GOAL CONFLICT IN THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM

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Dedication

For my children—because you are the change I want to see in the world.

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I am tremendously grateful for the love, support and guidance of the many people who supported me in this endeavor. For my parents who encouraged me to follow both my dreams and my heart, and who gave me the tools of knowledge and character without which I could not have survived this journey. For my husband whose love and true partnership fill my life with joy, and whose encouragement and strength inspire me in every facet of my life. Owen, you are my one true love. Thank you for all the millions of ways you support me, large and small. I am grateful for my brother and sister whose companionship and encouragement buoyed me, especially in the hardest times. And I am grateful for my wonderful children who inspire and balance me, and whose laughter and tears remind me daily to focus only on the things in life that truly matter. My dear ones, you make the world a better place just by being in it.

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Finally, I am grateful to the God who gave me life, who set my feet on this path, and who has given me the capacity that I have and every breath I have in which to use it.

May we all remember and strive to use our powers for good.

Abstract

This dissertation develops goal conflict theory and its application to intergovernmental public policy through state-level empirical analysis of the State Children's Health Insurance Program (SCHIP) from 1999-2007. This program was selected for analysis because it is a program in which goal conflict has been readily manifest, particularly during the 2007 SCHIP reauthorization attempts.

Goal conflict in SCHIP is operationalized as enrollment of higher-income children and of adults, and is examined in terms of fiscal impact on the federal government and on various measures of program success including enrollment of low-income children in SCHIP.

Enrollment of adults was found to increase federal costs within a state (federal funding formulas notwithstanding). Further analysis showed that rules governing the fiscal impact of enrollment expansions significantly affected the choice to engage (or not engage) in these activities.

In examining the effect of enrollment of non-targeted populations on federal spending between and within states, the analysis demonstrated that while formula factors—not enrollment choices—drive federal spending between states, enrollment of adults increases spending within states and enrollment of higher-income children appears to decrease spending within states.

In fixed-effects models estimating the impact of enrollment of adults and higher-income children on enrollment of targeted children, enrollment of adults was consistently found to negatively impact enrollment of targeted children and enrollment of higher-income children was found to improve enrollment of targeted children.

A final empirical analysis focused on the policy choices of adult and higher-income child enrollment as dependent variables. Goal conflict variables, in addition to capacity variables, were shown to be significant predictors of these state policy choices even after controlling for state (random) effects.

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Chapter 1: Introduction and Theory

Introduction

The State Children's Health Insurance Program (SCHIP) has the stated goal of "[providing] funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children".[1] An entitlement to the states, SCHIP is a joint implementation program requiring involvement by federal and state governments (Pressman and Wildavsky, 1984; Sanford, 1967; Goggin et al., 1990). For states that share the ideology of the federal legislation, rank it as a high enough priority to merit allocation of resources, and have sufficient resources to allow for such allocation, intergovernmental management consists primarily of completing the federal-state financial transaction by drafting and facilitating the approval of the necessary state plans, making expenditures, and receiving funds. States receive benefits for their ideological alignment with the federal government, and the federal government adds resources to the accomplishment of its aims within states. However, this joint implementation approach invites the potential for goal conflict[2] in states where provision of public insurance for children from low-income households is not a sufficiently high priority to warrant independent state action. In these cases, the federal entitlement serves primarily as an inducement for states to become aligned with the ideology of the federal legislation and the intergovernmental management process

[1] Social Security Act Sec. 2101. [42 U.S.C. 1397aa]
[2] Conflict is not assumed to be an active engagement or embodiment of will in a sociological sense as envisioned by Simmel (1964), but is rather the passive incompatibility of goals more consistent with the views of Sanford (1968) and Parsons and Shils (2001). Nonetheless, conflict is envisioned as a positive entity, something that can be observed and measured. In this sense, conflict is compatible with Simmel's most basic conception of the phenomenon.

becomes burdened with the need to ensure that this induced goal alignment achieves the ends intended by the federal legislation. This necessity enters the intergovernmental arrangement in the form of specification and monitoring costs (Waterman and Meier, 1998).

Despite the potential presence of conflict with the stated federal goal of the SCHIP program, states may be pressured to adopt the SCHIP program due to mimetic pressures (Light, 1978; DiMaggio and Powell, 1983) or because of a desire to leverage federal funds. Ingram (1977) suggests that the inducement offered by federal grants may entice state governments into a form of bargaining arrangement, but that such grants are not sufficient for altering the policy behavior of states unless the state already has compatible goals. Goal conflict may thus manifest not as a failure to adopt the program (as indeed all states have), but rather as conflicts over the use of funds (Nicholson-Crotty, 2004), problematic implementation decisions (Goggin, et al., 1990), or low output performance.

The aim of this dissertation is to identify potential goal conflict in the SCHIP context and to determine what, if any, effect observable goal conflict between the federal government and the states may have on the use of federal resources (chapter 3), program outputs and outcomes (chapter 4) and state policy decisions (chapter 5).

This chapter focuses on the potential for measurement of goal conflict and the utility of this construct in predicting various relevant outcomes in administration of the SCHIP program. A diversity of conceptualizations, definitions, applications, and operational approaches for organizational goals, "goal conflict," and related constructs (e.g. goal ambiguity, goal commitment) will be considered specifically in the context of federal-state joint implementation. This synthesis integrates perspectives from systems analysis, agency theory, stewardship theory, fiscal federalism, political economy, governance theory and intergovernmental relations. Though some form of goal conflict is fundamental to the interrelationships described by most of these theories and approaches, measurement and empirical application of the construct have garnered less attention than deserved, and conflict is often treated as an assumption rather than a variable (Waterman and Meier, 1998).

The literature: An overview

Goal conflict has made prominent appearances in public management literature in terms of political control of the bureaucracy (e.g. McCubbins, 1985; McCubbins, Noll and Weingast, 1998) and principal-agent applications to government contracting (e.g. Van Slyke, 2006). Waterman and Meier suggest that "[o]ver time [states][3] may seek to alter established policy toward their preferred objectives, which may or may not be the same as those of the [federal] legislation … Even if no policy disagreement exists, principal-agent theory suggests that [state agents] are likely to shirk, to produce outputs at a higher than needed cost, or to produce a level of outputs that is lower than desired" (1998, 176). This thesis about the potentially counterproductive nature of agent behavior—arising from active policy disagreement or passive failure to achieve desired ends in the most efficient or effective manner—is the core of goal conflict.

Defining goal conflict in a public administration setting proves challenging, particularly in comparison with the private sector application where the concept was originally developed. "In the marketplace, principals and agents clearly have different goals and/or preferences. Obviously, agents want to make as much money as possible

[3] Insertions to adapt the original text to an intergovernmental context are added for emphasis and to focus the discussion offered by Waterman and Meier (1998) on the particular context addressed here.

while principals want to pay as little as possible for services. But in the bureaucratic setting, with a focus on policy instead of profit, goal conflict may not always exist between principals and agents. Principals and agents may disagree over policy, or they may not. If they do, as Mitnick (1986, 4) noted, principals are forced to 'expend resources both in trying to instruct the agent what to do and in monitoring and policing the agent's behavior.' If agents have the same policy goals, however, the need for policing and monitoring should logically be reduced." Thus, goal conflict might manifest as a diametric opposition to a policy, willingness to abide inefficiencies in its execution, or anywhere between.

For the research and theory that follows, **goal conflict is defined as a diversion of resources from pursuit of the interest of the principal to pursuit of the interest of the agent**. In a federal-state principal/agent dyad[4], the resources intended by the federal government for one outcome are diverted to an outcome embraced by the state.[5] In circumstances in which pursuit of the interest of the principal is identical to the pursuit of the interest of the state, no goal conflict exists.

In political economy, some recent initial attempts at quantifying goal conflict in a political economy paradigm have inspired renewed discussion about "new" and "fiscal" federalism and their place in modern policymaking (Oates, 2005). Meier has repeatedly criticized goal conflict as an assumption in various models. In particular, Waterman and Meier (1998) explicitly call for consideration of goal conflict and information asymmetry as variables (rather than as assumptions) in applications of agency theory to the governmental context. A few studies (e.g. Ingram and Schneider, 1990; Slocum, Cron

[4] I acknowledge that such a dyadic conception is oversimplified, as will be discussed later in this chapter.
[5] Note that given this conception of goal conflict, the outcomes may be closely related, increasing the complexity of monitoring costs and the demand for information.

and Brown, 2002; Chun and Rainey, 2005b) have linked goal conflict constructs to performance, but lack of a systematic framework for goal conflict in the intergovernmental context has prevented similar analysis from being performed in the intergovernmental policy context.

Ingram (1977) observes that state goals play a pivotal role in determining the accomplishment of federal objectives through grant programs. Ingram is not alone in her emphasis on the importance of goals. Meier and his coauthors have consistently called for more study of goal conflict in administration of government programs (most prominently in Waterman and Meier, 1989). While progress has been made in this area, (e.g. Matland, 1995) the construct has only recently been used in an empirical application to its role in federal-state relationships through grantmaking (Nicholson-Crotty, 2004).

A case could be made that goals are not only encompassed in the implementation of public policy, but that they comprise the better part of it. “A case of implementation...is a series of political and administrative actors’ goal-directed choices and actions” (Goggin, 1986, 336).

