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Same Old (New) Deal? Examining the Determinates of ARRA Spending

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THE AMERICAN RECOVERY & REINVESTMENT ACT OF 2009

ARRA GOALS

1. TO PRESERVE & CREATE JOBS.
2. TO PROMOTE ECONOMIC RECOVERY.
3. TO ASSIST THOSE MOST IMPACTED BY THE RECESSION.

\$787 BILLION TOTAL SPENDING

Fiscal relief to states, transfer payments to individuals, tax cuts, & direct investment.

\$271 BILLION IN DIRECT INVESTMENT

Grants, contracts and loans to state and local governments, businesses, and individuals.

THE ARRA AND THE NEW DEAL

PREVIOUS STUDIES

In 1974, Gavin Wright found evidence that New Deal spending was greater in states where the Roosevelt administration wished to maximize expected electoral votes.

Were ARRA funds allocated according to the ARRA's stated goals or . . .

Did political considerations play a role in the allocation of ARRA spending?

Congressional seats were due to be reapportioned after the 2010 census. In most states, the state legislature draws the new district maps. Therefore, if a party gains control of the state legislature, it can draw a map favorable to its candidates.

THE ANALYSIS

Economic, demographic and political variables were used in an OLS regression to test whether political determinates played a role in the allocation of ARRA funds in Ohio, N.Y. and Florida.

MODEL VARIABLES

- SCHOOL :** Percentage of the county's population in school in 2009.
HIGHWAY: Highway miles in the county, per capita.
STATE_CAP: County is location of state capital.
POVERTY09: Pct. of the population below poverty level; 2009.
ΔUNEMP: Change in unemployment; 2008-2009.
RESEARCH: University R&D expenditures in the county in 2008.
OBAMA08: Pct. of the county's vote for Obama in 2008.
HOUSE_TEN: Avg. length of tenure of U.S. reps from the county in 2009.
GOV_DEM_AVG: Pct. of vote for the Dem. gubernatorial candidate 98-06.
ST_SEN_DEM: Pct. of the county's state senators who were Dems in 2009.
ST_HOUSE_DEM: Pct. Of the county's state reps who were Dems in 2009.

RESULTS

In **New York and Florida**, counties with Democratic state senators received increased stimulus prior to the November 2010 election. **In both states, economic distress appeared to play no role in how much stimulus a county received.** In **Ohio**, the counties with the highest average Democratic vote share in the previous 3 gubernatorial elections received increased funding. Results suggest that ARRA funding may have been allocated in order to influence state level elections prior to decennial redistricting.