

State Participation in Interstate Compacts: When the Timing is Right

Ann O'M. Bowman
Bush School of Government and Public Service
Texas A&M University
abowman@bushschool.tamu.edu

Neal D. Woods
Department of Political Science
University of South Carolina
neal.woods@sc.edu

ABSTRACT

In this paper, we look at state choices about whether to participate in the new Interstate Compact for Juveniles (ICJ) or remain in an existing compact that serves the same purpose. The new compact has a much stronger centralized administrative mechanism designed to ensure greater coordination and compliance with compact provisions. This promises greater policy benefits to states as compact members are better able to overcome incentives to shirk or free ride. On the other hand, it also imposes greater costs on states as well. We apply a general theory of institutional collective action to develop hypotheses about why some states were early joiners of the compact while others lagged. We find that participation in the ICJ is explained by state capacity and policy preferences, along with the severity of the problem facing the state. Other theoretically important variables, however, such as participation in the design of the compact, evidenced no effect.

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Introduction

The bright lights of a big city appeal to both young and old alike. The story lines of countless books and television dramas feature teenagers running away from home seeking the excitement and anonymity that a big city seems to promise. But if that alluring metropolis is located in another state, a teenager's decision to run away unleashes numerous complications. Assuming a worried parent or guardian reports the runaway to local authorities, what process is in place to locate the missing teen and return him or her to the home state? What if the teenager has escaped from a juvenile detention center in another state, or is on probation in a state and wants to relocate to an out-of-state jurisdiction? Does a state have to reach agreements with every other state to resolve these situations? The answer is "yes" but through the institutional mechanism of an interstate compact the process can be streamlined and regularized. Rather than State₁ forging separate agreements with States₂₋₅₀, states jointly create a compact that provides these institutional connections. As a member, a state agrees to adopt uniform rules and procedures as set out in the compact, just as other member states have done. Interstate compacts mitigate some of the constraints created by jurisdictional boundaries in a federal system.

To address issues related to the cross-state movement of runaways and juvenile offenders, the Interstate Compact on Juveniles was created in 1955. This agreement--to which all 50 states became parties--worked well for the first 35 years of its existence, but by the 1990s, its effectiveness had waned. As a result, and as described later in this paper, a new compact was developed to fix the problems with the original one. Thus states were confronted with a choice:

continue in the original compact or join the new one, the Interstate Compact for Juveniles (ICJ).¹ Twenty-one states joined in the first two years, but after that, the pace slowed.

In this paper we assess why some states were early joiners of the ICJ while others lagged. In the next sections of the paper we present a brief discussion of interstate compacts, followed by a discussion of applicable theory, and a detailed look at the ICJ. After explaining the methodology used in the analysis, we present and explore the findings. We conclude by considering the larger implications of this work.

Interstate Compacts as Solutions

Interstate compacts are devices that allow states to address shared problems jointly. Originating from a provision in the Articles of Confederation, and carried forward into the U.S. Constitution, compacts were used initially to settle boundary disputes between neighboring states (Florestano 1994). Over time, both the subject matter of these agreements and the amount of state participation in them have increased. Today interstate compacts cover issues such as allocation of water resources, assistance in emergency situations, disposal of low-level radioactive waste, and development of educational policy, among others. Compacts have moved beyond simple bilateral agreements to more complex, multi-state agreements. In some cases, compacts have become instruments for national policy, thus serving as an alternative to federal legislation (Zimmerman 2002; Broun, et al. 2006). These agreements offer many potential benefits: they provide states the opportunity to promote a common agenda, produce collective goods, and reduce the costs of policy design and experimentation.

¹ The two compacts have similar names: the Interstate Compact on Juveniles (1955) and the Interstate Compact for Juveniles (2003). To minimize confusion, we refer to the first compact by its name or the phrases “original compact” or “old compact;” we refer to the more recent compact as the ICJ or the “new compact.”

