2

POLICY DIFFUSION AND INNOVATION

Scott J. LaCombe

LEARNING OBJECTIVES

2.1 Discuss the patterns in which policy diffusion occurs.

2.2 Explain the core mechanism of diffusion to explain why states choose to adopt policies from other states.

2.3 Assess the factors which are consistently associated with more policy innovation and diffusion.

2.4 Describe the challenges to studying diffusion research and some areas of disagreement in the field.

INTRODUCTION

The American states often operate as laboratories of democracy on countless policies. Due to the structure of our federal system, states are given significant authority to govern themselves. The 10th Amendment to the Constitution says, "any powers that are not specifically given to the federal government, nor withheld from the states, are reserved to those respective states, or to the people at large." In the early years of the republic, states were the dominant political actors with broad authority to regulate themselves. The federal government was mostly constrained to regulating interstate commerce and foreign policy. Day-to-day life could vary dramatically as citizens move from state to state, including the level of civil rights protections. In 1869, Wyoming became the first state to legalize women's suffrage, yet it would take another 50 years for women to gain the legal right to vote in every state with the passage of the 19th Amendment to the Constitution.

Following the expansion of the federal government in response to the Great Depression, states played a less central role than they did before but are still important actors in our politics. From taxation rates to voting access to LGBTQ protections, we operate in a federal system with considerable differences in state policy guided by the principle that states can better reflect the desires of their citizens in a large and diverse country compared to the federal government.

Nebraska faces a very different set of challenges than New York, and so states might be a better avenue to develop and implement policy solutions.

In its ideal form, federalism allows policies to be tested at the state and local level first, and if successful, then spread across the states and eventually become adopted at the federal level. If a policy is bad (however defined), then the negative effects from a single state's adoption will be felt far less than if the national government had adopted the same policy. Even if a policy achieves its goals, the United States is a large and diverse country. A policy might work exceptionally well in California but be a disaster in Wyoming. Therefore, our federal structure allows for a variety of states to test out a policy and build enough popular support to be passed through Congress, which often requires approval from a super-majority of senators representing a diverse array of states. Although the federal government plays a much larger role in politics today compared to earlier eras, we are also in a time of growing political polarization, meaning the ideological divisions between Republicans and Democrats are growing larger. This distance between the parties has made compromise in Congress harder. Because the Senate requires at least 60 votes to pass most major legislation, polarization has led to Congress struggling to pass policy solutions to many of the problems facing Americans. Policy gridlock in Washington, DC, means that on a variety of issues, state and local leaders must take the lead and fill in the vacuum left by the federal government. Today, there is extensive experimentation at the state level, and differences between states appear to be growing, particularly along partisan and ideological lines. The recent *Dobbs v. Jackson Women's Health Organization* (2022) decision overturning *Roe v. Wade* exemplifies this growing fragmentation of the political system, as access to abortion now ranges from essentially a total ban to state-funded abortion access throughout a pregnancy.

Despite growing political polarization between the states, they continue to operate as laboratories of democracy as new issues emerge and spread across the country. For example, as shown in Figures 2.1 and 2.2, the previous decade has seen a dramatic expansion in the legalization of both medicinal and recreational marijuana in a short time period. In 2012, Colorado and Washington became the first states to legalize recreational use. By 2023, 24 states have legalized recreational marijuana, and 38 medicinal, with several states considering further legalization in the coming years, and pressure is growing to take action at the federal level. This expansion is even more dramatic given that both are still illegal at the federal level, meaning states are operating in open defiance of federal law to experiment with this policy area.

When policies are successful at the state level federal lawmakers often borrow from these policy innovations to develop federal solutions. For example, The Affordable Care Act (also known as Obamacare) borrowed heavily from healthcare reforms previously implemented in Massachusetts. In 2006, Massachusetts adopted a health reform law that created a mandate for health insurance coverage and created a state marketplace for shopping for health insurance with state subsidies (Frean, Gruber and Sommers, 2017). After observing this policy's success in reducing the percentage of the population that is uninsured, both provisions were included in the national law. Proponents of the Affordable Care
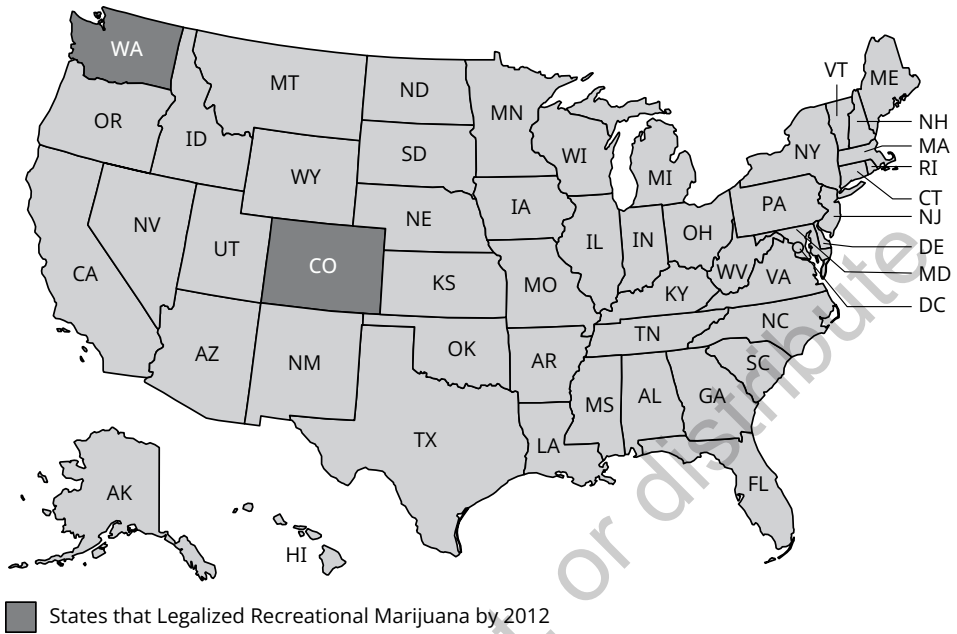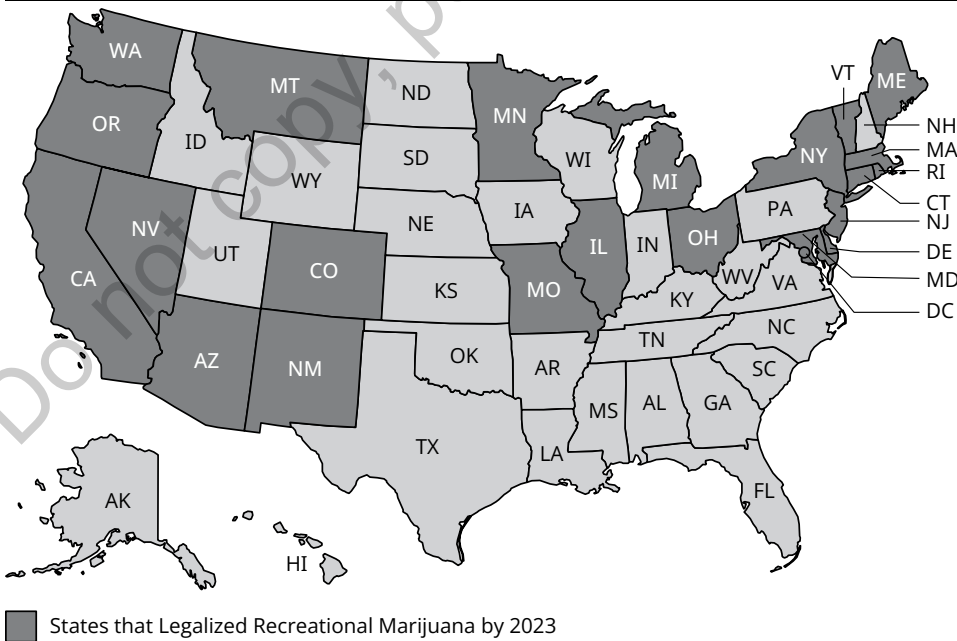
FIGURE 2.1 ■ Legalized Recreational Marijuana-2012