Goggin et al. (1990) consider goals a component of organizational structure that has a mediating effect on organizational capacity: “Implementing organizations have goals, and the program being implemented may or may not fit neatly with these goals. Agencies are more likely to have communication and coordination problems with each other when the units do not see eye to eye on the program. Such organizations are more likely to screen out important elements of the policy message and to perform in a less-than-ideal fashion when the policy message deals with goals that are not of particular concern to the implementers; therefore, the greater compatibility among the goals of the implementing agencies and the concerns of the implementers, the greater the expected success of a program within a state.[6][7] Also, the greater the compatibility of the goals of the implementing agencies with those expressing the policy message, the greater the success of a program within a state"(127). Though among the variables suggested for inclusion by Goggin et al. (1990), measures of goal congruence/conflict have oft been excluded from implementation studies.[8] This exclusion is likely due to the challenge presented by measurement of the construct.[9]

Goal conflict would be expected to have varying effects in varying policy contexts, impacted by such factors as intergovernmental arrangement and inducements, policy topic, ambiguity of goals, and others (Goggin et al., 1990; Volden 2007). It is therefore useful to observe this particular variable, and to explore issues related to its measurement, validity and impact, in a single context where variation in intervening variables can be minimized. It is also important to select a policy context in which some qualitative evidence of goal conflict can be observed. This lends, at the least, face validity to the inquiry itself. Because the inquiry focuses on federal-state goal conflict, the policy must be a product of federal-state joint implementation. In order to isolate goal conflict as a variable, the goal of the policy must be relatively unambiguous and its achievement must be empirically observable. Federal control over state behavior must not be complete; in order to observe some variation in outcomes as regards goal conflict, states must have

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[6] This approach is consistent with Parson and Shils' (2001) discussion of goal achievement in social systems: "the achievement of goals is often possible in a social system only through collaboraton in complementary role situations" (200).
[7] Note that there may be differences in goals or outcomes intended by the principal, goals or desired outcomes articulated by the principal, and perception of goals or intended outcomes as received by the agent. Though these three may differ, distinctions between them are not made in this analysis.
[8] Cleaves (1980) is a notable exception.
[9] Other constructs related to organizational goals in government have only recently become a focus of careful quantitative measurement. See, for example, Scott (2003) and Chun and Rainey (2005).

some level of discretion in implementation of the program and the application of federal inducements. While multiple policies may fit this particular set of criteria, the policy selected for this analysis is the State Children's Health Insurance Program.

The remainder of this chapter contains a background describing the State Children's Health Insurance Program, a presentation of the three primary frameworks to be used in empirical analysis accompanied by a more extended review of relevant literature, and a brief outline of the dissertation.

Background: State Children's Health Insurance Program

In August 1997, with bipartisan support, Congress enacted the State Children's Health Insurance Program (SCHIP) as part of Title XXI of the Social Security Act. SCHIP is a federal formula grant program that gives states three options for providing public health insurance to targeted children: designing a separate SCHIP program; expanding the Medicaid program within a state; or a combination of both strategies. The program enrolled 2.5 million children nationwide during the first three years of its existence (Simon, 2001). The SCHIP program is a federally mandated, state administered program similar in nature to Medicaid, Medicare, and other social welfare programs in the United States, but is structured as a categorical grant to the states rather than as an individual entitlement. Categorical grants are "grants that must be used for particular—very often, quite narrow—objectives as specified by the donor and agreed to by the recipient. In the United States, most federal grant programs are of this kind" (Salamon, 2002, 343).[10] The

[10] Various media outlets mistakenly refer to SCHIP as a formula grant. Though SCHIP does allocate funding based on formulas (thus an "entitlement" to the states), SCHIP funding is limited to a particular set of approved expenditures, whereas a true formula grant would provide money that is not confined to a specific project. The classification of SCHIP funds as a block grant is more appropriate, as the latitude for spending projects—the primary distinction between a categorical grant and a block grant—differs

responsibility for design, implementation, and administration of the program therefore rests solidly on the states. Though the structure of this program provides a great deal of flexibility to the states (Nicholson-Crotty, 2007), the federal intent to affect the spending and policy practices of the states invites application of the biting commentaries regarding the coercive and/or ineffectual regulatory nature of such intergovernmental arrangements (Hale and Palley, 1979), the failure of the redistributive purpose of such grants (Kincaid, 1990), and the inability of federal actors to recognize the specialized needs of the states (Sanford, 1967). Salamon (2002), however, describes such grants as an indirect tool of government action, and hails them as "relatively noncoercive" (342). The flexibility of state administration of such grants does help to mitigate accusations of federal coercion, but it is nonetheless true that federal funds come with "strings attached."

One challenge identified in fiscal federalism is the imposition of federal intentions on state-level resources, thereby limiting the ability of state governments to tax and spend according to their own priorities because the federal tax reduces the supply of disposable/taxable income and the mandate to engage in federally sanctioned activity also demands use of state resources (Oates, 1999). Dahrendorf (1958) described policy conflict as emerging from a perceived zero-sum environment in which objectives are incompatible and actors rely on one another for some aspect of policy execution. Behaviors in which actors engage may result as much from strategic behavior as from behavior rooted in true differences in reaction to the ideology of a policy. Regardless of the motivation for behavior, the legislative and administrative environment results in winners (those who receive resources) and losers (those who do not). This zero-sum

somewhat over time depending on regulations placed on SCHIP spending by plans arranged by state and federal agencies and broad federal guidelines that may differ from one political administration to another.

environment is also described by Nicholson-Crotty et al. (2006) in their discussion of the impact of intergovernmental grants on state budgetary priorities.

In policy areas related to SCHIP, states have been accused of diverting federal funds to projects of higher priority to the states (Nicholson-Crotty, 2004; GAO, 2007; Chubb, 1985). Alternately, states may use federal funds to replace their own funds, providing the slack necessary to accomplish goals unrelated to the federal grant. These types of fund diverting behaviors have been observed in the Medicaid program. Testimony before the House oversight committee describes the systematic rulemaking and policymaking measures taken to discover and reduce loopholes and/or fraudulent means of increasing, spending or diverting federal matching funds from the Medicaid program that appeared to be in widespread practice among the states (GAO, 2007). The fund diversion hypothesis is also applied to Medicaid funding and tested in Nicholson-Crotty's piece on goal conflict in federal grants to the states (2004), where he found evidence in support of the fund diversion hypothesis. These empirical findings support Ingram's (1977) assertion that federal aims are unlikely to be accomplished through grant programs in the absence of state-level agreement with federal goals.

In an empirical analysis of factors correlating with Medicaid enrollment rates, Kronebusch and Elbel (2004) found that the policy content of Medicaid mandates had greater impact on outcomes than did federal matching rates, and also reduced the observable variation in enrollment across states. This suggests that, consistent with the conceptions of goal conflict described here, the ideology—or goal alignment—associated with policy content has a significant impact on the overall success of the endeavor.

Rhetoric accompanying the 2007 legislative battle to reauthorize the SCHIP program made federal-state goal conflict readily apparent. In a radio address following his veto of the first SCHIP reauthorization bill in October of 2007, President George W. Bush said, “One important commitment of the Federal government is to help America's poorest children get access to health care…[but] many States are spending SCHIP funds on adults. In fact, based on their own projections for this fiscal year, Minnesota, Illinois, New Jersey, Michigan, Rhode Island, and New Mexico will spend more SCHIP money on adults than they do on children. And that is not the purpose of the program” (Bush, 2007).

In February of 2008, five state governors testified before the House Energy and Commerce Committee regarding SCHIP and its reauthorization. Governors Patrick of Massachusetts, Strickland of Ohio, and Gregoire of Washington lamented recent CMS guidelines aimed at reigning in states that used, or wanted to use, SCHIP funding to cover uninsured children above 250 percent of FPL. It could be said that for these states, their goal of enrolling uninsured children exceeded the target set by the federal government and created a form of goal conflict.

Governor Perdue of Georgia indicated concern over mismatch between federal intent and some cases of state implementation, yielding gridlock in SCHIP reauthorization: “I have been vocal because a program that works, a program that has a ten year record of proven success, is up for reauthorization and we can’t agree on how to continue…Some states have expanded their programs to include health insurance for other groups, even childless adults. But the goal of this program all along was to provide an answer to an insurance need for our most vulnerable population: low-income children” (Perdue, 2008).

Similarly, Governor Barbour of Mississippi alleged that states with SCHIP expansions covering childless adults were hijacking federal funds that should have supported programs for children in other states: "instead of sending that money back to Washington, other states started expanding their SCHIP programs. Instead of covering low-income children as Congress intended when [it] created the program, other states began covering adults, even adults that did not have any kids!...I cannot support a bill that does not give Mississippi enough money to fulfill the original intent of the program while allowing other states the opportunity to expand their programs to cover higher-income children and adults who don't have any children" (Barbour, 2008).

This rhetoric surrounding SCHIP reauthorization and the observations of scholars regarding the potential for divergent SCHIP goals at the state level (Shi, et al. 2000) contribute face validity to the case for SCHIP as a good laboratory for inquiries regarding state-federal goal alignment in intergovernmental policy. SCHIP also has other characteristics that make it a desirable case, including a relatively unambiguous federal goal and readily available data. The recency and popularity of the program provide additional incentive to study the program.[11]

SCHIP has an unambiguous primary goal at the federal level: to increase the enrollment of children from low-income families in medical insurance programs. More specifically, to enroll targeted children—uninsured children who are ineligible for Medicaid but below 200 percent of the federal poverty level—in public health insurance

[11] In addition to these reasons for selection of SCHIP as a policy focus, child health policy has been a common platform for implementation studies, allowing for some continuity in the development of implementation theory within what is arguably a single policy context. Goggin (1986) focused his early implementation research on child health policy, and suggested many compelling reasons for focusing on this particular policy area, including the history of disenfranchisement of children in American health policy. His 1999 piece on SCHIP also forms a strong complement to the work proposed here.

programs (Nicholson-Crotty, 2007). SCHIP legislation demands that participating states make every effort not only to encourage enrollment of uninsured low-income children in health insurance programs, but to specifically encourage enrollment in *public programs* for which they are eligible, including SCHIP. This approach to social welfare, in which enrollment in the program itself is considered an outcome, is unlike other social programs such as Welfare to Work or Temporary Aid to Needy Families (TANF) the ultimate goal of which is arguably to eventually *remove* individuals from public assistance.