Compacts are binding legal documents. Once a state ratifies a compact, its provisions have legal superiority, taking precedence over incompatible state laws. For example, the language of the Interstate Compact for Adult Offender Supervision includes this explicit statement: “all compacting States’ laws conflicting with this Compact are superseded to the extent of the conflict” (Broun et al. 2006, 22). The compact itself establishes the rules for state compliance with, and withdrawal from, the compact, the renegotiation of its provisions, and its termination. Depending on the nature of the compact, the agreements are administered by specially-created commissions or by departments and agencies of member states. Most compacts are submitted to Congress for approval, either before or soon after their enactment (Zimmerman 2002), but as a practical matter, only agreements that address areas of mutual federal-state concern require congressional consent (Voit, Vickers, Gavenonis 2003; Broun et al. 2006).

Given that they are agreements between, at a minimum, a pair of states, compacts do not take effect until they are ratified by more than one state. Of the nearly 200 interstate compacts in existence in 2003, 12 percent of them had been ratified by only one state, thus they were not in effect (Voit, Vickers, and Gavenonis 2003). Of the in-force compacts, one-third of them were bilateral, such as the Tahoe Regional Planning Compact between California and Nevada; many others were regional in nature, such as the Great Lakes Forest Fire Compact. But nearly 20 percent of the compacts were national in scope, meaning that participation in them is open to all 50 states. That is, once the language of the proposed compact is promulgated, each state has the same opportunity to join a national compact as any other state does. National interstate compacts offer an important institutional mechanism to make national policy from the bottom-up.

The use of national compacts appears to be on the upswing. In 2010, four recently proposed national compacts were seeking state enactment. One, the Interstate Compact on

Educational Opportunities for Military Children, is intended to make it easier for children of military personnel to transition between states and school districts as their parents are transferred. Another, the Compact on Health Information Privacy and Security, sets up a mechanism for the timely exchange of patient information among member states. Still another proposed compact has a much more political intent. The National Popular Vote Compact is a mechanism that would implement a nationwide popular election for the U.S. presidency. All of the electoral votes from the enacting states would be awarded, as a bloc, to the presidential candidate who receives the most popular votes in all 50 states (and Washington, D.C.).² The fourth compact, the ICJ, is the focus of this paper and is discussed below. Even if a compact is national in scope, historically only a few of them have attracted all 50 states as participants. Among the universally-adopted compacts are the Compact on the Placement of Children and the original Interstate Compact on Juveniles. As of 2003, national compacts averaged 24 member states.

Collective Action and Interstate Compacts

Interstate cooperation can be viewed as a form of collective action undertaken by governmental institutions (Feiock 2004). Collective action is motivated by a desire to achieve a collective benefit that could not be achieved through individual action. Even if the policy is beneficial to all, however, collective action might not be undertaken by everyone, or even at all. A burgeoning literature has emerged in recent years on this issue (see Feiock and Scholz 2010). Much of this literature has focused on the free rider problem: why not let others face the costs of organizing and maintaining the institutions that create policy benefits? The free rider problems associated with compact formation and maintenance, however, are just some of a broader set of costs and disincentives that collective action may impose on participating governments. Together

² By May 2010, five states had joined this compact: Hawaii, Illinois, Maryland, New Jersey, and Washington.

these may be termed decision costs (Jones 2010) and include startup costs (and associated free rider problems), the costs of maintaining and implementing the agreement, and the risk that participation in the agreement will incur unwanted future obligations.

For interstate compacts, the costs of negotiating and creating a satisfactory agreement can be substantial. Although compacts are authorized in Article I, Section 10 of the U.S. Constitution, the document provides no guidance as to their negotiation. Initially, compact-making was a formal process in which a governor would designate a delegate to meet with delegates from other states to settle a multi-jurisdictional issue. In some instances, these delegates formed a commission to negotiate compact provisions. This approach signaled the intent of a state to cooperate, and assuming satisfactory resolution, a willingness to adhere to the terms of the agreement. However, as interstate compacts grew more complex, additional compact-making processes emerged. These ranged from ad hoc gatherings of legislators from different states to the creation of specific “extra-legal organizations” to the involvement of entities such as the Council of State Governments (Broun, et al. 2006). As the use of compacts has gained traction, even interest groups have gotten involved in compact creation and promotion (Bowman and Woods 2010). The result is often a time-consuming dynamic process involving many actors and many iterations.³ Assuming an acceptable agreement is hammered out by the engaged parties, the proposed compact moves into the formal legislative arena. Thus a negotiated compact faces a period of virtual suspension until requisite numbers of states enact it so as to activate its provisions.