States that Legalized Recreational Marijuana by 2012

FIGURE 2.2 ■ Legalized Recreational Marijuana-2023

States that Legalized Recreational Marijuana by 2023

Act can point to Massachusetts as a clear test case that shows the policy could be a viable solution nationally to persistently high uninsured rates. After being signed into law, the national uninsured population has decreased from 46.5 million Americans in 2010 (17.5 percent), to 25.6 million in 2022 (9.6 percent) (Tolbert and Drake, 2023).

The **diffusion of policies** across the states occurs for a variety of complicated reasons, including internal factors such as a state's wealth, population, and ideology, or external factors such as the behavior of neighboring states. This chapter explores the mechanisms by which policies spread and explains some factors that lead to policies spreading further and faster. It is also important to note that diffusion does not just occur at the state level. Diffusion can happen between cities (Butler et al., 2017; Shipan and Volden, 2008*a*), or internationally between countries (Meseguer and Gilardi, 2009). U.S. states make an ideal case for testing theories of diffusion because they are nested in the same national policy context. Differences between states are far less than those between countries, allowing researchers to control for many factors. Yet states do differ along many institutions, meaning that research can leverage these differences to understand what factors do and do not affect the spread of policies.

STATES AS POLICY INNOVATORS

The founders of the U.S. political system envisioned states as the primary actors in the country. Unlike the federal government, the U.S. Constitution places relatively few restrictions on what states can and cannot do. States were viewed as more nimble actors who were closer to their constituents, thus better able to respond to the unique needs, preferences, and conditions found at a more local level. For over 200 years, states have acted as a testing ground for a variety of policies ranging from criminal justice to economic policy to environmental protections. Some states, California in particular, have consistently been among the most innovative, often being the first to implement a variety of policies that are then subsequently adopted by other states, and potentially the federal government.

Policy innovators are defined as states that consistently adopt new policy ideas before other states (Walker, 1969*a*). For over 60 years, researchers have investigated why some states (such as California) are persistently leaders in policy innovation, while others are consistently laggards (Boehmke and Skinner, 2012*a*). Given the persistent patterns of policy adoption, one can think of the life cycle of a given policy as having an S-shaped curve (see Figure 2.3) (Boushey, 2010). Initially, a few early adopters tried a new policy. Large differences in legislative professionalism (Squire, 1992; 2007) mean that some states have dedicated staff and resources for crafting policies, whereas others rely on part-time, citizen legislators who do not have the expertise to experiment with new policies.

Once a policy has been tested in a few states, as time progresses its spread accelerates as other states see it in their best interest to adopt. This is where the line in Figure 2.3 becomes more vertical as small changes in time result in many new state adoptions. However, this spread eventually slows as a few holdout states (also called laggards) are reluctant to adopt the policy

FIGURE 2.3 ■ The Diffusion Life Cycle

Adoption
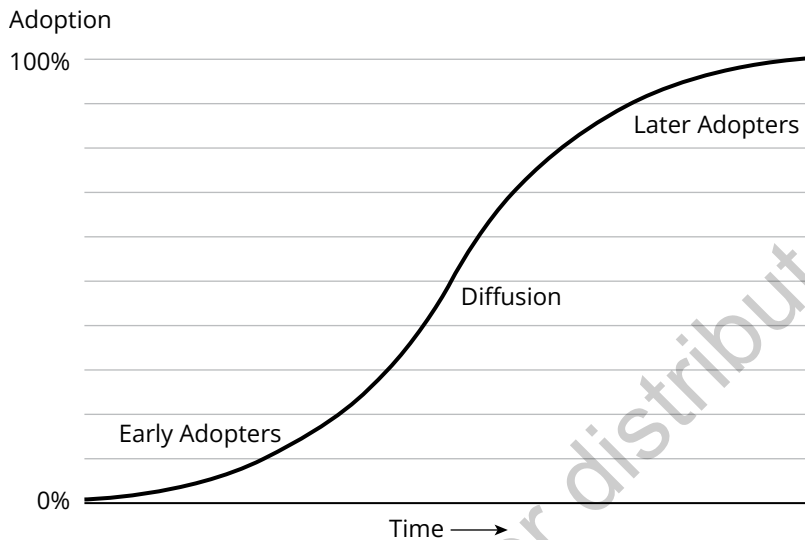
Source: Dearing, J. W. (2023, August 1). Diffusion of innovations. *Integration and Implementation Insights*. https://i2insights.org/2023/08/01/diffusion-of-innovations

for various economic, cultural, or political reasons. Every policy has a unique life cycle, with some spreading to all states and others only spreading to a few, if any. These adoptions may occur from the state legislature in the form of bills being passed and signed by the governor, state executive orders from the governor or executive agencies, or through the judicial branch through state or federal court decisions.

Although the above S-curve shows the path of how a policy *could* diffuse, it is also important to remember that most state policies do not spread widely. Figure 2.4 shows the number of adoptions per policy for the 728 policies included in the State Policy Innovation and Diffusion (SPID) dataset (Boehmke et al., 2020). Only 3 percent of policies included are adopted by all 50 states, and a strong majority are adopted by less than half. Additionally, these data likely overestimate the extent to which policies spread because diffusion scholars primarily focus on policies that diffuse (Karch et al., 2016). Each state engages in hundreds or even thousands of policy adoptions every legislative session, but even high-profile state policies are given substantially less attention than national issues. Thousands of low-profile policies are adopted every year with little, if any, attention given by journalists or scholars. Collecting data requires significant resources and time, which has led to diffusion scholars primarily focusing on cases where policies spread, not all policies. Major questions exist on how to create a representative sample of state policies, so it is important to remember that what follows focuses on the subset of policies that do diffuse, not all policies. The rest of this chapter explores the mechanisms by which policies spread, and some factors that lead to policies spreading further than others.