State goals for SCHIP, on the other hand, may be significantly more diverse. In addition to some states' expansion of the program to cover children in higher income families and other expansions to cover low-income parents and in some cases childless adults, a range of desired outcomes and evaluative measures have been adopted by the states, displaying a variety of objectives beyond the federal impetus to provide more low-income children with health insurance (Shi et al. 2000).

It is also important to note that the issues of goal alignment are of particular and timely interest in this reauthorization era of SCHIP, in which federal legislative action is required if federal appropriations are to continue. The apparent unwillingness of the states to allocate additional funding at the state level without continued federal matching (Wolf, 2007) and the political rhetoric of federal-state conflict surrounding the president's veto of SCHIP renewal legislation provide strong examples of the policy implications of goal conflict across legislative units.

The history of SCHIP is long enough to observe some trends over time and to observe the effects of goal conflict through pooled analysis over nearly a decade of observation.[12]

[12] This said, there are still some data limitations based on the availability of data for all program years. The limited number of time points also limits panel data analysis, but the time horizon does at least allow for

The SCHIP program also displays variation in state implementation, including various state legislative actions expanding or limiting spending on the program, providing an opportunity to view a variety of implementation strategies and goal levels for a single public policy (Shi et al., 2000; Blewett and Davern, 2007).

Frameworks

The policy context of intergovernmental programs like SCHIP is layered and complex and multiple frameworks often apply (Agranoff and McGuire, 2001). Choosing parts of these multiple frameworks based on their relevance to the policy problem at hand allows for synthesis in implementation research without allowing the number of variables to increase exponentially as might occur if we tried to apply all frameworks at once (O'Toole, 2000; Goggin, 1986). One challenge to overcome is the recognition that policy formation can be understood as an institutional phenomenon in which *institutions* act and react to one another, and simultaneously as a social phenomenon in which *individuals* act and react to one another. Institutional actors may be individuals or groups and operate in roles and capacities that are largely symbolic and prescribed by complex rules and have rather limited ranges for goals. Individual actors, on the other hand, fill those roles and also operate as autonomous, sentient beings with a variety of competing internal and external interests (Parsons and Shils, 2001). While it is recognized that the institutional actors at play are comprised of individual actors, the focus of this inquiry will be on institutional actors and variables relating to those relevant institutional actions. Though this choice discards some of the nuance of the policy history and the impact of policy entrepreneurs, it also has the benefit of narrowing the scope of variables (Goggin, 1986)

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some observation of heteroskedastic and trending tendencies, allowing for appropriate corrections. To see data in-hand, refer to table 2.

and mildly improving generalizability.[13] The synthetic framework for the empirical research employed in this dissertation will be founded on a careful combination of three sets of theory:

1. *Agency theory* and its *political economy* counterpart, the approach embraced by Chubb (1985), Waterman and Meier (1998), and Nicholson-Crotty (2004), will form the primary conceptual framework for notions of goal conflict in the SCHIP policy arena. The primary work of the dissertation will be refining and applying goal conflict concepts in the SCHIP context.

2. *Intergovernmental theory*,[14] particularly the Josselin and Marciano (2004) federate framework, organizational arrangements identified by O'Toole and Montjoy (1984), and an original extension of these frameworks that incorporates the agency perspective. This modified joint implementation framework (Pressman and Wildavsky, 1984; Goggin, et al., 1990) will provide a contextual framework for narrowing the focus of the broader agency theory and political economy literatures to a specific federal-state context.

3. A *systems theory* approach to conflict in multi-actor systems (Liu, et al., 1998) will be utilized in generating operational definitions for goal conflict and understanding definitional differences between various goal conflict measures.

[13] As a research endeavor exploring a single policy, external validity is already significantly limited. However, inasmuch as the analysis remains at the institutional level, particularly in dealing with institutions that are relatively stable (i.e. state legislatures and Congress), the analysis remains useful for comparison with research in other policy areas, similar policies at different points in time, and the like.

[14] I am using this term rather liberally here; as demonstrated by the discussion to follow, there are a few specific frameworks from theory on federalism and intergovernmental relations that adequately allow for application in a goal conflict context, and the structure of which matches the policy environment of the SCHIP program.

Conceptual framework: Principal-agent and related paradigms

Agency theory provides a useful paradigm for systematic exploration of the issues of state-level implementation of national-level policy. The governmental system in the United States has been described as a principal-agent chain wherein citizens elect legislatures, legislatures direct administrative bodies, and these administrative bodies perform tasks of import to the citizenry (Wilson, 1989; Nicholson-Crotty, 2004, Waterman and Meier, 1989; Moe, 1984, Goggin et al., 1990). This application of the principal-agent model to government introduces an important perspective to the study of governance; namely, that the success of policy is reliant on the congruence of goals in multiple governmental systems. If goal conflict exists between any two links of the governmental chain, the goals and intent of the policy can be displaced by the goals of agents functioning further down the implementation chain (Moe, 1984; Wilson, 1989; Nicholson-Crotty, 2004).

Goal conflict theory is fundamentally based in legal contract theory and relates to the goal congruence of various actors within a system. Generally couched in the principal-agent paradigm, such research is generally more focused on transaction costs than on goal congruence as an outcome in and of itself, but this stream of research is nonetheless significant due to its focus on the competing goals that may exist (and, indeed are expected to exist) between organizations—in this case, between each element of government and the next (Miller, 1990; Waterman and Meier, 1998).

Application of the agency problem to the legislative-bureaucratic relationship is widespread; indeed even Waterman and Meier’s (1998) proposed expansion of the theory for adaptation in a government context is designed explicitly for interactions between the legislative and bureaucratic arms of government. However, relatively few scholars have applied the paradigm to the interactions between Congress and the states. The guiding assumption for this analysis is that the paradigm applies: that goal conflict is possible, observable, and has an impact at least on government actors if not the outcomes of the policies themselves. Nicholson-Crotty's (2004) work suggests that this is indeed a reasonable set of assumptions. Informed by the demands of Waterman and Meier, however, goal conflict ought not be assumed but rather measured.

Intergovernmental relations in the United States are particularly vulnerable to goal conflict, and such conflict is a major factor in explaining the failure of public programs (Pressman and Wildavsky, 1984). This tension can be described not only in the conflict between policy elites and lawmaking bodies, but also as a passive tension between beliefs aggregated across the states and made manifest in Congress and beliefs aggregated within states and made manifest in state legislatures (Sanford, 1967). The aggregation of voter preferences at the state and federal levels results in a set of nested preferences that may conflict when these preferences are expressed across governmental institutions (Keiser, 2003; McGinnis, 2003). Goal conflict between mandating legislatures are particularly observable in federal mandates resulting in grants to the states (Nicholson-Crotty, 2004).

Contextual framework: Intergovernmental theory

In an article applying the principal-agent paradigm to the field of sociology, Shapiro (2005) elegantly states, "Only the rare agent has the luxury of aligning her interests with a single principal. Conflict of interest is hardly about shirking or opportunism with guile; it is about wrenching choices among the legitimate interests of multiple principals by agents who cannot extricate themselves from acting for so many" (278).

Josselin and Marciano (2004) describe multiple potential principal-agent relationships between citizens and state and federal governments. They essentially make the aggregation argument described in the previous section of this chapter, but do so in a framework of geographic and functional alienability of government functions and the assignment of responsibilities among central and local governments. They describe a range of possible federal arrangements including what they deem a pure Tiebout approach of perfect competition among geographical agents (Citizens act as principals and distinct jurisdictional governments compete for agency); a confederate framework in which citizens act as the primary principals and member states the primary agents, states the secondary principals and the federal government the secondary agent; and a federate framework in which citizens are the primary principals, the federal government the primary agent, and states the secondary agents to the federal (secondary) principal. This federate framework best describes the approach taken here.

Like the intergovernmental relations framework, the proposed analysis of SCHIP goal conflict/congruence focuses in part on policy and its directionality and trade-offs in policy priorities among various governmental actors. It also borrows interest in mission/purposes and the use of inducements, areas of focus appropriate to the framework of federalism (Wright, 1990). Based on the organizational arrangements suggested by O'Toole and Montjoy (1984), SCHIP would best be termed a sequential-reciprocal arrangement. This arrangement allows for the hierarchical inducements offered by the federal government in hopes of triggering state action on the behalf of target beneficiaries, and allows for some degree of flexibility in this process when the interests of the federal and state actors are not aligned. This simplified model, however, ignores the role of citizen-level principal preferences in affecting the behaviors of the federal and state agents as described by the federate framework of Josselin and Marciano (2004). This added complexity provides depth to the concept of legislative goals at each level of government by recognizing that goals are not exogenous factors, but are endogenous variables affected simultaneously by past and present action on the part of all actors (Krane, 1993). This observation is made rather poetically by Sanford (1967): “The national government cannot effectively reach its goals without the power of the sates. The states cannot serve all their people without the power of the national government… The national government needs the power of the states. It cannot afford to see them scuttled. Neither can the states go it alone. They need the power of the national government” (97-98; see also Ingram, 1977).