Even after a cooperative agreement is in place, individual jurisdictions may face incentives to shirk or free ride. As Feiock and Scholz (2010) note, the maintenance costs associated with ongoing agreements include those associated with information, negotiation, and

³ Newman (2006) provides an example of this in his discussion of the deliberations involving river basin compacts.

enforcement. Ultimately, a compact's effectiveness depends upon the willingness of participants to abide by the terms and conditions of the agreement (Broun, et al. 2006). If members are shirking their responsibilities to bear these costs the policy gains from cooperation will be minimal. Moreover, to the extent that potential participants are forward looking, weak arrangements that permit free riding may inhibit the formation of cooperative arrangements in the first place.

If existing arrangements are weak, this creates an incentive to revise the agreement in ways that create or enhance the authority of a central governance institution. This requires that jurisdictions agree to give up some measure of sovereignty and allow external institutions the authority to create and enforce rules to ensure compliance by participants.⁴ Such arrangements are ubiquitous: as pointed out by Cox and McCubbins (1993) this idea is central to such disparate streams of literature as the Hobbes' theory of the state (Gauthier 1969), the positive theory of legislatures (Frohlich and Oppenheimer 1978; Cox and McCubbins 2003), and the Alchian-Demsetz (1972) theory of the firm.

Although strengthening the external enforcement apparatus to ensure greater compliance provides benefits in terms of overcoming free rider problems, it does so at a cost. As Jones (2010) notes, decision costs increase as the external institution is granted greater authority to impose decisions on unwilling members. Increasing the external institution's authority, therefore, may alter the decision calculus facing potential members.

Linking Coordination and Enforcement with Decisions to Join

Feiock (2007, 51), applying the Coase theorem (1960) to metropolitan governance, contends that "under the right conditions local governments can negotiate agreements to capture

⁴ A classic example of this is that in prerevolutionary China gangs of men pulling boats up the Yangtze River would agree to pay someone to whip them in order to prevent individual members from loafing (Cox and McCubbins 1993).

scale economies and policy spillover effects.” The “right conditions” arise when the potential benefits to cooperation are high and the transaction costs of creating and implementing the cooperative agreement are low (Heckathorn and Maser 1987). The costs and benefits of the policy may be unequally distributed. In such circumstances we would expect that those with greater incentives to collaborate are more likely to accept the costs of entering into cooperative arrangements. Steinacker (2010) notes that an increase in total benefits is a precondition for an eligible participant to join a cooperative arrangement. These benefits then must be weighed against the various decision costs associated with joining. Indeed Lubell, et al. (2002) found that watershed partnerships emerged when the potential benefits of cooperation outweighed the transaction costs of creating institutions. The creation of municipalities and local special purpose districts has been found to be subject to a similar dynamic (Feiock and Carr 2001; Mullin 2009).

The benefits of any cooperative arrangement may depend on the severity of the problem that the policy is intended to address. This problem severity will often vary across states. Thus, just as problem severity is an important explanatory factor in policy adoption and change (Soss, et al. 2001; McNeal, et al. 2003; Yackee 2009), it is likely to have a similar effect on compact participation. Because one of the initial impulses for compact creation is the existence of a problem, states with oversupplies of the problem are likely candidates for compact participation. For these states, the value of compact membership is potentially high.

Moreover, the benefits will depend on the political and policy preferences of state political leaders. Partisanship is a common way to capture the variation that exists in the preferences of governors and legislators. In general, when it comes to using the machinery of government to solve problems, Democratic policymakers tend to embrace a more activist approach than Republicans (Coleman 1999). Given that compacts are the manifestations of a

negotiated government-driven process, it is likely that states with Democrats in control of the policymaking branches will be more prone to join than states in which Republicans rule.