FIGURE 2.4   ■   Number of Adoptions by Policy for SPID Dataset of 728 Policies
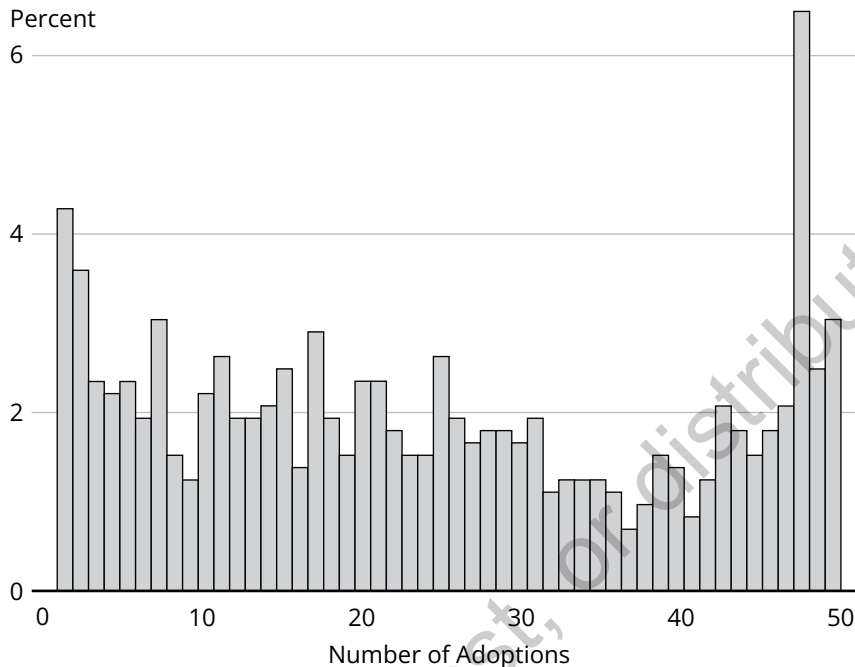
Source: Boehmke et al., 2020

WHY DO STATES INNOVATE?

Four defined mechanisms explain why a policy might diffuse from state to state: **coercion**, **learning**, **imitation**, and **competition** (Shipan and Volden, 2008*b*). The first, coercion, often represents vertical diffusion in the American context, meaning policies spread from a higher level of government to a lower level or vice versa, such as the federal government encouraging or mandating states adopt a particular policy, or state governments forcing local city governments preempting local city laws. The other three mechanisms represent horizontal diffusion, meaning that peer actors, such as two states, are influencing the policy decisions of equivalent actors.[1] Given the complexity of a decision to adopt a policy, it can be difficult to parse out exactly which mechanism is leading to a specific policy adoption (LaCombe and Boehmke, 2020) both due to difficulty in measurement and their overlapping presence in the diffusion of some policies (Maggetti and Gilardi, 2016). Understanding each of these mechanisms provides a clearer theoretical framework for the motivation behind decisions states are making about hundreds of policies each year.

Coercion

As mentioned earlier, the coercion mechanism largely occurs through vertical diffusion in the federal context of the United States. Coercion is when a state is pressured or mandated to adopt a

policy (Shipan and Volden, 2008b). In the international system, coercion is more likely to be horizontal as nations use their military or economic power to influence other countries to change their behavior. Sanctions can be used to punish bad behavior (however defined), and economic trade or aid can reward "good" behavior. In extreme cases, even military force can be used to force another country to take action. This dynamic is not analogous to the American political system. There is no hierarchy of states because they operate as legal peers. While states may be able to pressure one another to take action, they are incapable of mandating another state adopt a policy without some sort of intervention from the federal government, such as a court ruling. Instead, coercion often occurs through mandates from a higher level of government on a lower level of government. For example, the federal government sets the floor for minimum wage (currently $7.25), meaning no state can have a minimum below this value. This approach is common throughout a variety of policy areas. The federal government establishes a floor for policy, meaning the minimum

Often coercion occurs through judicial review. For example, in 2015, the courts found a constitutional right to same-sex marriage (*Obergefell v. Hodges*, 576 U.S 644 (2015)), thus nullifying every state ban. Similarly, the executive or legislative branch may preempt local laws, thus forcing state or local governments to comply with national regulations. The boundaries of what higher levels of government can mandate have been a source of intense debate since the founding of the federal system, with persistent ebbs and flows in the federal government taking a more active role or states a more dominant position. Following the passage of the 14th Amendment, the courts have adopted a legal argument called selective incorporation, meaning that the civil liberties guaranteed in the constitution are also protected from being infringed by state or local governments (Henkin, 1963). This means that the federal judiciary has the power to overturn state or local laws that violate the Constitution. Selective incorporation has led to the overturning of a variety of state laws because the courts found them in violation of constitutional liberties. As the scope of civil liberty protections has grown, the federal government has mandated many changes to state and local laws. Yet coercion does not only occur through mandates. Instead, the federal government can use incentives, often in the form of federal funds, to encourage states to adopt desired policies. The National Minimum Drinking Age Act of 1984 threatened to cut federal highway funds distributed to a state by 10 percent if they failed to raise their minimum drinking age to 21 (Liebschutz, 1985). By the end of the decade, all states had raised the minimum age in compliance with the act. More recently, Medicaid expansion (raising the eligibility threshold for enrollment) has gradually spread across the states in part due to generous federal subsidies to support the expansion of healthcare coverage (Volden, 2017). At the time of writing this chapter, all but 10 states have expanded Medicaid, including conservative states governed by Republican officials opposing the Affordable Care Act, such as Missouri, Montana, and Arkansas. Even when the federal government may lack the constitutional power to mandate state policy, it has successfully used financial carrots and sticks to coerce states. These incentives can often lead states to adopt policies they might otherwise oppose.

Learning

While coercion often takes a vertical diffusion pathway, the other three mechanisms are primarily observed horizontally between the states. The first, learning, refers to states adopting a policy after observing its effects (Boehmke and Witmer, 2004a; Shipan and Volden, 2008b). Ideally,

federalism (a system with a defined division of legal authority between the states and national/ federal government), allows states to operate as laboratories of democracy, and successful policies will spread as other states learn about the positive effects, and unsuccessful policies will not.

Defining "success" can be difficult for a variety of reasons. First, in a polarized political environment, there may be broad disagreements on what constitutes "success." Going back to the early Medicaid policy example, some might define success as having a lower percentage of the population without health insurance, while conservative critics may point to the policy as a failure due to increased enrollment in government-run plans or strains on a state's budget. Policymakers are much more open to ideas from co-partisans or those with similar ideologies, although clear evidence of success can overcome these biases (Butler et al., 2017). Success may also represent gaining an electoral edge or popular support (Volden, 2006), regardless of the effect of the policy. If a policy is seen as politically toxic, it will be less likely to be adopted due to its lack of political success. On the other hand, if a policy can achieve its goals and improve an elected official's popularity, it should spread more quickly. This can lead to an inherent tension between activists who are motivated more by policy goals, whereas elected officials must balance their policy preferences with a desire to maintain their office and win re-election.