These frameworks of joint implementation bring a richness of context to the inquiry regarding goal conflict which might be lost in a strictly traditional principal agent paradigm. However, due to the explicit focus on goal conflict, the principal-agent approach should be married with, rather than supplanted by, these alternate frameworks for the conceptualization of intergovernmental relationships in SCHIP. This research assumes a modification of the federate framework in which citizens are the primary principals for both the federal and state governments, and the federal government serves as a secondary principal and the states as a secondary agent.[15]

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[15] A tertiary principal-agent relationship exists between the states and the administrative mechanisms employed for implementation (which may include re-delegation to county or other governments or directly to state-level agencies).

Operational framework: A systems perspective on conflict

The federal arrangement in the United States has been described as a system with multiple principals and multiple agents (Wildasin, 2004). A series of papers on systems analysis produced by researchers at the University of Texas at Austin (Liu, et al. 1998; Barber, Liu and Ramaswamy, 1998; Barber, et al. 1998; hereafter dubbed "the Austin team") describe some specific characteristics of such a multi-actor[16] system:

> "Conflicts may arise due to two reasons: (*i*) if certain [actor] goals depend on one another, or, (*ii*) if these goals cannot coexist…conflicts may also arise due to resource sharing problems. In addition to goal conflicts, plan conflicts (interference of [actors]' individual plans) and belief conflicts ([actors] hold incompatible beliefs) can also occur…" (Barber, Liu, Ramaswamy, 1998, 2)

The Austin team has defined three classes of conflict in multi-actor systems: belief conflicts, priority conflicts[17] and plan conflicts. Each type of actor conflict has a unique role in the implementation process and a distinct theorized interaction with other types of conflict in the system. Beliefs support plans and goals and describe resources. Plans are designed to achieve priorities and schedule resources. Achievement of priorities requires resources but serves to determine the pre- and post-conditions necessary for execution of plans (Liu et al, 1998).

Belief conflicts are "inconsistent descriptions about facts or incompatible evaluation statements…different structures to represent their beliefs, or if their beliefs are at different abstraction levels" (Barber, Liu, Ramaswamy 1998, 8). Belief conflicts are of

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[16] The terminology actually used by the Austin team defines goal conflict within a "multi-agent system." However, this discrepancy is just an artifact of terminology and is to be understood as an independent and empowered actor in the process of solving an optimization problem. Particularly given the employment of agency theory in this paper, for the purpose of clarity, all references to multi-agent systems have been "translated" into the frameworks operant in this paper, wherein they are best understood as actors (being either principals or agents).

[17] The Austin team refers to priority conflicts as "goal conflicts," but for the purpose of clarity, this terminology has been altered for the purposes of this paper. Belief, priority and plan conflicts are considered subsets of the larger goal conflict framework derived from agency theory.

secondary concern and only cause conflict inasmuch as they affect plans or goals (Liu et al, 1998, 4). In the federal-state context, belief conflict neatly describes the phenomenon of conflict at the level of preference aggregation, where citizens and coalitions express their beliefs through direct and indirect mechanisms of influence on the political and governmental institutions in place. These expressions may conflict at the most grassroots level, but this conflict is manifest primarily through its impact on the expressed goals and plans of the government structures erected to represent them. The belief conflict of particular interest in state-administered federal policy is the conflict resulting explicitly from levels of aggregation—where state-level preference conflicts with national-level preference. This belief conflict is likely to cause goal conflict and plan conflict when the legislative expressions of these beliefs interact. Nicholson-Crotty's (2004) conception of goal conflict, which he operationalizes in terms of a citizen ideology scale based on measures of liberalism/conservativism, may be classified as a belief conflict.

Priority conflict is described as conflict "involved with a goal's property, which may or may not be represented as ordering constraints or conditions." (Barber, Liu, Ramaswamy 1998, 8). Conflicts occur when the two goals cannot be simultaneously achieved (Liu et al, 1998, 4). Priority conflict is highly compatible with the observations of Pressman and Wildavsky (1984) regarding potential conflict in joint implementation. They identify incompatibility with other programs, preference for other programs, simultaneous commitments to other projects, and lack of urgency among the reasons for lack of goal alignment in joint implementation arrangements.

Ekenberg (2000) contributes a slightly modified conception of the use of the term "goal" in a multi-actor context by providing the term "ultimate goal," the plan that would be executed by an actor in the absence of any interference from conflicting plans or goals from other actors. Understanding a goal simply as the course of action that would be taken in the absence of interference is compatible with application to a legislative system generally, and is particularly compatible with classical interpretations of the problems associated with fiscal federalism.

Plan conflict is conflict "in which certain preconditions of an [actor's] intended actions…become invalid due to the post-conditions of other [actors'] actions" (Barber, Liu, Ramaswamy 1998, 8). In this case, priorities may be compatible but the means of achieving them may not be (Liu et al, 1998, 4). The sentiment described by Ekenberg (2000) in another systems analysis framework is echoed in literature on the "new federalism." Ekenberg writes: "[actors] are forced to abandon possible paths leading to goals because the utility is too low in a particular environment or when the probability to achieve them along a specific path is too long according to certain risk constraints" (600). This sentiment links the plan conflict described by the Austin team with the Ekenberg concept of an "ultimate goal," This concept of an "ultimate" goal that is altered by inter-actor interactions is useful for describing the effects of goal conflict on individual actors—in this case, on legislative bodies. It can be argued that it is plan conflict, and not priority conflict, that should directly affect the use of resources in achieving a certain set of goals. Belief and priorities, in turn, impact the development and coordination of plans.

Conflict between state-aggregated and nationally-aggregated opinion may cause belief conflicts among citizens and coalitions. This conflict leads to a potential priority ambiguity (which set of preferences should take precedence?) that is transmitted to the respective legislative bodies and may be expressed in legislative priority conflict.

McCubbins (1985) suggests that high levels of political conflict motivate Congress to limit agent discretion. Bawn (1997) relates this political conflict directly to the public, suggesting that as importance of an issue to the public increases, so does legislative control. In the case of joint implementation, the nesting of the state constituency within a national constituency may pit two legislative bodies against one another in determining the balance of discretion between them. Thus, the citizen/coalition belief arena may be in conflict based on levels of aggregation and as such, may affect the goal arenas of both state and federal legislative bodies. This conflict would then potentially materialize as plan conflict, as each legislative body devises implementation mechanisms for the policy.

During the federal-state negotiation phase (Ingram 1977), the ultimate goals of each legislature may conflict if the plan of the federal legislature is incompatible with the plan of the state government.[18] At this point, the state government must also reconcile the interests of its constituencies with the interests of its principal. The state government is not without recourse: it can choose not to accept the federal inducement, or can negotiate through explicit means such as waivers (Volden 2007).

Once a quasi-contract has been negotiated, the state becomes directly responsible for implementation of the plan. Implementation may be delegated to sub-state governments, to state agencies, or to private contractors, but it is the state that is held responsible by the federal principal. The state's implementation procedures yield outputs and/or outcomes, which are then evaluated by the state and national populations, providing a feedback loop and affecting the citizen/coalition beliefs (Goggin et al. 1990).

[18] The term "government," rather than "legislature," is used because the negotiation process may involve not only legislative action but also rule negotiation between the state implementing body and the federal government through waivers and other administrative actions. The entire process of negotiating permissions in order to access federal funds while designing a state-level program is considered development of the "quasi-contract."

Even if these three subtypes of goal conflict are not distinguishable through use of the proxy measures identified in this analysis, the multi-actor goal conflict framework is nonetheless useful for helping to identify variables of goal conflict/congruence that may otherwise have been overlooked. Use of the conflict measures proposed is well-supported by their presence in previous studies and the repeated call for consideration of goals and priorities in the intergovernmental policy process. This said, it is acknowledged that beliefs, priorities and plans are not necessarily exogenous and should not be considered fixed. However, if policymaking is considered an iterative process in which policies are made to respond to beliefs, priorities and plans as they exist at one point in time, they may be treated as exogenous for analytic purposes even if, strictly speaking, they continue to shift based on a rapidly changing environment[19].

Figure 1.1 demonstrates the policy mechanisms involved in SCHIP policy. The numbered relationships indicate actions taken—in rough chronological order—to make SCHIP available within a state. The lettered relationships are for convenience in further discussion of the principal-agent relationships evident in this complex political economy.

The first relevant policy action is the expression of citizen preferences (belief-level action) through election of representatives to, and subsequent relationship of influence with, Congress (1,2) and the state legislature (3). Note that state populations are nested within the national population and as such provide not only aggregate preferences to Congress (1) but also state-specific preferences to state Congressional delegations (2). In response to the preferences of the citizens (and the lobbies organized in their behalf), Congress enacts legislation (e.g. the Balanced Budget Act of 1997 authorizing SCHIP)

[19] This environment may include the policies that the beliefs, priorities and plans in question helped to influence and bring to pass.

and seeks Presidential[20] approval[21] (4). Once this approval is received, Congress may make federal funds available to the states through an appropriations process defined by Congress (5). The President provides the appropriate agency (in this case the Department of Health and Human Services) with rulemaking authority, subject to the constraints set forth by Congress (6,7). State legislatures passing bills authorizing SCHIP-related expenditures authorize state agencies to implement the necessary mechanisms for administering the program (8). This includes the necessity to submit SCHIP plan proposals to the responsible federal agency and to negotiate an approved state plan (9). This plan is then implemented through the state administrative body, yielding provision of services and assistance to the state public (10).