Less obviously perhaps, there may be benefits in terms of gains in the institutional and fiscal capacity to make and implement policy. “Compact membership gives a state access to a policy or program at a lower cost or higher quality than it could provide by itself.... states with weaker institutions may be more attracted to them in order to help mitigate deficiencies in their capacity” (Bowman and Woods 2007, 352). Therefore, we would expect states lacking in institutional and fiscal capacity to be among the first joiners of an interstate compact.

We have been speaking of costs and benefits as being determined exogenously, but the design of the agreement itself can alter the both the decision costs and the distribution of benefits to potential members. Compact-making often involves a drafting team with knowledge of the issues who are in a position to insure that concerns particularly bothersome to their own states are addressed. Representation on this committee can lead to inclusion of provisions favorable to a state, thereby increasing the likelihood that it will join the compact.⁵

The Interstate Compact on Juveniles

We apply this framework to the Interstate Compact for Juveniles. The ICJ is a clear case of some compact members attempting to overcome problems of implementation and enforcement by creating a stronger central authority. It replaces an earlier compact that was failing in part due to weak central coordinating mechanisms. The creation of the new compact therefore represented a situation where members could reassess their position vis-à-vis the compact in light of new circumstances. In this section we discuss the compact in detail.

⁵ Though as Feiock and Scholz (2010) note the resultant asymmetric outcomes may reduce the legitimacy of the institution if its designers are too aggressive in pushing their own interests.

The original Interstate Compact on Juveniles was established in 1955 to regulate the interstate movement of youths under court supervision. This includes juveniles who have run away from home without the consent of a parent or legal guardian, have been placed on probation or parole and want to reside in another state, have absconded or escaped from an institution in another state, or who require specialized services or institutional care in another state (National Center for Interstate Compacts 2003). The intent of the compact was to create uniform rules and procedures across the states with regard to handling the juveniles in the situations described above. Nine states joined the Interstate Compact on Juveniles in 1955 and by 1986, when Kentucky joined, all 50 states were members of the compact.

The original compact has suffered from a variety of coordination and implementation issues. It is administered by the Association of Juvenile Compact Administrators (AJCA), a group tasked with making rules to implement the goals of the agreement. However, it has been criticized for its failure “to define what constitutes such a group, the extent of their authority, or the rulemaking procedures to be employed” (Broun, et al. 2006, 214). One unsurprising result is that the AJCA’s rules tend to be viewed as “voluntary conventions” rather than binding imperatives. Additionally, amendments and supplemental agreements have not been adopted by all of the states thus compromising the uniformity that was the original intent. As Broun, et al (2006, 215) contend, “the current (Compact) has led to a patchwork of conflicting agreements, rules, and procedures that have eroded the overall goal of the compact, which is to provide for a uniform and regulated approach to managing the interstate movement of juvenile offenders.”

In 1999, the federal Office of Juvenile Justice and Delinquency Prevention (OJJDP) surveyed states about the compact’s provisions and operation. Numerous contentious issues were identified in the survey including an incoherent administrative structure and the absence of

enforcement mechanisms to ensure state compliance (Broun et al 2006; National Center for Interstate Compacts 2003).⁶ Armed with these findings, in 2000 the OJJDP, the Council of State Governments, and leaders within the AJCA began to advocate for a comprehensive revision of the Compact (Masters 2002). Claiming that the 1955 Interstate Compact on Juveniles was replete with antiquated and restrictive language, and noting that the juvenile population supervised under the Compact had increased significantly, an advisory group was given the responsibility of developing recommendations. Subsequently, a drafting team of experienced policy experts took those recommendations and converted them into Compact provisions. In 2002, a draft of a new ICJ was circulated to the membership for comments and modifications; once finalized an educational campaign was begun to acquaint policymakers with the proposed agreement. In 2003 the new ICJ was ready for consideration by states. Notably, the name of the agreement was changed slightly from the Interstate Compact on Juveniles to the Interstate Compact *for* Juveniles. North Dakota was the first state to adopt the ICJ in 2003, followed by New Mexico.