Secondly, even if the definition of success can be agreed upon, our complex federal system makes it difficult to attribute credit (or blame) to a single policy (Wolak and Parinandi, 2022). For example, are lowering unemployment rates due to a state's change in their tax laws or national economic conditions? With both state, local, and federal governments responding to conditions, crediting a single policy intervention as a clear success or failure is exceedingly difficult. State policymakers must also balance political considerations with other measures of a policy's performance. If public opinion is polarized or a policy is unpopular, then legislators are less likely to consider it, particularly if the policy is perceived to favor the other party. Regardless of party, officials will be more likely to adopt policies when evidence of success is clear (Butler et al., 2017). For example, state enterprise zones (the process of reducing taxes and regulations in economically distressed areas), have been implemented by a number of both conservative and liberal-leaning states (Mossberger, 2000) as a potential way to spur economic growth.

States also vary considerably in their capacity to learn about what other states are doing. States such as California, New York, and Pennsylvania, for example, have full-time legislatures with paid staffers who can research what other states are adopting and develop their own policies (Squire, 2023; Bowen and Greene, 2014). Other states have part-time citizen legislatures with little to no staff support and few, if any, resources dedicated to learning about other states. When state capacity is low, they may be less able to learn (Boehmke, Osborn, and Schilling, 2015) and instead look to contiguous states that are nearby (Berry and Baybeck, 2005) or rely on interest groups to develop policy solutions. States with more professionalized legislatures are better able to keep track of what other states are doing (Arel-Bundock and Parinandi, 2018) and update their policies to reflect this new information.

Competition

Another reason states may adopt a policy is to gain a comparative advantage over other states (Shipan and Volden, 2008b). This mechanism is called competition and is most frequently

related to economic competition (Arel-Bundock and Parinandi, 2018). Unlike learning which focuses on information about policy outcomes, competition is more focused on the distribution of resources (Rom, Peterson, and Scheve Jr., 1998; Mooney, 2020). States are working to maximize their ability to collect positive resources (jobs, tax revenue, internal migration), while also trying to minimize undesirable resources (populations more dependent on state resources, pollution) (LaCombe and Boehmke, 2020). Unlike the other mechanisms, which often have a clear directionality of an early leader and later follower, competition can be thought of as a more dynamic process. States are constantly reacting to each other's policy decisions and adjusting accordingly. States respond to externalities arising from other state decisions and thus alter their policies to either gain a competitive advantage or prevent another state from doing so (Peterson and Rom, 1990; LaCombe and Boehmke, 2020).

One area where this mechanism has been extremely visible is economic policy. Fiscal policy is an area where states have significant leeway to adjust their taxation and spending rates to respond to constituent preferences and local economic needs (Franko and Witko, 2018). States frequently offer generous tax incentives or tax cuts in the hopes of fostering new business development or attracting outside businesses to move in (Arel-Bundock and Parinandi, 2018). Our federal structure means that there are very low legal obstacles to citizens, businesses, or money crossing state lines (Dye, 1984). If a state does a poor job fostering the local economic and social conditions, they risk at minimum losing popular support, but may also begin losing citizens and businesses. In many communities, citizens regularly cross state lines to work, shop, and eat on a daily basis. Given the mobility of workers and businesses, states work hard to attract interest in their own state. More business development is assumed to generate more jobs and grow the local economy. For legislators, this means not only does an improved state economy help state finances, but also could help strengthen their re-election chances as voters are happier with a stronger economic situation (whether tax incentives are the proper mechanism for delivering a better economic situation is a source of intense debate and disagreement).

Critics fear that competition between the states can lead to a "race to the bottom." In the Kansas City metropolitan area, the 2010s saw an intense "border war" where both Missouri and Kansas spent considerable resources to attract firms to cross the state lines using a variety of tax incentives (Liu, 2019). Yet this approach netted very few jobs. Instead, firms simply crossed the state line, received a tax cut, and continued their business. Not only did this race to lower taxes not generate more jobs, but it also cut back the tax base in both locales. The Hall Family Foundation found that this competition led to 335 million dollars in tax cuts and incentives (Board, 2019), with around 10,000 jobs crossing state lines. Despite this investment, it was estimated that only roughly 1,200 new jobs were created, which equates to almost $300,000 spent per job created. These incentives, combined with other major tax cuts, led to budget crises in Kansas where state revenues plummeted, budgets were slashed for education and other services, and the state's bond rating was downgraded due to doubts on its ability to remain solvent (Mazerov, 2018). The damage to both economies became severe enough that in 2019, Republican Governor Parson of Missouri and Democratic Governor Kelly of Kansas announced an end to this spiraling tax war and agreed to cooperate to prevent a further race to

the bottom with tax incentives. This crisis highlights how states often find themselves in collective action problems. If only Missouri or Kansas ended their tax incentives, then the other would gain a competitive advantage through lower business costs, and both states would suffer from a depleted tax base.

The fear of other states gaining a comparative advantage extends to many other policy areas. For welfare policy states fear if their policies are too generous, they will become a magnet for low-income residents looking for state support. So, if one state cuts back on its welfare spending, other nearby states are likely to do the same. This leaves citizens unable to receive much-needed state resources. This dynamic has been offered as a potential explanation for why the United States has less redistributive policy (Mooney, 2020). We also see competition driving the legalization of state lotteries (Boehmke and Witmer, 2004b), gambling, and sports betting as states worry they may lose out on tax revenue after neighboring state adoptions. More recently, states have faced pressure to legalize medicinal and recreational marijuana once neighboring states have done so. With neighboring state adoptions, residents would have relatively easy access, but the state would be losing out on potentially hundreds of millions of dollars in tax revenue.

Additionally, states actively compete to attract residents. As American politics continues to polarize and policy differences between the states grow, states are advertising to attract like-minded residents. Figures 2.5 and 2.6 show a 2023 ad campaign launched by the state of Michigan in Southern states. Michigan's $20 million ad campaign touts its recent work to protect LGBTQ and abortion rights and encourages these targeted groups to move to Michigan in

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FIGURE 2.5 ■ Michigan Ad Campaign 1

In Michigan,
all are welcome.

Enjoy your right to
reproductive freedom.

M I C H I G A N

Source: SOM-State of Michigan. (2023). *Whitmer launches you can in Michigan National Marketing Campaign to Grow Economy.* https://www.michigan.gov/whitmer/news/press-releases/2023/10/10/whitmer-launches-you-can-in-michigan-national-marketing-campaign-to-grow-economy

FIGURE 2.6 ■ Michigan Ad Campaign 2

In Michigan,
all are welcome.

Discover the benefits
of living in a state that
protects your rights.

MICHIGAN

response. Figures 2.7 and 2.8 show similar campaigns in conversation states, which advertise business-friendly environments, low costs of living, and wide-open spaces to target voters living in blue states who want to move. Whether these campaigns are effective or not remains to be seen, but states clearly see some value in highlighting policies they believe will attract new residents.

Imitation

Imitation (also referred to as emulation), unlike learning or competition, focuses more on the attributes of adopters rather than the policy outcomes (Shipan and Volden, 2008b). Learning focuses on the action, whereas imitation focuses on the actor (Berry and Berry, 2018). States borrow policies from others that either share attributes with their own (such as similar partisanship or demographics) or attributes they would like to have (large, wealthy states). In extreme cases, states may literally use identical bill language. Walker (1969) found that "10 states copied two serious typographical errors" in a 1931 California law regulating fair trade law (881). This suggests that states may not be diligently evaluating every policy proposal they see, but in some cases might borrow a law with little oversight. States directly copying bills, sometimes without even proofreading them, based on the characteristics of previous adopters, may occur for a variety of reasons.

