Berry, Ringquist, Fording, and Hansen (1998) approach, data on ICPSR website.

<sup>f</sup>Calculated by authors from U.S. Census Bureau, Current Population Survey, various years.

<sup>g</sup>Calculated by authors from data available on U.S. Bureau of Economic Analysis website.

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### **Table 1: TANF Innovations under Investigation**

1. Number of unsubsidized weekly work-hours needed for activities requirements exemption
2. Case-by-case assessments of work-hour requirements exemption
3. Minimum hours needed to meet activities requirements
4. GED or high school attendance meets activities requirements
5. Post-secondary education meets activities requirements
6. Job skills training meets activities requirements
7. Job readiness activities meet activities requirements
8. Job development and placement meets activities requirements
9. Job search meets activities requirements
10. On-the-job-training meets activities requirements
11. Ineligibility is worst sanction for not meeting activities requirements
12. Unrestricted assets limit
13. Limit on assets in individual development accounts
14. Existence of diversion program
15. Payment level for family of four
16. Eligibility of pregnant women
17. Waiting period for unemployed principal earner
18. Existence of family cap
19. Eligibility test relative to gross income
20. Eligibility test relative to net income
21. School attendance required for dependent children
22. Existence of lifetime, periodic, or no limit
23. Months of lifetime limit
24. Existence of transitional childcare program
25. Months of transitional childcare available
26. Months of transitional Medicaid available

**Table 2: Logit Analysis of Baseline Model**

<u>Independent Variables</u>	<u>Model 1</u> Coefficient (Std. Error)	<u>Model 2</u> Coefficient (Std. Error)	<u>Model 3</u> Coefficient (Std. Error)	<u>Model 4</u> Coefficient (Std. Error)
<i>SUCCESS in State B</i>				
Percent Adult Recipients Employed	0.00557*** (0.00153)	-----	-----	-----
Percent Closed Cases Due to Employment	-----	0.00331** (0.00155)	-----	-----
Percent Reduction in Recipients (Normalized)	-----	-----	0.00344** (0.00156)	-----
Percent Reduction in Poverty (Normalized)	-----	-----	-----	-0.00281 (0.0121)
<i>GEOGRAPHIC NEIGHBOR</i>				
	-0.129 (0.0997)	-0.165 (0.0783)	-0.178 (0.0771)	-0.177 (0.0776)
<i>POLITICAL SIMILARITY</i>				
Same Governor Party	0.122** (0.0556)	0.130*** (0.0474)	0.112*** (0.0464)	0.118*** (0.0466)
Same Unified Government	0.00136 (0.0997)	-0.0488 (0.0855)	-0.0837 (0.0842)	-0.0647 (0.0847)
Absolute Difference in Government Ideology	-0.000516 (0.00138)	-0.00135 (0.00120)	-0.00189* (0.00119)	-0.00162* (0.00118)
<i>DEMOGRAPHIC SIMILARITY</i>				
Population Ratio	0.00193 (0.00480)	0.00343 (0.00349)	0.00398 (0.00339)	0.00403 (0.00337)
Absolute Difference in Minority Population	0.00981 <sup>†</sup> (0.00210)	0.00654 <sup>†</sup> (0.00192)	0.00593 <sup>†</sup> (0.00178)	0.00557 <sup>†</sup> (0.00180)
Absolute Difference in Per Capita Income	0.00165 (0.00777)	-0.000950 (0.00679)	-0.00363 (0.00673)	-0.00192 (0.00686)
<i>BUDGETARY SIMILARITY</i>				
Absolute Difference in Percent Change in Revenue	-0.00298 (0.00502)	-0.00843** (0.00488)	-0.0101** (0.00490)	-0.0103** (0.00489)
Absolute Difference in Percent Debt	-0.00864*** (0.00104)	-0.00616*** (0.000912)	-0.00564*** (0.000878)	-0.00584*** (0.000878)
<i>LEADER STATES</i>				
Log of Population	-0.0212 (0.0307)	-0.0469 (0.0254)	-0.0716 <sup>†</sup> (0.0250)	-0.0654 (0.0256)
Per Capita Income (1000s of dollars)	0.0587*** (0.00706)	0.0597*** (0.00682)	0.0644*** (0.00671)	0.0626*** (0.00675)
N	9800	14112	14700	14700
LogL	-4704.5	-6657.3	-6803.3	-6806.0
$\chi^2(k)$	235.6***	543.4***	610.7***	605.0***

Robust standard errors in parentheses. Data clustered by dyad. Year dummies and a constant are included in the analysis, but are not reported in table.