The new Compact was designed to correct the deficiencies of the original Interstate Compact on Juveniles and the result was a more formalized institution. The new ICJ creates an independent compact administrative agency empowered to administer compact activity. The agency is overseen by a national governing commission composed of gubernatorially-appointed representatives who meet to promulgate rules and enforcement procedures. In contrast to the previous compact, the new commission is imbued with enforcement authority, and the compact imposes a mandatory funding arrangement in order to support ongoing compact operations. The compact also provides for the collection of standardized data and the design of information sharing systems (Masters 2002; National Center for Interstate Compacts 2003).

⁶ Other problems identified by respondents included uneven adoption of various amendments to the Compact, inconsistent state versions of the Compact, a lack of timely and adequate exchange of information, and limited visibility of the Compact within and across states.

Initially, state adoption of the new ICJ occurred fairly rapidly, as shown in Table 1, with nearly half of the states enacting during the first two years: 11 states enacted in 2003, another 10 states followed suit in 2004. Although the pace slowed subsequently, by the end of 2009, compact adoption had occurred in a total of 40 states.⁷

Table 1 about here

The existence of the new compact provides states with an interesting choice. They may remain members of the existing compact or join the new one. Each promises to provide similar policy benefits, although there have been issues regarding coordination between “new compact” and “old compact” states. Although the decision to join any compact revolves around the probable costs and benefits of compact membership, this case throws these issues into stark relief. It is exactly those states with the most to gain from the stronger centralized authority represented by the new compact that are likely to be early joiners. Those that gain most from the weaker central authority of the old compact are more likely to hold out, remaining members of the original compact. In the end, though, the need for cooperative agreements is likely to push them into the new arrangement, as the old one becomes less useful as its membership declines.⁸

Which states are most likely to be early joiners of the new compact? Based on our theoretical discussion above, we identify four sets of factors. First, the new compact has decidedly greater institutional capacity to generate and implement policy than the old one. It creates a much larger bureaucratic apparatus, which has rulemaking power to create binding future policy. It therefore presents greater advantages to states with weak institutional capacity of their own, both legislative and bureaucratic. Moreover, in the long run it provides greater

⁷ As of early May 2010, two more states (California and Iowa) had adopted the new ICJ; in four other states (Massachusetts, Minnesota, New York, and Vermont), bills to do so had been introduced in the legislature. In the remaining four states--Georgia, Indiana, New Hampshire, and Ohio—no legislative action was pending.

⁸ Moreover, if a state seeks to free ride this becomes harder to do as compact membership diminishes.

benefits to those states that do not have the fiscal capacity to generate these institutional advantages in the future.

Second, states receive greater benefits if the governing political coalition has stronger preferences for an active government role in the policy area. The new ICJ is designed to function more effectively than the old compact did. If a state's policy preferences align with a more effective collaborative approach, then a state is more likely to be an early participant in the new compact.

Third, if a state played a role in the design of the ICJ, it is more likely to have had its preferences codified (or, at least have been able to block objectionable provisions). Thus we expect states that had representatives actively involved in designing the new institutional arrangements to be more likely to join it, rather than remaining in the old compact.

Finally, the severity of the problem that a state faces will affect its willingness to deal with initial transaction costs and potential compact maintenance problems. States with severe problems likely welcome an external institution possessing sufficient authority to enforce compliance among foot-dragging states. Moreover, given that these states are dealing with major difficulties, they are more likely to invest in an institution that holds the promise of new ideas and approaches.

Data and Method

Based on the above discussion, we create measures to assess the determinants of compact membership in four areas: institutional and fiscal capacity, policy preferences, institutional design, and problem severity. Each of these is discussed below.