As mentioned above, many legislatures operate with part-time, citizen legislators (Squire, 2023). Copying and pasting legislation requires far less work than writing legislation customized

FIGURE 2.7   ■   South Dakota Ad Campaign

Source: Governor's Office of Economic Development. (2023). *South Dakota, Freedom Works Here. Freedom Works Here.* https://www.freedomworkshere.com/

for a state's needs. Some legislators only meet for a few weeks a year, and in some states, they are paid exceptionally low wages ($100 a year in the case of New Hampshire), so they often have to work in other careers to make an income. With such short sessions, low resources, and little pay, legislators in many states are not incentivized to develop legislative solutions. Rather, a policymaker may assume that the original adopting state put in the work to carefully craft a policy solution, thus any changes to the policy might result in unintended consequences (Mooney, 2020). Similarly, policymakers may outsource policy work to think tanks or policy centers that can craft legislation without requiring extensive legislative resources.

Interest groups, such as the American Legislative Exchange Council (ALEC), provide model legislation for states to use, leading to many states using nearly identical bill language

FIGURE 2.8 ■ Nebraska Ad Campaign

Source: Nebraska Department of Economic Development. (2024*). Nebraska, The Good Life Is Calling. The Good Life Is Calling.* https://thegoodlifeiscalling.com

as a policy quickly spreads from state to state (Garrett and Jansa, 2015; Jansa, Hansen, and Gray, 2019). Bills are written by policy experts in a way that makes them easily adaptable for a new state to adopt, with little, if any customization required. However, these organizations often have a clear partisan or ideological motivation, so critics claim that these organizations are interfering with the democratic process. Rather than listening to constituents and customizing policies crafted to solve their problems, legislators might be successfully lobbied by these groups to adopt policies that are either out of touch with the public or not tailored to solve the problems of a state, or both. Borrowing model legislation is more common in states with less professional-ized legislatures because more professionalized states are more likely to develop their own solu-tions rather than borrow them from interest groups (Jansa, Hansen, and Gray, 2019).

At the same time, there are also reasons to want states to adopt identical policies. The Uniform Law Commission (ULC) was founded in 1892 to provide "states with non-partisan, well-conceived, and well-drafted legislation that brings clarity and stability to critical areas of state statutory law" (Uniform Law Commission, 2024). This organization (and others like it) provides sample legislation that has already been researched and written. States often only need to insert the proper state name and year, and the law is ready to be implemented. Organizations such as the Uniform Law Commission make it possible to establish national standards without requiring federal involvement, particularly on issues that may fall outside of Congress's defined constitutional authority. These policies spread more widely and quickly (Boehmke et al., 2020) than other types of legislation for several reasons.

Adopting similar policies help to alleviate inefficiencies in the American system. Given the federal structure of our system, many policy areas require some level of cooperation between

states. For example, semi-trucks regularly cross state lines. Imagine the difficulty of transporting goods from Boston to Chicago by highway if Massachusetts, New York, Ohio, Indiana, and Illinois all had different requirements about the maximum weight allowance for semi-truck drivers. The ULC provides legislation that can standardize these requirements to make it easier for private citizens to engage in interstate commerce. Organizations such as the ULC play an important role in operating a national economy in a fragmented, federal system.

Yet these policies go far beyond economic consideration. States have standardized regulations ranging from transferring custody of children across state lines to donating organs to defining the legal medical definition of death. When the federal government is either unwilling (due to polarization or gridlock) or unable (due to statutory or constitutional limitations) to coordinate a national policy, model legislation can step in and construct a state-by-state national policy instead. In some cases, states have tried to use interstate compacts as a tool to affect the federal government. The National Popular Vote Interstate Compact (NPVIC) is an agreement between states to allocate their electoral college vote to the winner of the national popular vote for the presidency, regardless of which candidate won that state (Muller, 2007). As of 2024, 17 states have adopted this law, totaling 205 electoral votes (see Figure 2.9). The compact will not go into effect until it is signed by states representing at least 270 electoral college votes, enough to decide who wins the presidency. This compact was proposed in response to President Bush's victory in 2000 despite losing the popular vote. If implemented (and found to be constitutional)

FIGURE 2.9 ■ States That Have Adopted the National Popular Vote Interstate Compact

■ States that have Adopted the National Popular Vote Interstate Compact
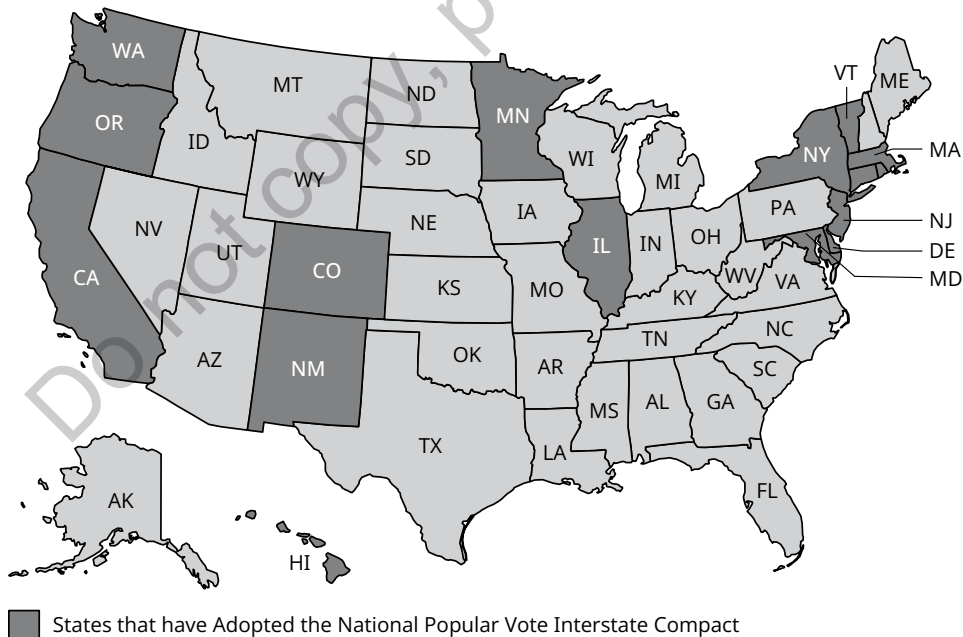
Source: Ballotpedia

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this compact would circumnavigate the Electoral College and let states effectively change how the president is elected. While most interstate agreements do not upend the federal system so dramatically, they can fill in a vacuum left by a lack of federal policy.

Lastly, it may be in a state's best interest to adopt model legislation instead of developing its own solutions when there is a collective action problem. This issue is particularly salient for environmental concerns. Air pollution does not stop at a state's borders, downriver states suffer or benefit from the water quality regulations of upriver states, and wildfires regularly cross state lines. To better coordinate responses, states have adopted dozens of inter-state compacts, which are agreements between states to cooperate on a specific policy area. These agreements play a vital role in helping states work together to solve collective problems that could easily devolve into crises. For example, the Colorado River Compact is an agreement between Colorado, New Mexico, Utah, Wyoming, Arizona, California, and Nevada to coordinate water allotments from the Colorado River. This compact's goal is to ensure that each state has access to water for commercial, agricultural, and residential use, while also limiting overuse of the river (Olson, 1926). Environmental policy is an area that clearly needs coordination between the states, but states also cooperate across a wide variety of policy areas.