This federal-state framework (see figure 1.1) identifies four distinct potential loci for goal conflict. The first is a belief-level conflict between the will of the citizens' preferences as aggregated in (1) and those aggregated at the state level (2,3; see locus A). While these expressions are not *de facto* in conflict, they may nonetheless be in conflict. The conflict here is not so much between a principal and agent, but rather between two sets of principals. This conflict is fundamentally a belief conflict originating out of the aggregation problem, but in a Tiebout model of independent jurisdictions, such difference of belief would pose no conflict. The conflict arises out of the competitive nature of the primary agency problem in a multi-principal situation. Therefore, this source of conflict is distinct from the primary agency problem in that the conflict exists between two levels of citizen aggregation, but is expressed at the Congressional level. This underlying belief

[20] The President also being elected and thus beholden to citizen preferences. The difference in the presidential case is that citizen preferences are only expressed in aggregate form—as in (1)—rather than in state-specific units.

[21] Approval may also be withheld in the form of veto, as evidenced in the 2007 SCHIP reauthorization attempts.

conflict feeds into the goal conflict in Congress but not to the goal conflict in state legislatures.

A second locus for goal conflict derives from the citizen/legislature relationship in which citizens and/or coalitions serve as principals and legislatures as agents (B_1, B_2). This phenomenon has long been an interest of political scientists and is the focus for a strong and thriving field of research (e.g. Page and Shapiro, 1983).

If we assume that the preferences of the national population are effectively represented by the federal legislature(s) and that the preferences of the state populations are effectively represented by the state legislatures (an assumption supported by the work of Page and Shapiro, 1983, and others), then the stewardship model is more appropriate than the principal-agent paradigm for describing each of these relationships and the only remaining conflict is a matter of balancing between the competing demands of the states on the federal legislature in a zero-sum environment. This is priority conflict as classified by the Austin team. One problem with this approach is that it assumes away the possibility of legislative goals and priorities distinct from those of the constituencies it represents. One such legislative goal is the idea of budgetary slack (Bourgeois 1981; Cyert and March, 1963), which would allow legislatures greater freedom in selecting among budgetary priorities.

The agency problem also exists in the relationship between legislative bodies and the executive agencies responsible (either directly or through the mediating influence of the executive) for carrying out their will (Huber and Shipan 2007; Balla and Wright 2001; Furlong 1998). The will of Congress may conflict with the actions of the federal agency with which states apply for or negotiate access to federal funds (C_1). The plans developed and implemented by state agencies also have the potential to conflict with the will of their legislative principal (C_2). This type of conflict would be classified as plan conflict.

The point of negotiation between states and the federal government occurs at (D), during the plan approval phase. Approved state plans receive access to federal funds and denied plans do not; the plan negotiation process that takes place between the state agency and the federal agency is essentially the ground zero for expression of goal conflict. One major question that extends beyond the scope of the research endeavor described here is what roles each agency plays in the plan approval process—does the federal agency seek to please the President, Congress, or the states? This question enters the following analysis in terms of the outputs of that black-box negotiation process: the approval of state plans and waivers that appear—at least—to conflict with the purposes of SCHIP outlined by Congress.

Supplemental Literature Review

Related Frameworks: Stewardship Theory, Goal Ambiguity, and Organizational Goals

Davis, Schoorman and Donaldson (1997) describe a situation in which a principal-steward (as opposed to principal-agent) relationship may exist. The fundamental difference between agency and stewardship theory is the absence of goal conflict (also termed the "agency problem"). The distinction between the two theories is primarily descriptive, but the assumptions underlying the difference between the two theories yields an operationalization of the concept of goal conflict that has been used in error. According to agency theory, the presence of goal conflict necessitates coercive mechanisms for minimizing the incentive for an agent to pursue its own goals rather than the goals of the principal. In stewardship theory, the alignment of goals between the principal and the steward render such mechanisms unnecessary. Thus, it might seem logical that the presence and/or activation of coercive mechanisms might indicate goal conflict whereas the absence of these mechanisms might indicate greater goal alignment. There is a fallacy (affirming the consequent) in this operationalization, however, because it is possible that goal conflict does exist, but that the principal has taken no effort to minimize it. In such cases, agency theory suggests that the outcomes will most closely match the interests of the agent.

In a qualitative inquiry into the nature of government-nonprofit contracting relationships, Van Slyke (2006) contrasts agency theory and stewardship theory (drawn from Davis, Schoorman and Donaldson 1997) in describing the nature of government-nonprofit partnerships. In his description of the differences between the theories, he posits several differences in the behavior of the various actors, including the types of coercion that might be used to enhance contract performance. The comparison of agency and stewardship theory in government-nonprofits is salient to this discussion because Van Slyke's theory suggests that conflict and transaction costs are minimized in contracts with nonprofit agents because, as quasigovernmental entities, nonprofits share goal congruence with government. This is the same fundamental argument for state implementation of federal programs. While Van Slyke's comparison of agency and stewardship theories is complete and the application in an interorganizational environment appropriate and qualitative depth useful, his analysis nonetheless falls somewhat prey to the logical trap described above.

The concept of goal conflict cannot be divorced from the underlying understanding of organizational goals nor from Chun and Rainey's research agenda involving goal ambiguity in the public sector. Conflict in goalmaking in the intergovernmental setting is subject to the general weaknesses of organizational goals and to the ambiguities explicated by Chun and Rainey (2005). Indeed, ambiguity of goals at any locus of potential conflict in a multi-agency model may affect the level of conflict observed.[22]

Scott (2003) provides a useful discussion of organizational goals and the management literature associated with organizational goal setting. In his introduction to the concept of organizational goals, he writes, “The concept of organizational goals is among the most slippery and treacherous of all those employed by organizational analysis.” Among the problems associated with the concept of the organizational goal is the difficulty of interpretation and the multifaceted nature of goal interpretation. This multifaceted nature of goals is particularly evident in the public sector, where goals signal different intentions and interpretations to different stakeholders (Rainey 2003).

Chun and Rainey (2005a) describe four distinct types of goal ambiguity in the context of federal agencies. These are comprehension, priority, directive, and evaluative goal ambiguity, the increase of ambiguity in each case increasing the amount of interpretive leeway allowed by the organizational goal or mission. The real distinction between the types of ambiguity, then, is the role of the goal or mission itself. Comprehension ambiguity relates to the role of an organizational goal in terms of “understanding, explaining, and communicating the mission.” Priority ambiguity focuses on the ability of a goal to indicate “priorities among multiple goals or goal-equivalents.” Directive ambiguity relates to the role of “guiding specific actions to be taken to accomplish the

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[22] Goal conflict may be described in terms of the bureaucratic politics model originally described by Allison (1971) and Halperin (1974). This model suggests that the hallmarks of policy conflict include bargaining or coercion.

mission." Evaluative ambiguity focuses on the role of "evaluating the progress toward the achievement of the mission" (5).

Scott describes five uses for organizational goals: cognitive, cathectic, symbolic, justificatory, and evaluative.[23] The cognitive use of a goal describes the intent to provide criteria for selecting among alternative courses of action (Simon 1946), a purpose particularly applicable to the interpretation of goal conflict as a conflict of alternative plans. The purpose of the cathectic (motivational) role of organizational goals is ostensibly to bolster the intrinsic motivation of organizational employees. In contrast, the symbolic function of goals is to signal intent to external stakeholders, in the public context including citizens and coalitions, representing to them some understanding or acknowledgement of the preferences expressed through the political process. Justification and evaluation are two final purposes of goals, both of which are realized after the associated action has already occurred. Justification is the post-action correlate of the cathectic role of goals, providing post hoc motivations and reasoning in support of a course of action taken. Evaluation is the post-action correlate of the cognitive purpose of goals, providing "criteria for identifying and appraising selected aspects of organizational functioning" (Scott 2003).

Chun and Rainey's discussion of four aspects of goal ambiguity derives in part from the multifaceted nature of organizational goals. Evaluative goal ambiguity, for example, relates to Scott's (2003) discussion of the evaluative role of goals, and directive goal ambiguity derives from Simon's description of the cognitive role of goals (1964). Priority goal ambiguity, too, derives from a cognitive approach to goalmaking. Mission

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[23] At least three of these are borrowed from the cultural symbol systems elucidated by Parsons and Shils (2001) originally described in 1951.

comprehension ambiguity best correlates with the vaguery of symbolic and/or cathectic goalmaking.[24]

Synthesis of goal conflict and goal ambiguity: An update of Matland's typology

Matland (1995) relates the theories of goal conflict and goal ambiguity in a typology ostensibly describing a combination of top-down and bottom-up implementation approaches but—as is relevant here—provides a set of contextual clues that may describe variation across states in terms of mandate implementation. It also lays the groundwork for relating later work in goal ambiguity, such as Chun and Rainey's (2005a,b) analysis to organizational performance in US federal agencies, to the popular literature in principal-agent model applications to government.

As described by Matland (1995), despite a prevalent view that goal ambiguity has been made culpable for implementation failure, ambiguity provides useful political advantages in reducing policy conflict among stakeholders and allowing otherwise conflict-charged policies to garner sufficient support for passage. Ambiguous legislation may therefore be the result of political compromise and defers specific conflicts and may invite this conflict to arise in later stages of the implementation process. Matland's typology places policy ambiguity and policy conflict on orthogonal axes.