Our models employ three different measures of institutional capacity: legislative professionalism, an indicator of the presence (absence) of a stand-alone state juvenile justice or

youth services agency, and management capacity. For legislative professionalism we employ Squire's (2007) measure, which captures professionalism as of 2003 and includes components measuring legislative staff, session length, and salary. For state juvenile justice or youth agency we use information from the Office of Juvenile Justice and Delinquency Prevention of the U.S. Department of Justice. Finally, we use the Government Performance Project's 2005 measure of state management capacity.⁹

We employ two measures of fiscal capacity. As a contextual indicator of state capacity, wealth is used in the model. State wealth is operationalized as per capita income (in thousands), as reported in the *Statistical Abstract of the United States*. Following Berry and Berry (1990) we operationalize fiscal health as the ratio of total state revenue minus total state spending to total state spending. These data were obtained from the Census Bureau publication *State Government Finances*.

Policy preferences are reflected in three variables. The first two represent the partisan control of state political institutions: the percent of the state legislature that is Democratic and an indicator variable coded one if the governor is a Democrat.¹⁰ The final variable is the amount of time that has elapsed (measured in years) since the state entered into the prior juvenile compact, taken from Voit, Vickers, and Gavenonis (2003). We expect that greater time since joining the prior compact provides a greater opportunity for the preferences of state decisionmakers to change, either through political replacement or changed circumstances.

⁹ This index includes components measuring fiscal management, human resource management, infrastructure management, and information technology management (see Government Performance Project, 2005 for more detail).

¹⁰ These data were obtained from the *Book of the States* (various years). Because it has a nonpartisan legislature, inclusion of the legislative control variable causes Nebraska to be dropped from the model. Results from a model run without this variable do not differ significantly from those reported below.

To capture state influence in institutional design, we created a dummy variable that reflects whether the state had a representative on the drafting team that developed compact language. The data for this variable were found in the Council of State Governments' online resource kit, a set of informational materials related to the new ICJ.

We have two measures to indicate the severity of the problem. The first is the juvenile arrest rate for violent crime, taken from annual figures reported by the federal Office of Juvenile Justice and Delinquency Prevention in its online publication, *Juvenile Justice Bulletin*. The second is the amount the state spends on corrections, per capita, which was obtained from the Census Bureau publication *State Government Finances*.¹¹

As a control variable we include a measure of a state's experience with compacts, i.e., its reliance on compacting as an option for solving problems. A state's familiarity with prior national compacts is expected to increase the likelihood that it will join the ICJ. Therefore we include a measure indicating the number of prior national interstate compacts the state had entered as of 2000. In addition, we include a variable reflecting neighboring states' participation in ICJ. Earlier research found that a state is more likely to join a national compact if adjacent states have joined (Bowman and Woods 2007). Because the ICJ addresses the movement of juveniles across state borders, we expect the behavior of neighboring states to influence an individual state's decision about membership. We measure this as the percentage of contiguous states that have joined the compact. Both of these variables are drawn from Voit, Vickers, and Gavenonis (2003). Summary statistics for our explanatory variables are presented in Table 2.

Table 2 about here

In the analyses below, we use event history analysis to assess the duration to joining the ICJ, calculated as the number of years from 2003 (the year the compact became available to join)

¹¹ Data specifically on juvenile corrections expenditures could not be obtained.

until 2009. Event history analysis is often used to analyze time-series cross-section data with a binary dependent variable, and has become a standard methodological approach in studies of policy adoption. The specific estimation technique we employ is a Cox proportional hazards model.¹² This method has several advantages relative to other estimation techniques, including that it does not require one to choose a specific, parametric form for the distribution of time before the event occurs and it handles “ties” without bias (Jones and Branton 2005).¹³ It also allows for consistent estimates in the presence of spatial error dependence (Box-Steffensmeier and Jones 2004).

Results

The results of two models are presented in Table 3. In order to preserve degrees of freedom and include the maximum number of states in the risk set of possible adopters, Model 1 includes internal factors only as covariates. Model 2 adds the variable representing neighboring states’ adoption of the compact, in this model Alaska and Hawaii drop out. In order to get a sense of the magnitude of the effects the table also presents the percentage change in risk (or baseline hazard) associated with a one standard deviation change in the continuous independent variables, or a one-unit change in the dummy variables.