FACTORS THAT LEAD TO DIFFUSION

As mentioned earlier, research has struggled to find ways to systematically evaluate which mechanism is occurring. Despite this limitation, there has been considerable progress in identifying factors that are commonly associated with the spread of policies.

Geography and the Nationalization of Politics

One of the most, if not the most, consistent findings is that states that are closer to each other are more likely to adopt the same policies (LaCombe and Boehmke, 2020). States that are geographically close are assumed to share similar policy environments (Bricker and LaCombe, 1). Nearby states may have similar political cultures, demographics, climates, and economic conditions. Given that they are assumed to share similar characteristics, it is no surprise then that they might look to each other for policy solutions, regardless of mechanism. Most frequently, geographic proximity is measured by whether states share a border (called contiguity), although it has also been measured by whether states are in the same census region, or the distance between two state capitols. As more neighboring states adopt a policy, a state becomes much more likely to adopt that same policy.

At its core, policy diffusion is measuring the spread of information, just in the form of a policy (Boushey, 2010; Nicholson-Crotty and Carley, 2018; LaCombe, Tolbert, and Mossberger, 2022). So, the closer the two states are to each other, the easier it is for information about that policy to spread, particularly before the advent of the internet or mass media. One explanation of how policy information about neighboring states leads to policy diffusion is the **contagion effect** (Pacheco, 2012), meaning once citizens are exposed to a neighboring state's policies, they may begin to see the positive benefits and pressure their own state to adopt the same. Just as

a contagious disease requires contact with other hosts to spread, the contagion effect occurs when citizens are exposed to another state's policies. Since 1995, states have enacted statewide bans on smoking in restaurants and bars. Because many residents live near their state's borders, they often cross state lines to eat at restaurants. When they do, many find they enjoy dining in a smoke-free environment and become more supportive of smoking bans in their own states. They then pressure their legislators to adopt similar bans, and the policy begins to spread. This process takes time and requires significant exposure from the policy on neighboring states, which is not always feasible. But when it is, neighboring states are more likely to expose citizens to new policies through day-to-day exposure. Contiguity's role in the spread of policies has been declining over time (Mallinson, 2021b).

Compared to earlier decades, neighboring state policies appear to have less influence on a state's decision to adopt compared to other factors. One explanation for this trend is that the cost of spreading information is dramatically lower than at any time in human history (LaCombe, Tolbert, and Mossberger, 2022). In the 1800s, it required significant resources to travel across the country, so citizens were less likely to be exposed to policies being adopted in neighboring states, let alone in states hundreds of miles away. Additionally, news took a long time to spread, so even learning about policies through media took significant time and resources, if it occurred at all. However, the advent of national mass media, and even more so high-speed Internet, has enabled citizens and lawmakers alike to instantaneously find information regardless of geography. A citizen living in Montana can just as easily learn about new laws passed in Florida or Maine as in Idaho. This rise of social media mirrors this trend as one can just as easily hear from a friend across the country as one across the street. With the power of mass media and the Internet to instantly transmit news across the country or world, it is not surprising that geography is playing a smaller role in the spread of policies.

The nationalization of politics (Hopkins, 2018) also means that citizens are increasingly learning about events from nationalized media sources, thus reducing the importance of geography. Rather than reading a local newspaper covering their community, citizens are more likely to watch nationalized cable news networks or websites that do not cover local issues to the same extent, if at all. Instead, coverage is largely national, states receive little attention, and when they do, it is often within the context of national debates over policies. Citizens are also increasingly sorting themselves into like-minded communities (Lang and Pearson-Merkowitz, 2015). As partisanship becomes part of someone's core identity, citizens are more likely to look to co-partisans than other residents of the states. Rural Republican voters have more preferences in common with rural Republicans in other states than Democratic voters in cities in the same state, and vice versa. Given this nationalized environment, citizens may look to states they see as culturally, economically, or ideologically similar, regardless of geography (Bricker and LaCombe, 2021). Figure 2.10 shows a network of citizen perceptions of the states. This network was generated by surveying Americans about which states they see as most similar to their own. States connected to each other are perceived as being similar, and states that are closer together are perceived as more similar. The figure shows there is clear clustering, with states in "Blue America" being more likely to perceive each other as similar. Geography is not a barrier to perceived similarity as New York and California are both perceived to be similar despite being thousands of miles apart. Others have also found that policy networks are forming that map

FIGURE 2.10 ■ State Similarity Network

Note: Ties indicate states are perceived as similar.

Source: Bricker and LaCombe, 2021.

more onto partisanship than geography (Desmarais, Harden, and Boehmke, 2015), with states like California being a policy leader for Democratic-controlled states, and Florida an innovator for Republican-controlled states. Once a state begins seeing another as a policy source, this relationship remains stable over time as the relationship deepens through continued borrowing of policy ideas.

Despite its weakened influence, geography still plays a role in the spread of policies. States that share a border are more likely to be in competition with one another for comparative advantage, are more likely to face similar policy contexts that require similar policy solutions, and their citizens are more likely to be exposed to policy.

State Resources and Interest Groups

A common question in the study of diffusion is what factors lead to states being more innovative? As stated before, some of the mechanisms, such as learning or competition, require states

to have the ability to learn about what other states are doing. States with full-time staff and a professionalized legislature (Squire, 2023) have dedicated resources and staff to develop and research policies. Similarly, when states do not have term limits, their legislators are better able to develop policy expertise through their participation in committee work and other legislative activities. On the other hand, states with less professionalized legislatures and term limits rely on citizen legislators who do not have the time nor the resources to thoroughly investigate what other states are doing (Arel-Bundock and Parinandi, 2018).

Yet resources go deeper than simply what is or isn't available for legislatures. Wealthier states are consistently more innovative. States with wealthy populations have the resources to build state capacity and develop and implement new solutions. They have more slack resources to focus on technical issues compared to less wealthy states that have fewer resources, and those resources must be focused on major economic and social issues facing their states. Wealthier states are also more likely to have diversified economies, meaning that there is a more diverse set of interests advocating for policies that might benefit their industry. On the other hand, if a state is dominated by a single or few industries (such as agriculture in rural states), then a state may be innovative in a single policy area but is less likely to be an early adopter across a variety of policy areas. Wealthy states such as California, New York, and Massachusetts have perenni-ally been among the most innovative states (Boehmke and Skinner, 2012b) for well over 100 years despite each undergoing massive demographic and political transitions. Wealthy states have more resources to develop more solutions faster and populations with a greater ability to advocate for their preferences and organize to enact change. For similar reasons, states with larger populations have also been more likely to be innovative. More liberal states also tend to be somewhat more innovative than conservative ones, which is consistent with their ideological predisposition towards government action. Conservatives on average prefer a smaller govern-ment doing less, while more liberal citizens want a more expansive government.