\*p < 0.1 (one-tailed), \*\*p < 0.05 (one-tailed), \*\*\*p < 0.01 (one-tailed).

<sup>†</sup>p < 0.01 (two-tailed with coefficient taking unexpected sign).

**Table 3: Budgetary Effects on Success Emulation**

<u>Independent Variables</u>	<u>Model 5</u> Coefficient (Std. Error)	<u>Model 6</u> Coefficient (Std. Error)	<u>Model 7</u> Coefficient (Std. Error)
<i>SUCCESS in State B</i>			
Percent Adult Recipients Employed	0.0102*** (0.00160)	-----	-----
Percent Adult Recipients Employed × Percent Change Revenue in State A	-0.000953*** (0.0000961)	-----	-----
Percent Closed Cases Due to Employment	-----	0.00943*** (0.00171)	-----
Percent Closed Cases Due to Employment × Percent Change Revenue in State A	-----	-0.00113*** (0.000158)	-----
Percent Reduction in Recipients (Normalized)	-----	-----	0.00410** (0.00232)
Percent Reduction in Recipients (Normalized) × Percent Change Revenue in State A	-----	-----	-0.000114 (0.000232)
<i>GEOGRAPHIC NEIGHBOR</i>			
	-0.132 (0.101)	-0.165 (0.0787)	-0.178 (0.0771)
<i>POLITICAL SIMILARITY</i>			
Same Governor Party	0.130** (0.0563)	0.133*** (0.0475)	0.112*** (0.0464)
Same Unified Government	0.00784 (0.0996)	-0.0522 (0.0856)	-0.0837 (0.0842)
Absolute Difference in Government Ideology	-0.000308 (0.00140)	-0.00125 (0.00120)	-0.00189* (0.00119)
<i>DEMOGRAPHIC SIMILARITY</i>			
Population Ratio	0.00120 (0.00494)	0.00345 (0.00351)	0.00397 (0.00339)
Absolute Difference in Minority Population	0.00921 <sup>†</sup> (0.00213)	0.00587 <sup>†</sup> (0.00193)	0.00592 <sup>†</sup> (0.00178)
Absolute Difference in Per Capita Income	0.000178 (0.00784)	-0.00146 (0.00677)	-0.00360 (0.00672)
<i>BUDGETARY SIMILARITY</i>			
Absolute Difference in Percent Change in Revenue	-0.0114** (0.00531)	-0.0128*** (0.00487)	-0.0102** (0.00491)
Absolute Difference in Percent Debt	-0.00905*** (0.00108)	-0.00623*** (0.000924)	-0.00564*** (0.000878)
<i>LEADER STATES</i>			
Log of Population	-0.0328 (0.0314)	-0.0521 (0.0257)	-0.0717 <sup>†</sup> (0.0250)
Per Capita Income (1000s of dollars)	0.0610*** (0.00724)	0.0604*** (0.00686)	0.0644*** (0.00671)
N	9800	14112	14700
LogL	-4662.4	-6634.8	-6803.3
$\chi^2(k)$	337.5***	579.7***	610.5***

Robust standard errors in parentheses. Data clustered by dyad. Year dummies and a constant are included in the analysis, but are not reported in table.

\*p < 0.1 (one-tailed), \*\*p < 0.05 (one-tailed), \*\*\*p < 0.01 (one-tailed).

<sup>†</sup>p < 0.01 (two-tailed with coefficient taking unexpected sign).