[24] Gormley (1986) describes a typology in which the salience and complexity of a policy area may determine the type of environment in which it is engaged. While we are primarily concerned with policies that enter the federal-state plan arena regardless of how they arrived in this particular setting, it is useful to note that the technical complexity described by Gormley could contribute to the comprehension ambiguity described by Chun and Rainey (2005a) and likely plays a role in the selection of policies into this particular arena. Authors building on the work of Gormley have tested his typology in terms of legislative action in control of the bureaucracy (Ringquist, Worsham, and Eisner, 2003). This approach to description and prediction of coercive mechanisms imposed on agencies has not yet been extended to the federal-state correlate.

In the typology, Matland describes the low ambiguity/low conflict arena (administrative implementation) as an arena in which outcomes are dependent on resources. Matland predicts normative coercion (Etzioni 1961) to be sufficient, and for major implementation problems to arise from technical difficulty, including insufficiency of resources, time, monitoring or sanction. The low ambiguity/high conflict arena (political implementation) is characterized by dissention due to goal incompatibility and fights over means. Power is the key independent variable predicting outcomes in this arena. Compliance relies on coercive and remunerative mechanisms (Etzioni 1961). In the high ambiguity/low conflict arena (experimental implementation), context affects outcomes. Ambiguity leads to strong differences in policy implementation, and the lack of conflict keeps barriers to policy entrepreneurship low (presumably through reduced coercive measures).The final arena, high ambiguity/high conflict (symbolic implementation) in Matland's typology depends on "coalitional strength" at the state/local level. This arena is typified by the salience of the symbols invoked, which may affirm commitment to new goals, old goals, or focus on values and principles. Like the experimental implementation arena, symbolic implementation evokes wide interpretation of the statute, but the conflictual element invites coercion or bargaining.

Interpretation of the Matland framework in the context of Chun and Rainey's explication of goal ambiguity, the Austin team's description of goal conflict types, and the flurry of activity in drawing theoretical distinctions between stewardship theory and agency theory invite a synthesis and update of Matland's original typology. A careful reading of Matland's piece reveals that the ambiguity discussed in his framework is actually ambiguity of a specific kind—ambiguity that yields an increase in discretion. In terms of the Chun and Rainey framework, this type of ambiguity is best described as mission comprehension ambiguity. The goal conflict described by Matland is also conflict of a specific kind, with an increase of conflict leading specifically to increased use of coercive and remunerative mechanisms to impose goal alignment. In terms of the Austin framework, this conflict is best described as plan conflict. Matland's discussion of the use of coercive mechanisms in circumstances of high or low conflict (normative coercion for low conflict, punitive or remunerative coercion for high conflict situations) describes the fundamental distinction between stewardship and agency theories[25]. A synthesis of these more recent analyses of goal conflict, goal ambiguity and related theories is proposed in an update of Matland's (1995) framework shown in figure 2. This adaptation describes Matland's typology and conclusions as well suited for describing the phenomena in the federal-state plan arena within the larger federal-state policy framework.

Fiscal Federalism: Potential outcomes of state-administered federal policy

Based on the concept of an ultimate actor goal in a multi-actor system (Ekenberg 2000), state and federal legislatures could be described as having a set of individual budget priorities that would be realized if there were no inter-agent interaction between the two bodies. The very design of a polycentric, nested system negates the possibility of

[25] Lowi's (1972) typology of policies also focuses on the interplay between coercive mechanisms and resulting goal conflict, though it is more focused on the distribution and balance of costs and benefits among groups in society. His typology describes regulatory policy (costs narrowly distributed but benefits widely distributed; high coercion yielding high conflict;), distributive policy (costs widely but lightly distributed, benefits narrowly distributed but thought to be widely beneficial; lower conflict yielding an agent-client type relationship), and redistributive policy (reallocation of wealth among broad groups or classes; high conflict due to perceived zero-sum nature of interaction, variable coercion). This typology relates best to the type of goal conflict that occurs in the citizen/coalition arena, affecting the underlying beliefs and assumptions upon which all other institutional goals and plans are predicated. An understanding of the types and structures of regulatory, distributive and redistributive policies is necessary for capturing the interplay between belief conflicts and goal and plan conflicts.

such isolation, but certainly the magnitude of impact of one legislative system upon the other exists on some scale ranging from very small interference/impact to very large impact. In the case of state-implemented federal policy, this level of impact is assumed to be larger rather than smaller, because in this cooperative (coercive?) arena, the ultimate success of each agent's goal relies at least in part on the behavior of the other agent.

There are multiple hypothesized reasons for engagement in the federal-state policy arena for both the federal and state governments. Oates (1999) describes several in his essay on fiscal federalism, including improved responsiveness to the needs of citizens by moving discretion to a lower level of government, redistributive benefits based on the ability to tax all jurisdictions and use funding formulas to benefit states with the greatest fiscal need and least fiscal capacity, internalization of spillover effects for benefits that exceed the jurisdictional boundaries of the implementing jurisdiction, equity and efficiency of taxation, and improved incentive for policy experimentation across multiple jurisdictions. Oates proposes that the magnitude of gains in a decentralized system depends on the heterogeneity in demands across jurisdictions and interjurisdictional differences in costs.

Hines and Thaler (1995) suggest that spending patterns differ based on whether money is derived from external sources (e.g. intergovernmental grants) or internally (e.g. from taxation). This "flypaper effect" suggests that states spend more of their own funds in areas supported by federal grants. Mixed research shows the effects of the withdrawal of federal funds: some researchers find that governments do not replace lost funds and may even reduce levels of their own contribution (Stine, 1994), while others find that governments increase their own spending in these areas to maintain benefit levels

(Gramlich 1987) and still others find no asymmetry in response to the granting or removal of intergovernmental monies (Gamkhar and Oates 1996). Each of these studies was performed in a different policy context; one potential reason for the discrepancies in this area of research is the absence of goal conflict/alignment variables. It would make sense to expect replacement of or increases in funds in areas for which there is strong alignment between the goal of the grant and the goal of the state legislative body. On the other hand, goal conflict might help to explain the failure to maintain programs once federal funds are withdrawn.

The widespread interest in principal-agent theory and political economy models have induced what Oates (2005) calls a “second-generation theory of fiscal federalism” that includes “modeling of political institutions with explicit attention to the incentives they embody” (364). This synthesis of approaches provides the potential for strong explicit linkages between public management and public finance in ways that enhance the research endeavors in both fields. Public finance, in particular, may benefit from the implementation and institutional paradigms embraced by public management, and public management has the opportunity to expand its pantheon of dependent variables from heavy focus on efficiency, accountability and effectiveness to a host of potential outcomes related to the behavior of government—observable through fiscal and budgetary variables. Despite this potential, Oates acknowledges that the joining of the two approaches has not achieved completion—fundamental questions remain, including the basic “in such a public-sector context, who exactly is the ‘principal’ and who are the ‘agents?’”(357). Oates provides a review of various approaches to principal-agent applications, none of which adequately maps to the actual flow of fiscal and political input.

Oates' second generation fiscal federalism shares a great deal of common character with the intergovernmental relations framework described by Wright (1975, 1990). Wright describes a framework involving multiple entities (including federal, state, local and sub-local governments), interactions of officials (including beliefs and preferences, among others), continuous and cumulative patterns, contacts and relationships, officials (elected, appointed and peripheral), and a policy emphasis focused on fiscal issues, anchored in politics and suffused with policy. Indeed, the intergovernmental framework also resembles the governance framework. It may be possible that the theoretical models within the administrative and policy sciences are coming to some form of convergence. In any case, the intergovernmental and second-generation fiscal federalist frameworks have historically been associated with tensions between levels of government and the institutions that underlie them, making them indispensable in the current endeavor. Nonetheless, based on Wright's (1990) comparison of federalist, intergovernmental relations and intergovernmental management perspectives, the structure of the theory and methods in this analysis take a decidedly federalist approach.

Volden (2007) might be described as a second-generation fiscal federalist, though he is a political scientist and employs a decidedly economic approach. Volden relates national and subnational governments in terms of demand for spending, cost of provision, efficiency of taxation, policy constraints, grant size. Volden's game theoretic model considers four implementation decisions: whether the national government offers a grant, determination of the grant conditions, subnational government acceptance of the grant, and the subnational government determining policy (including spending levels) upon receipt. Volden's four propositions (predicting effects on restrictions placed on grant recipients, grant size, quantity of goods provided and grant acceptance) describe useful variables for consideration in empirical analysis of specific intergovernmental policies.

In an early treatise on intergovernmental fiscal relations (particularly grants) and its impact on the states, Wright (1975) posed several questions of continued relevance based on his in-depth qualitative analysis of the subject: "how rapidly and in what manner do legislatures authorize localities to participate in federal grant programs? Is the state itself authorized to participate fully in joint programs? Does the legislature provide itself …with adequate financial management controls over intergovernmental programs?" He also suggested using borrowing costs, legislative apportionment, revenue sharing mechanisms and state-local relationships as potential outcomes of federal grants to the states.