Given the tremendous variation in state resources dedicated to developing policies, inter-est groups can help reduce the costs of creating policies in a variety of ways that affect policy diffusion (Balla, 2001; Garrett and Jansa, 2015). Beyond providing model legislation, interest groups have resources to build policy expertise and conduct research to share with policymak-ers. National professional associations can provide information to lawmakers and aid in the spread of policies affecting their industries (Balla, 2001). Lobbying, the act of communicat-ing with policymakers to influence legislation, is a critical way in which policymakers learn about policies, particularly in states with low levels of legislative professionalism (Jansa, Hansen and Gray, 2019). This information can play a critical role in how policies spread. This leads to fears of moneyed interests disproportionately affecting policy as access to policymakers often is gained through monetary donations. Given that organized interests are more reflective of elite interests than the general public, lobbying is often given a negative connotation in the political discourse. Yet providing information is not the only way in which interest groups can influence policy. Organizations such as the National Conference of State Legislators provide a forum for state policymakers to interact and communicate with each other across the nation. In both roles, organized interests can help to overcome resource constraints many policymakers face by providing avenues to learn about other state policy adoptions and develop policies of their own.

Because diffusion is a process of information spreading, states either must devote their own resources towards finding this information or rely on others to help make up for this difference.

Policy Characteristics

The content of the policies themselves being adopted also plays a role in whether it spreads widely (Gray, 1973; Shipan and Volden, 2012). Scholars have identified several characteristics that may affect the spread of a policy: **complexity**, **salience** and controversy, **observability**, **relative advantage**, and **trialability** (Mooney, 2020; Makse and Volden, 2011). Complex policies are those that require technical expertise to be developed due to the difficulty in identifying clear policy responses to address problems. Complex policies are multi-faceted, requiring policymakers to dedicate more resources to fully understand them, and may be easily understood by the public as well. Complex policies are expected to spread more slowly (Boushey, 2010; Mooney, 2020; Makse and Volden, 2011) because of the extra resources needed to fully understand and implement the policy. On the other hand, simple policies are easier to understand (both for voters and legislators) and often represent a clear binary choice. Policies that regulate morality, such as abortion laws or same-sex marriage bans, are often categorized as simple. They are often framed as a binary choice making it easier for the public to form an opinion on the topic and for states to develop policies in response. Morality policies have distinct patterns of diffusion (Kreitzer, 2015) due to the ease with which citizens form opinions on these issues and the strength of these opinions.

Policy salience refers to the extent to which a policy is noticed by the public. The vast majority of policymaking at the state level is not followed by even citizens with high levels of political interest, let alone the general public (Rosenthal, 2008). When a policy or problem becomes salient, information about it spreads more quickly, and citizens start to form opinions about it and pressure elected officials to take action. If the policy is controversial, then salience will likely slow down the spread, which it spreads as opposition becomes more polarized. At the same time, when a policy with more consensus becomes salient, it should become more likely to be adopted as politicians view it as electorally advantageous to adopt policies favored by the public (Mallinson, 2021a). Salience can be driven by the emergence of a new problem, increased news coverage, or efforts by activists to make a problem more visible. Following the events of the September 11, 2001, terrorist attacks, there was a dramatic rise in both public attention and policies being adopted at the national, state, and local levels attempting to increase security. Eventually, new problems replace old ones as the most salient issue facing the country, and the public moves on to care about new issues.

Observability refers to the "degree to which results of an innovation are visible to others" (Rogers, 2004). Unlike salience, which refers to the public, observability refers to how easily a policy can be observed by other policymakers. For a policy to spread, other states must be aware of a state experimenting with it. When policies are more easily observable, they should diffuse more quickly as the cost of learning about them is lower. Some policies, like building new infrastructure or legalizing marijuana, are easily observable to other states. The changes these types of policies bring can be directly seen and policymakers can more easily see the populations

being affected by these laws. Policies with low observability might affect a small population, or the effects might not be directly observable.

Trialability is a measure of the ease at which a policy can be experimented. Does the benefit of adopting a new policy come with the risk of a high cost (either in monetary value or political blow-back), or are the risks associated with adopting or terminating a policy relatively low? When trialability is low, policymakers feel more comfortable to experiment and the policy should be adopted more quickly on average (Makse and Volden, 2011). In education policy, curriculum changes can be tested at a small scale such as in a particular school or number of classrooms. If the policy is a success, it can be easily scaled up, whereas less successful changes only affect a small population. Changes to macroeconomic policy are less trialable because they directly affect a much larger population, so negative effects are felt widely.

Relative advantage is the extent to which a new policy is seen as being an improvement over the status quo. When policies are perceived to clearly be preferable, they should diffuse more quickly, whereas those that are not seen as making a difference by policymakers are prioritized less. Each of these characteristics helps contribute to the unique pathways in which policies spread. Policies can be any combination of these characteristics, and the same policy might have different characteristics depending on the state considering it. What is salient in Utah might not be in Rhode Island. Policies that have high salience and agreement among voters, low levels of complexity, and high levels of observability, trialability, and relative advantage are the most likely to diffuse widely, but none of these characteristics guarantee a policy will spread (or not spread) across the country.

Is Leadership an Intrinsic Characteristic?

From the earliest days of diffusion research, scholars have wondered what makes a state a policy leader (Walker, 1969b). Are there local conditions that can lead to a state being more innovative, or is innovation something intrinsic and unique to a given state? Policy leaders are the most likely to develop and implement new policy solutions, while policy followers tend to wait to adopt new policies until they have been tested in other states. These states are often called leader and laggard states and have been remarkably stable over the past 100 years. Innovation rate scores, as can be seen in Figure 2.11, measure the extent to which a state is an early adopter of many different policies, with higher values indicating a state more quickly adopts any given policy, and lower values indicating it adopts more slowly. Unsurprisingly, the most innovative states are mostly wealthy, populous, relatively liberal, or all of the above, which might suggest that there are state characteristics that drive innovation.

However, research has also noted that the factors that lead to more innovation are not consistent over time (Mallinson and Hannah, 2020). California is the most innovative state today, in 1958, and 1912, despite undergoing significant demographic, economic, and political transformations during each time period. This suggests that rather than individual factors leading to a state being more innovative, that instead innovativeness may be more of an intrinsic characteristic. Once a state is perceived as a leader, other states continually look to it for policy solutions, thus creating a self-fulfilling prophecy. Particularly for a citizen legislature, if California can reliably produce policies that work for your state, why would they spend limited state resources