**Table 4: Ideological Effects on Success Emulation**

<u>Independent Variables</u>	<u>Model 8</u> Coefficient (Std. Error)	<u>Model 9</u> Coefficient (Std. Error)	<u>Model 10</u> Coefficient (Std. Error)
<i>SUCCESS in State B</i>			
Percent Adult Recipients Employed	0.0101*** (0.00160)	-----	-----
Percent Adult Recipients Employed × Government Ideology in State A	-0.0000987*** (0.0000233)	-----	-----
Percent Closed Cases Due to Employment	-----	0.0124*** (0.00206)	-----
Percent Closed Cases Due to Employment × Government Ideology in State A	-----	-0.000213*** (0.0000378)	-----
Percent Reduction in Recipients (Normalized)	-----	-----	0.00364 (0.00323)
Percent Reduction in Recipients (Normalized) × Government Ideology in State A	-----	-----	-0.00000460 (0.0000635)
<i>GEOGRAPHIC NEIGHBOR</i>			
	-0.131 (0.0994)	-0.151 (0.0776)	-0.178 (0.0771)
<i>POLITICAL SIMILARITY</i>			
Same Governor Party	0.0921** (0.0557)	0.0687* (0.0476)	0.112*** (0.0465)
Same Unified Government	-0.0501 (0.0999)	-0.107 (0.0841)	-0.0841 (0.0838)
Absolute Difference in Government Ideology	-0.000225 (0.00139)	-0.00145 (0.00121)	-0.00187* (0.00122)
<i>DEMOGRAPHIC SIMILARITY</i>			
Population Ratio	0.00162 (0.00494)	0.00278 (0.00358)	0.00398 (0.00339)
Absolute Difference in Minority Population	0.0123 <sup>†</sup> (0.00214)	0.00910 <sup>†</sup> (0.00191)	0.00592 <sup>†</sup> (0.00178)
Absolute Difference in Per Capita Income	0.00382 (0.00784)	-0.000663 (0.00680)	-0.00362 (0.00672)
<i>BUDGETARY SIMILARITY</i>			
Absolute Difference in Percent Change in Revenue	-0.00305 (0.00502)	-0.00860** (0.00487)	-0.0101** (0.00490)
Absolute Difference in Percent Debt	-0.00825*** (0.00104)	-0.00579*** (0.000899)	-0.00564*** (0.000879)
<i>LEADER STATES</i>			
Log of Population	-0.0160 (0.0308)	-0.0428 (0.0255)	-0.0716 <sup>†</sup> (0.0250)
Per Capita Income (1000s of dollars)	0.0574*** (0.00705)	0.0586*** (0.00677)	0.0644*** (0.00671)
N	9800	14112	14700
LogL	-4693.1	-6634.0	-6803.3
$\chi^2(k)$	266.1***	608.6***	611.9***

Robust standard errors in parentheses. Data clustered by dyad. Year dummies and a constant are included in the analysis, but are not reported in table.

\*p < 0.1 (one-tailed), \*\*p < 0.05 (one-tailed), \*\*\*p < 0.01 (one-tailed).

<sup>†</sup>p < 0.01 (two-tailed with coefficient taking unexpected sign).

**Table 5: Race Effects on Success Emulation**

<u>Independent Variables</u>	<u>Model 11</u> Coefficient (Std. Error)	<u>Model 12</u> Coefficient (Std. Error)	<u>Model 13</u> Coefficient (Std. Error)
<i>SUCCESS in State B</i>			
Percent Adult Recipients Employed	0.00340** (0.00174)	-----	-----
Percent Adult Recipients Employed × Percent of Recipients Who Are Black	0.0000598 <sup>†</sup> (0.0000204)	-----	-----
Percent Closed Cases Due to Employment	-----	-0.000668 (0.00191)	-----
Percent Closed Cases Due to Employment × Percent of Recipients Who Are Black	-----	0.0000490 (0.0000319)	-----
Percent Reduction in Recipients (Normalized)	-----	-----	0.00557** (0.00258)
Percent Reduction in Recipients (Normalized) × Percent of Recipients Who Are Black	-----	-----	-0.0000501 (0.0000542)
<i>GEOGRAPHIC NEIGHBOR</i>			
	-0.111 (0.0991)	-0.176 (0.0829)	-0.183 (0.0828)
<i>POLITICAL SIMILARITY</i>			
Same Governor Party	0.125** (0.0557)	0.123*** (0.0500)	0.116*** (0.0497)
Same Unified Government	0.0229 (0.101)	-0.0345 (0.0890)	-0.0750 (0.0880)
Absolute Difference in Government Ideology	-0.000335 (0.00138)	-0.00174* (0.00125)	-0.00213** (0.00125)
<i>DEMOGRAPHIC SIMILARITY</i>			
Population Ratio	0.00269 (0.00483)	0.00296 (0.00372)	0.00233 (0.00371)
Absolute Difference in Minority Population	0.0100 <sup>†</sup> (0.00211)	0.00681 <sup>†</sup> (0.00201)	0.00708 <sup>†</sup> (0.00196)
Absolute Difference in Per Capita Income	0.000257 (0.00784)	-0.00388 (0.00721)	-0.00530 (0.00718)
<i>BUDGETARY SIMILARITY</i>			
Absolute Difference in Percent Change in Revenue	-0.000657 (0.00511)	-0.00737* (0.00497)	-0.00820** (0.00493)
Absolute Difference in Percent Debt	-0.00835*** (0.00106)	-0.00716*** (0.000993)	-0.00704*** (0.000984)
<i>LEADER STATES</i>			
Log of Population	-0.0158 (0.0306)	-0.0439 (0.0262)	-0.0532 (0.0262)
Per Capita Income (1000s of dollars)	0.0584*** (0.00706)	0.0522*** (0.00687)	0.0546*** (0.00685)
N	9800	12250	12250
LogL	-4699.6	-6190.8	-6188.6
$\chi^2(k)$	243.9***	325.1***	330.7***