This said, a variety of more traditional performance outcomes have also been tested in goal conflict-inclusive models. Ingram and Schneider (1990) identify, among their list of potential indicators for successful implementation, the potentially conflicting achievement of statute goals and local goals (others listed include compliance with directives and accountability). Slocum, Cron and Brown (2002) found that goal conflict (intra-goal conflict) affected performance through the intermediate variable of goal commitment, which they conceptualized after the manner of Hollenbeck, et al (1989), and goal-directed behavior. Though this study was focused on perceptual conflicts measured with survey instruments, it nonetheless established the logical link between goal conflict and performance, and finally, Chun and Rainey (2005b) link their measurements of goal ambiguity (Chun and Rainey 2005a) to agency performance. The variables (particularly outcome variables) of fiscal federalism provide useful additions to these more traditionally management-oriented outcome variables.

Application of goal conflict theory

The discussion and frameworks presented above support the idea that there is value in quantifying and observing state goal conflict as it relates to resource, outcome, and policy variables in administration of the SCHIP program. This observation was made aptly by Shi, et al. (2000) in their expansion of the evaluative framework for SCHIP presented by Halfon et al. (1999). While Shi and colleagues introduce the idea of state-level goals, they fail to recognize two key points that will distinguish this analysis from those suggested by other authors. First, though the authors suggest structure and process measures as important evaluative tools, they fail to identify state behaviors at the macro level that may have broader implications for the framework within which more micro-level policy decisions are made. Goggin et al. (1990) suggest avoiding subjective evaluations of implementation success or failure and suggest instead using three evaluative criteria: First, if the state has carried out the intent of the policy; second, at what point in time the policy was put into effect at the state level; and third, has the state modified the policy and, if so, "have the modifications helped or hurt the state's chances of achieving programmatic goals…?" (46). Rather than focusing on state spending practices, implementation delays and major departures from stated program objectives, Shi and colleagues focus on delivery systems, primary care quality and utilization of various categories of medical care. Though these are valid structure and process variables that may contribute to individual-level outcomes and may be beneficial to states in designing the details of their program, these have limited application to a broader policy context. The analysis proposed here, while similarly focused on a single policy, is more devoted to policy implementation characteristics that may more readily be borrowed as tools for understanding other programs administered in an intergovernmental context.

The second major departure from Shi and colleagues is the shift of focus from state-level goals to state-level goal conflict with stated federal goals. In other words, the focus is on goal conflict rather than simply on desired outcomes. The outcome measures explored by Shi and colleagues are essentially downstream effects that result from the stated federal goal of increasing health insurance enrollment. Such downstream goals include decreased morbidity rates, increased quality of life, reduction of preventable hospitalizations, and improvement in various other specific health statistics. These outcomes follow from increased health insurance enrollment, as documented by various studies (e.g. Skarr et al. 2002; Szilagyi et al. 2000). These outcomes do not, however, identify any departure from the federal goal for the program, and operate comfortably within the micro-level structure and process framework identified by the researchers. The research outlined in this dissertation identifies circumstances in which state goals depart from, rather than augment, the stated federal goal.

Nominal, resource, and outcome conflict

There are three major ways in which states may exhibit goal conflict. First, and most simply, it could provide coverage for individuals outside the federal target range for the program (i.e. children in families with higher incomes than targeted or childless adults). This represents a form of plan conflict, and expected contributing factors would include belief conflict and priority conflict in addition to other exogenous and endogenous factors. In the absence of any other information about the impacts of this departure from federal goals, it can merely be observed that goal conflict exists at face value, based on the stated goals of the federal program and the actions of the state that operate outside of these goals (Etzioni 1961). We will refer to this kind of goal conflict—conflict at face-value—*nominal conflict*. The presence of nominal goal conflict can be observed qualitatively; appropriate methods for uncovering nominal conflict might include statements made to or by the press, statements made by political actors, or content analysis comparing the stated goals of one actor with those of another. Nominal goal conflict is therefore subjectively identifiable but perhaps not objectively quantifiable except through the kinds of open coding, content analysis, and meta analysis common in qualitative research.

Presence of nominal goal conflict within SCHIP can potentially be observed through the seeking of federal waivers or program amendments, identifiable program characteristics (such as enrollment eligibility requirements) and enrollment patterns (such as enrollment counts of childless adults or children of higher income families) that exhibit state operation of the federal program in a manner that is incongruous with the standard operation or intent of the program. This form of goal conflict may have little effect, however, on achievement of federal aims and may be of little consequence to the federal governing bodies. It is therefore useful to observe additional potential areas of substantive conflict beyond mere plan specification.

Based on the discussion of waivers presented here and in chapter 2, nominal conflict is assumed in the context of SCHIP enrollment of non-targeted populations. Nominal conflict has also been identified by other analysis, including analysis completed by the Government Accountability Office (GAO 2002; GAO 2004).

Given the working definition of goal conflict for this analysis, a diversion of resources from pursuit of the interest of the principal to pursuit of the interest of the agent, plan specification that exhibits nominal goal conflict may thus also result in what will here be termed *resource conflict*, or significant expenditure of federal funds on objectives that lie outside the federal intent. States may seek to receive federal funds in order to divert them to other policy areas either directly (as in the Medicaid case; GAO 2007, Nicholson-Crotty 2004; Chubb 1985) or through use of federal funds to replace expenditures that would otherwise be made by the state, allowing the state more slack for use in spending on other state priorities (as opposed to leveraging federal funds in order to increase state spending on child health insurance). This represents a type of priority conflict that may or may not be accompanied by observable plan conflict. Priority conflict is less directly observable due to issues identified by Chun and Rainey as forms of goal ambiguity (2005) and observation in empirical analysis relies heavily on analysis of the elasticity of federal funding (Oates 1999; Nicholson-Crotty et al. 2006; Nicholson-Crotty 2004). States that are acting merely due to the federal inducement would be expected to freeze state spending levels at the amount required to access full federal funds (Volden 2007). States that have significant levels of priority conflict would be expected either to spend less than required for access to the full federal allotment, to spend at the level required for full (capped) funding and alter program characteristics in order to meet other state priorities (such as insuring adults or children from higher income families) or to spend at the level required for full (capped) funding and divert funds to other programs.

In this second type of federal-state goal conflict, as with the first, belief conflict and priority conflict are expected contributors to the dependent plan conflict outcomes. Resource conflict has implications for the federal funding structure of SCHIP, as significant expenditures resulting from state aims that conflict with federal objectives may represent a form of fund diversion and make sources of resource conflict a target for reform (Kronebusch and Elbel 2004). Unlike nominal goal conflict, increased use of federal funds can be quantitatively measured and is not necessarily as subjective in measurement as nominal goal conflict. However, the value of resource conflict in measuring real goal conflict and predicting program outcomes may be sensitive to the way in which it is measured. Efficiency measures, resource input measures, and other absolute and relative approaches may be employed to capture resource conflict and may be expected to yield different conclusions.

Resource conflict may be identified if plan-level specification at the state level (nominal conflict) results in significant increases in federal spending within those states. However, resource conflict may be forgivable if the end result of the additional expenditure is an improvement in the achievement of overall program objectives, Matland’s assertion that outcomes are determined by resources notwithstanding (1995). In other words, if nominal and resource conflict result in improved outcomes, the ends may justify the means. If, however, nominal conflict also results in decreases in achievement of program objectives, this results in what will here be termed *outcome conflict*.

Outcome conflict can be measured by observing the outputs and outcomes of a policy relative to the original intent of the policy. In the case of SCHIP, outcome conflict can be observed if a state enrolls fewer low income children than expected given the resources allocated and other inputs. Outcome conflict, therefore, observes not just the means of a policy (as in nominal and resource conflict) but also the ends. If an agent appears to have goals that conflict with a policy or utilizes more resources in the process of engaging in the policy, the agent might be said to be diverting resources from the interest of the principal to its own ends. However, if the ends prove achievement of the desired goal of the principal, particularly relative to agents that may not have exhibited purported nominal or resource conflict, then the ends may justify the means. While efficiency (resource conflict) and compliance (nominal conflict) may still be important, in many ways the presence or absence of outcome conflict is the lynchpin of goal conflict analysis.

Dissertation outline

The choice of some states to enroll non-targeted populations, including adults and higher-income children, in SCHIP represents nominal conflict with federal goals. This assessment is supported on face-value and by the conflict evident during the 2007 SCHIP reauthorization attempts. This dissertation will focus on expanding our understanding of goal conflict by exploring resource conflict and outcome conflict in the context of SCHIP, determining whether such types of conflict can be observed in relation to the nominal conflict evident through enrollment of each of these non-targeted populations. Inasmuch as the nominal conflict resulting from enrollment of non-targeted populations is an important factor in concerns related to federal fiduciary responsibility and the achievement of the primary objective of SCHIP—to enroll low-income children in federal health insurance programs—this dissertation will also focus on finding factors that may predict whether or not states engage in these nominally conflicting policies.

Chapter 3 of the dissertation focuses on resource conflict, examining whether state enrollment of non-targeted populations has a significant impact on federal spending within a state. Chapter 4 of the dissertation focuses on factors affecting accomplishment of the federal SCHIP goal, enrollment of targeted children, evaluated at the state level. Outcomes are measured both in absolute terms (number of enrolled children) and in terms of the proportion of targeted children who are enrolled and/or who are uninsured. Chapter 5 demonstrates an attempt to use goal conflict theory to explore correlates of the policy choice to enroll non-targeted populations. The purpose of analysis is to find factors contributing to these implementation decisions that might indicate precursors to a state's decision to implement policy in a way that departs from federal objectives.[26] Among the predictive factors for these models will be measures of goal conflict (including belief conflict, priority conflict and, where necessary, plan conflict) as well as more traditional measures suggested by SCHIP evaluation frameworks (Halfon et al. 1999; Shi et al. 2000). Chapter 2 is devoted to a discussion of the data employed for this analysis, and chapter 6 provides some overall conclusions and directions for future empirical analysis and development of theory.