FIGURE 2.11 ■ State Innovativeness Score 1912–2017
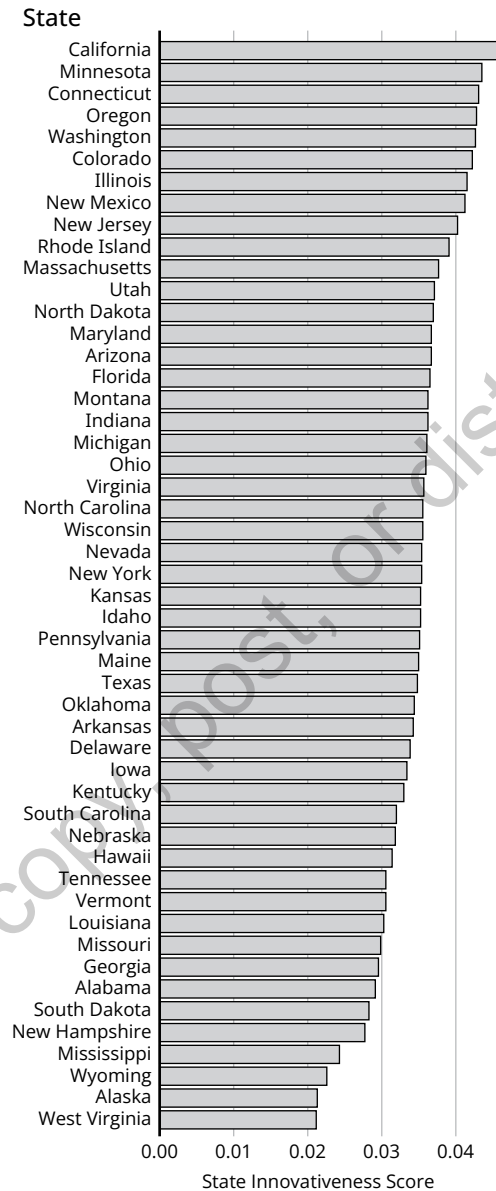
Source: Boehmke et al., 2020

on developing solutions of their own? As polarization deepens with most states being perceived as clearly Republican- or Democratic-leaning, we have also seen states like Florida emerge as innovators of conservative legislation. Yet there is also evidence that states can develop policy expertise and become leaders in certain policy areas like agriculture, education, or health

(Carter and LaPlant, 1997). This suggests that local context can influence states to become more innovative, at least within a policy area. In sum, while there is evidence that innovativeness is stable over time (Boehmke and Skinner, 2012b), questions remain about whether policy leadership is an intrinsic trait or one that is a product of state circumstances.

TENSIONS

Despite notable methodological and theoretical innovations over previous decades, there are many areas of disagreement among diffusion researchers. As mentioned before, there is little shared understanding of how to measure a mechanism (Maggetti and Gilardi, 2016). Often, the same measure is used by different scholars to represent different mechanisms. For example, after Massachusetts and Maine legalized recreational marijuana in 2016, by 2022 all but one neighboring state had legalized recreational marijuana as well (National Conference of State Legislatures, 2023). Which mechanism does a neighboring state adoption represent in this case? One could argue that these states imitated their neighbors due to some assumption of similarity. At the same time, these states may have looked at the tax revenue raised by Massachusetts and Maine, learned from their success, and decided to adopt the policy. Alternatively, if they were worried about losing out on tax revenue, they may have adopted this policy through the competition mechanism to avoid losing a comparative advantage. Lastly, citizens from these states may have visited Massachusetts or Maine and after seeing legalization in action, decided to petition their home states do to the same, which would represent the contagion mechanism. This example highlights the complexity of systematically identifying which mechanism drives a policy's spread. These mechanisms are also not mutually exclusive, so a state may learn and compete at the same time, making it even harder to distinguish which mechanism has the most influence. Despite significant theoretical progress in defining these mechanisms, there is little, if any, agreement on how best to measure them (Mooney, 2020).

Like many fields in political science, the study of diffusion has taken an increasingly quantitative approach. Research in previous decades mostly studied a single policy and tracked its path (Boehmke and Skinner, 2012b). Although tracking individual policies can help us better understand the policy process, critics have noted that we have no way to know if that policy's path is representative of general diffusion patterns or not. In response, in the past 15 years, there has been a growing emphasis on modeling the spread of dozens, or even hundreds of policies together. This approach allows researchers to explore the average pathways across thousands of policy adoptions with the goal of building a general framework to understand how policies spread. Yet we know that policies largely follow a unique pathway, and the patterns found from a large-N analysis might fail to recognize important differences in how policies spread. This inherent tension between building a comprehensive explanation for a policy while also creating generalizable findings has made it difficult to build a shared understanding of what drives diffusion. Some studies find contiguity playing a large role in diffusion, while others find the effect is declining (Mallinson, 2021b), or even non-existent (Bricker and LaCombe, 2021) after including other factors. While we have consistently identified a group of states that are policy

leaders (Desmarais, Harden and Boehmke, 2015), there are a plethora of policies where a laggard state is the first adopter. A key tension for the field moving forward is how to acknowledge each policy's unique pathway to spreading, while also building a comprehensive, shared understanding of what drives diffusion.

Thirdly, the study of diffusion has primarily focused on policy adoptions. While this makes intuitive sense, the focus has primarily been on "What causes policies to diffuse?", while far less attention has been paid to "What causes policies to not diffuse?", and even less attention has been paid to the un-adoption of a policy. By focusing on policy adoptions, and in particular, policies that have spread widely, some say the field suffers from a "pro-innovation bias" (Karch et al., 2016), meaning that our focus on policies that widely diffuse has led to biased conclusions that only represent the tiny fraction of policies that can diffuse widely. Even the large datasets being built of thousands of policy adoptions referenced above are just a small subset of the policies being proposed and adopted in the states, and little is known about the extent to which existing studies are capable of representing a general diffusion process. To put this research into context, one of the largest studies of diffusion to date includes roughly 18,000 policy adoptions of over 700 policies over the past two centuries (Boehmke et al., 2020). However, just from 1991-2017, there were nearly 1.4 million policies introduced (Garlick, 2023). While the majority of these bills were not adopted, we have only begun to scratch the surface of understanding how, when, and why states adopt policies. As advances in text analysis, machine learning, and other quantitative methods continue to develop, the field of diffusion has great promise to continue to develop as a field.

CONCLUSION

This chapter has highlighted the theoretical foundations for explaining policy diffusion as well as an overview of what we know about the factors that drive the spread of policies. It discusses areas of agreement and disagreement among scholars and explores the many ways in which states interact with one another in search of policy solutions. Since the founding of the republic, states have consistently operated as laboratories of democracy. With new problems emerging every day, states continue to operate as innovators. They have far more flexibility than the federal government to develop and pass new policies. Once adopted, states look to each other for potential solutions and may adopt a policy due to learning, imitation, competition, or coercion. In an era of growing national polarization that leads to gridlock in Congress, states appear to be playing an increased role in developing policy solutions to serve their citizens. These choices mean that increasingly, the state that someone resides in has a clear observable effect on their day-to-day lives. From the taxes they pay to abortion access to funding of schools, roads, and other infrastructure, states are increasingly diverging along partisan lines (Caughey, Xu and Warshaw 2017). Yet when policies are successful, they often spread widely across the country, and eventually make their way into the policy agenda for national policymakers. This pattern shows no signs of slowing down, and the study of diffusion looks to continue to be an important aspect of understanding how American democracy operates.

KEY TERMS

Coercion

Competition

Complexity

Contagion Effect

Imitation

Learning

Observability

Policy Diffusion

Relative Advantage

Salience

Trialability