Robust standard errors in parentheses. Data clustered by dyad. Year dummies and a constant are included in the analysis, but are not reported in table.

\*p < 0.1 (one-tailed), \*\*p < 0.05 (one-tailed), \*\*\*p < 0.01 (one-tailed).

<sup>†</sup>p < 0.01 (two-tailed with coefficient taking unexpected sign).

**Table 6: Further Racial Effects on Success Emulation**

<u>Independent Variables</u>	<u>Model 14</u> Coefficient (Std. Error)	<u>Model 15</u> Coefficient (Std. Error)	<u>Model 16</u> Coefficient (Std. Error)
<i>SUCCESS in State B</i>			
Percent Reduction in Black Adult Recipients (Normalized)	0.00163* (0.00122)	-----	-0.00108 (0.00153)
Percent Reduction in White Adult Recipients (Normalized)	-----	0.00538*** (0.00147)	0.00606*** (0.00190)
<i>GEOGRAPHIC NEIGHBOR</i>			
	-0.136 (0.101)	-0.135 (0.100)	-0.132 (0.101)
<i>POLITICAL SIMILARITY</i>			
Same Governor Party	0.124** (0.0567)	0.116** (0.0563)	0.123** (0.0571)
Same Unified Government	0.00277 (0.103)	-0.00449 (0.100)	0.00358 (0.103)
Absolute Difference in Government Ideology	-0.000277 (0.00142)	-0.000763 (0.00139)	-0.000293 (0.00142)
<i>DEMOGRAPHIC SIMILARITY</i>			
Population Ratio	-0.000123 (0.00498)	0.000778 (0.00489)	-0.000939 (0.00505)
Absolute Difference in Minority Population	0.00921 <sup>†</sup> (0.00213)	0.00974 <sup>†</sup> (0.00210)	0.00947 <sup>†</sup> (0.00213)
Absolute Difference in Per Capita Income	0.000782 (0.00802)	-0.00222 (0.00783)	-0.000119 (0.00800)
<i>BUDGETARY SIMILARITY</i>			
Absolute Difference in Percent Change in Revenue	-0.00304 (0.00503)	-0.00355 (0.00501)	-0.00272 (0.00506)
Absolute Difference in Percent Debt	-0.00903*** (0.00108)	-0.00828*** (0.00107)	-0.00862*** (0.00109)
<i>LEADER STATES</i>			
Log of Population	-0.0483 (0.0305)	-0.0538 (0.0294)	-0.0483 (0.0306)
Per Capita Income (1000s of dollars)	0.0577*** (0.00701)	0.0522*** (0.00718)	0.0523*** (0.00724)
N	9604	9800	9604
LogL	-4616.2	-4705.2	-4611.2
$\chi^2(k)$	219.7***	231.7***	225.5***

Robust standard errors in parentheses. Data clustered by dyad. Year dummies and a constant are included in the analysis, but are not reported in table.

\*p < 0.1 (one-tailed), \*\*p < 0.05 (one-tailed), \*\*\*p < 0.01 (one-tailed).

<sup>†</sup>p < 0.01 (two-tailed with coefficient taking unexpected sign).