Table 3 about here

The results of Model 1 are fairly consistent in supporting the hypothesis that compact governance serves as a substitute for a state’s own capacity to make and implement policy: four of our indicators of institutional and fiscal capacity generate negative coefficient estimates, and

¹² The Cox model assumes that ratio of the hazard rates between any two states remains constant over time. A test of this assumption developed by Grambush and Therneau (1994) indicates that these data do not violate this assumption.

¹³ Because of the large number of “ties” in these data, we use the “exact” method for handling ties, rather than the default Breslow method.

three of them are significant. A one-standard deviation increase in legislative professionalism is associated with a decrease in the risk of entering a compact of 36 percent, all else constant, suggesting that state ability to make policy decreases the need to invest in external policymaking capacity. The presence of a stand-alone juvenile justice or youth services agency similarly reduces the risk of a state entering into the ICJ, reducing the probability of compact entry by 23 percent. In terms of fiscal capacity, state wealth demonstrates a similar effect. A one standard deviation increase in per capita income decreases the risk of entering the compact by 64 percent.

The results indicate that gubernatorial partisanship affects entry into the compact, with Democratic governors increasing the risk of compact entry by 46 percent. Legislative partisanship and the time elapsed since joining the original compact, on the other hand, do not have any discernible effect.

Surprisingly, the institutional design variable, membership on the compact drafting team, does not produce a statistically significant effect on the risk of state participation in ICJ. The relationship runs in the predicted positive direction but does not approach even nominal significance levels. This raises questions about the ability of drafting team members to function as effective policy entrepreneurs once the compact is ready for legislative action.

The results also provide evidence that states respond to the problem severity in their state. A one standard deviation increase in corrections spending per capita is associated with a 50 percent increase in the risk of joining the compact. Finally, a one standard deviation increase in prior participation in national interstate compacts leads to a 50 percent increase in the risk of joining this one, providing evidence of a general propensity to join compacts.

The results of Model 2 do not provide evidence that the entry of neighboring states into the compact encourages a state to join. The parameter estimate on this variable is incorrectly

signed and not statistically significant. The inclusion of neighboring states into the model affects the performance of several other variables: two institutional capacity variables that had been significant in Model 1 and the variable indicating a Democratic governor are no longer significant in Model 2.

Implications and Conclusions

Interstate compacts are useful to state governments, hence their growing number. States willingly trade a degree of sovereignty to join their counterparts in an institution that offers sufficient policy and program benefits. Compacts may be simple bilateral agreements between a pair of states or, as in the case of the ICJ, they may be complex, multi-party contracts. As complexity grows the transaction costs associated with negotiating compacts can be high. Differing perspectives and potentially divergent solutions must be managed such that an acceptable agreement can be forged. Moreover, compliance and enforcement mechanisms must be designed such that they minimize shirking and free-riding among participants. And all of this occurs before the proposed compact is available for legislative consideration.

In the case of the ICJ, compact management is vested in a national commission imbued with formal rulemaking powers that have the “force and effect of statutory law in a compacting state” (Broun, et al. 2006, 220). And as noted, the ICJ empowers the commission with broad enforcement authority to secure the compliance of member states with the Compact’s terms, conditions, and rules. This is intended to be an antidote to the increasingly ineffective original compact, which had relatively weak mechanisms for coordination and enforcement.

States have the choice as to whether to enter the ICJ, or remain in the original compact. What characterizes the states that joined more quickly? We hypothesized that state participation

should be systematically driven by factors related to the costs and benefits of substituting participation in an agreement with a stronger central “government” for a weaker one.

