



The Latest Research

The running theme of this chapter is that state and local budgets are all-important. The process of how subnational governments get their money, spend their money, and keep revenue and expenditures in a legally mandated balance is ground zero for the most important current policy debates in state and local politics.

Academic research typically lags behind current events by several years; so the latest research on taxing and spending is mostly not based on data from the past fiscal year or two. Nevertheless, the latest research has plenty of lessons for states and localities facing tough fiscal decisions and for voters who want to hold policymakers accountable for those decisions. The research discussed below reflects two central themes: (1) the real-life impact of state-level economic conditions and who is or is not held responsible for those conditions and (2) the efforts of states to deal with the effects of taxing and spending limitations.

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- **Brown, Adam R.** "Are Governors Responsible for the State Economy? Partisanship, Blame, and Divided Federalism." *Journal of Politics* 72 (2010): 605–615.

One of the long-standing debates in state politics scholarship is who gets held accountable for economic performance: the president, governors, or a combination of both. This is a particularly interesting time to revisit this question, as governors are pursuing different approaches to addressing state-level fiscal problems and President Barack Obama was reelected to a second term despite sluggish economic growth and unemployment rates flirting

with double digits. Brown's study is interesting because it shows that voters assign blame or credit for economic fortunes not on state or national economic conditions or the policies of policymakers but on the partisanship of who holds high executive office. Essentially, if the economy is doing poorly, voters who share their governor's partisanship will give the governor a pass—and blame the president if he is from the opposite party. If the economy is doing well, voters who identify with the governor's party will give that official the credit. This has the interesting implication that objective economic conditions are not as important to voters' judgment of the performance of a chief executive's taxing and spending policies as one might think.

- **Bifuloco, Robert, Beverly Bunch, William Duncombe, Mark Robbins, and William Simonsen.** "Debt and Deception: How States Avoid Making Hard Fiscal Decisions." *Public Administration Review* 72 (2012): 659–667.

The vast majority of state governments, as noted in this chapter, are legally required to have balanced budgets. This seems simple enough; doesn't it just mean that revenue has to equal expenditure? Well, sort of. Over the past few years, states have tried all sorts of accounting gimmicks to satisfy the letter if not the spirit of balanced-budget mandates. Some of those gimmicks can obscure the real health of state government balance sheets. Bifuloco and his colleagues examine how several states borrow to finance current operating expenditures—something that seems mighty close to the deficit spending that state governments are supposedly