On the whole, our findings are somewhat mixed. Several explanatory factors including problem severity, policy preferences, and capacity affected compact participation in ways consistent with our theory. States with proportionately higher corrections expenditures, with governors supportive of activist government, with less legislative and bureaucratic capacity, and less fiscal capacity are more likely to join the ICJ. Joiners are states with prior experience in national compacts, suggesting the presence of a more externally collaborative culture in some states. The results, however, are not entirely robust. Inclusion of a variable representing neighbor state’s participation eliminates some of these findings. Moreover, some of the variables that theory leads us to believe would be strong predictors of compact participation, such as having a say in the design of compact institutions, are not significant in either model.

As Feiock and Scholz (2010) emphasize, institutional collective action involves costs and constraints, and as these data show, they can be mitigated through effective compact design. But the determination of whether a cooperative agreement benefits a state remains an individual state decision. Future research should explore other national compacts to ascertain whether the findings reported here for the ICJ can be generalized to other institutional arrangements.

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Table 1. State Participation in the New ICJ 2003-2009

2003	2004	2005	
Arizona	Alabama	Arkansas	
Connecticut	Colorado	Florida	
Delaware	Idaho	Kentucky	
Louisiana	Kansas	Nevada	
Maine	New Jersey	North Carolina	
Michigan	Oklahoma	Texas	
Montana	Pennsylvania	Utah	
New Mexico	South Dakota	(7)	
North Dakota	West Virginia		
Rhode Island	Wyoming		
Washington	(10)		
(11)			
2006	2007	2008	2009
South Carolina	Maryland	Illinois	Alaska
Wisconsin	Missouri	Tennessee	Hawaii
(2)	Virginia	(2)	Mississippi
	(3)		Nebraska
			Oregon
			(5)

Source: Interstate Compact for Juveniles, “Legislative Status Update –May 2010.”

Table 2. Descriptive Statistics

Independent Variable	Mean	Std. Dev.	Min.	Max.
Legislative Professionalism	.22	.14	.03	.68
Juvenile Justice/Youth Agency	.27	.45	0	1
Management Capacity	7.95	1.44	5	11
State Wealth	34.01	5.67	23.12	50.73
Fiscal Health	.01	.10	-.15	.74
Democratic Governor	.41	.49	0	1
% Democrats in Legislature	51.7	15.2	19.5	90
Time since Entered Prior Compact	44.92	6.46	17	54
Member of Compact Committee	.29	.46	0	1
Juvenile Arrest Rate (violent crime)	255.97	173.20	40	1075
Corrections Spending	129.08	40.77	70.34	280.94
Prior Participation in National Compacts	11.4	2.23	7	16
Neighbors' Participation	.44	.29	0	1

Table 3. Determinants of State Participation in the Interstate Compact for Juveniles

Independent Variable	Model 1 Coefficient (S.E.)	Δ Risk	Model 2 Coefficient (S.E.)	Δ Risk
<i>Institutional Capacity</i>				
Legislative Professionalism	-3.21* (2.21)	-36%	-1.76 (1.97)	
Juvenile Justice/Youth Agency	-.586* (.445)	-23%	-.548 (.470)	
Management Capacity	.048 (.145)		.085 (.147)	
<i>Fiscal Capacity</i>				
Wealth	-.185*** (.051)	-64%	-.169*** (.053)	-61%
Fiscal Health	-.109 (1.51)		3.13 (3.64)	
<i>Policy Preferences</i>				
Democratic Governor	.928*** (.377)	46%	.432 (.402)	
Democratic Legislature	-.006 (.015)		-1.75 (1.98)	
Time Since Entered Prior Compact	-.027 (.037)		-.016 (.037)	
<i>Institutional Design</i>				
Member of Compact Committee	.064 (.475)		.176 (.510)	
<i>Problem Severity</i>				
Juvenile Arrest Rate (Violent Crime)	.0006 (.001)		-.0003 (.001)	
Corrections Spending	.012*** (.005)	50%	.021*** (.005)	135%
<i>Controls</i>				
Prior Participation in National Compacts	.184** (.100)	50%	.306*** (.114)	97%
Neighbors' Participation			-1.00 (.791)	
LR Chi Square	39.14***		49.19***	
N	185		171	

* p<.10, ** p<.05, ***p<.01; one-tailed tests.