[26] The third dependent variable, delay in implementation, does not directly indicate departure from federal goals, but prior work by other scholars, particularly Goggin (1999), suggests that this is an important implementation decision that forms an important part of the goal conflict puzzle. Further, Goggin cites a memorandum sent by the Center for Medicaid and State Operations to states suggesting that one goal of the federal government implied by the timing of the legislation was a preference for rapid implementation of the SCHIP program: "the short time frame between the enactment of the bill and the effective date of the legislation requires that the States and the Department work together expeditiously so that States can begin implementing new programs as soon as possible…" (42).

Chapter 2: Data

Introduction

Data for this analysis consists of state-level data for the years 1999-2006, including general state characteristics, SCHIP policy characteristics, enrollment patterns, and financial data. All states, with the exception of Tennessee, are included in this analysis, resulting in a total of 392 observations for a strongly balanced panel of 49 states over 8 years. Because federal policy prohibited enrollment of adults in SCHIP prior to 2001, some analysis is performed on a subset of the data consisting of 49 states over the 6 years from 2001-2006. This chapter provides a discussion of the selection of states as the level of analysis, an overview of the state circumstances that are relevant to the discussion of SCHIP policy, detail the SCHIP funding and waiver processes, and provide summary statistics and source information for the variables used in the subsequent chapters.

Level of analysis

The selection of state-level, rather than individual level, dependent variables merits some discussion. As an entitlement to the states, SCHIP is a federal program designed to directly alter the behavior of the states in order to indirectly benefit the nation's citizens through a causal chain linking higher insurance rates to better health outcomes. The purpose of SCHIP as both stated in its mandate and implied by its design is the increase of state capacity to enroll near-poverty children in public health insurance programs. Though by implication the desired end-result is a healthier U.S. child population and all its attendant benefits, the first evaluation that should take place is not at the unit level of individual outcomes but rather at the state level (Ingram 1977).

Because of the important role states and state actors have on the federal policy process, particularly in intergovernmental relations (Krane 1993), research on individual outcomes to the exclusion of state-level outcomes ignores the significant role and impact of state-level information. Focus on the outcomes at the end of the causal chain linking availability of public insurance to public health outcomes are valuable, but they are limited by shifts in political tides, changes in goal priority, and incompatibility of actor goals (Moynihan, 1969). Therefore, the more direct and appropriate program evaluation should take place by analyzing the behavior of the level of analysis at which the policy was targeted: states. By so doing, it may be possible to observe the effect of shifting goals on the proximal outputs that affect outcomes. It is therefore wholly appropriate to focus analysis of the SCHIP program solidly on observable state behaviors including state-level enrollment rates, implementation decisions, and spending patterns, that the program was designed to affect. Such dependent variables are often pejoratively termed “outputs” in contrast to the more desirable “outcomes,” but devaluing evaluation of the kinds of behaviors a policy was designed to affect is short-sighted and threatens to mire the practice of policy analysis in long causal chains with too many points of entry (Goggin 1986); rather, analysis ought to be engaged in the work of carefully and precisely identifying the policy levers that cause both proximal and distal reactions in the mechanism of change.

Single policy approach

A potential criticism of the single policy approach is that it is too case-driven and context dependent. So-called “first generation” implementation studies have been criticized for being too case-driven; for providing little generalizable knowledge due to the contextual constraints of the cases selected for observation. This criticism, however, could also be levied at the proposed remedy, so-called “third generation” implementation research (Goggin et al. 1990). This research, though decidedly more positivist and empirical in nature, is still tied heavily to the selection of programs for empirical evaluation. This illustrates the very nature of policy analysis in implementation research or otherwise: The context determines the constraints in which policies operate, the actors involved, and to a great extent affects the interpretation of empirical results. A comparative study of multiple policies, as offered by Goggin et al. (1990) is a product of the selection of specific policies and the results are hardly more generalizable than the careful examination of a single study, as the results could differ substantially if a different set of policies had been selected. The accumulation of single studies, in fact, may provide precisely the “cumulative effect” prescribed by third generation implementationists in the study of factors affecting policy implementation decisions and, ultimately, policy outcomes. Conversely, comparative studies can provide a false sense of comprehensiveness or universality that does not, in fact, exist. Such studies may be useful for identifying variables or trends, but ought not pretend to represent the universe of policy action or even a reasonable facsimile thereof, lest third-generation implementation research fall prey to first-generation pitfalls. For policies to be grouped together in a single study, a careful defense ought to be made regarding the selection of those policies. An altogether too common practice is the analysis of multiple policies simply because they fit in different quadrants of a popular typology. If comparison is to be done, rather than contrasting, there ought to be a case made regarding why disparate policies with disparate characteristics ought to be compared. In other words, some case must be made regarding how these cases are comparable at all, let alone on a specific set of variables. In the absence of such justification, third-generation research is merely first-generation research with a new name and disguised in a shroud of false legitimacy.

A great deal of variation requiring qualitative and highly subjective analysis would be required in expanding this inquiry to a larger number of cases. The comparative nature of a multiple-case analysis would be very sensitive to the nature of the policy, the actors involved, and a variety of additional variables that would complicate analysis. By using a single case, focus can be narrowed to a context that can be qualitatively understood and compared across the states, yielding adequate variation to explore the conceptualization and measurement of goal conflict across units and levels of government. This approach also mimics what little work has already been done on goal conflict in a policy setting (Nicholson-Crotty 2004).

The Absence of Tennessee

Tennessee is not included in any of the analyses in this dissertation. Because SCHIP was designed to enhance and not replace child Medicaid programs already in place, the enacting legislation specifically prohibited use of SCHIP funds to provide benefits already provided under existing state Medicaid programs. Tennessee was operating a Medicaid program, TennCare, that had no upper eligibility limit for enrollees under a section 1115 demonstration waiver granted in 1994, prior to the inception of SCHIP (Academy Health, 2008). Tennessee closed enrollment for its program in 1995, and in April of 1997 re-opened enrollment for children under age 18 without employer-based insurance.[27] Unlike Florida, New York and Pennsylvania, which had Medicaid expansion programs similar to SCHIP prior to the enactment of the SCHIP enabling legislation in 1997, no provision was made for Tennessee in the text of the bill. All other early providers of children's expansions for Medicaid received special provisions regarding access to SCHIP funds. TennCare faced serious financial struggles during its early years and was not able to access funds consistently during the study period due to massive reform efforts and political challenges that hampered TennCare during its first decade. TennCare continues to enroll children who would otherwise be ineligible for coverage under Medicaid. Through creation of a stand-alone SCHIP program called CoverKids, Tennessee has had approved SCHIP plans at various times in the 1999-2006 study period. However, the qualitatively different nature of public child health insurance in Tennessee over this period and its sporadic association with SCHIP rendered it an outlier relative to this discussion, and would have created an unbalanced panel due to missing data. Data that could be interpolated in order to address the balanced panel issue would be misleading, as the research questions in the quantitative analysis presented in chapters 3-5 focus specifically on federal-state interactions under the SCHIP rubric (as opposed to Medicaid demonstration waivers). Because Tennessee did not have an operating SCHIP in the traditional sense for the majority of the years for which SCHIP was available to other states, its inclusion would be misleading. It can be noted, however, that Tennessee was among the few states that had public health insurance programs in place for low-income children prior to the enactment of SCHIP legislation in 1997, and as such would appear to have had highly aligned goals with the federal program. Regulations governing

[27] Department of Health and Human Services, Innovative Sate Strategies to Insure Children, accessed on April 9, 2009 from http://aspe.hhs.gov/health/schip/states/Tennessee.html

use of SCHIP funds effectively prohibited Tennessee from participating in SCHIP for most of the study period.

SCHIP Funding Formula

The SCHIP funding formula for the original allotment provided to states includes four primary components: Number of low-income children without health insurance in the state, number of all low-income children in the state, an adjustment for national average cost of medical care/coverage, and a state-specific cost factor (calculated as a ration of the state's average annual health services industry wages to the national average). The comparative weight of these four components has been relatively stable over time, with one adjustment occurring in 2000 and another in 2001 (Peterson, 2006; see table 2.1). These allotments are subject to floors and ceilings. In the first two funding years, the statutory floor for allotted funding is $2 million per state. In the following years, the floor was the greater of $2 million, 90 percent of the previous funding year's allotment, or 70 percent of the original allotment in 1999. In all funding years from 2000 on, the allotment ceiling was 145 percent of the original 1999 allotment (Peterson, 2006).

SCHIP allotments did not determine the federal funding in a state, only the size of the funding for which states had prior authorization for eligible spending. States accessed funds based on an enhanced FMAP matching rate already in use for Medicaid funding. States that spend more than their allotment were additionally granted a reapportionment based on a redistribution of funds unspent by other states in a budget year.

The states and waivers

States may apply for various types of waivers to federal Medicaid and SCHIP guidelines. Two of these waivers in particular are relevant to this discussion. Research and demonstration waivers are allowed under section 1115 of the Social Security Act (Baumrucker 2008) and were explicitly solicited as early as 2000 (Westmoreland 2000). Section 1115 provides authority to the Secretary of Health and Human Services to "authorize experimental, pilot, or demonstration projects likely to assist in promoting the objectives of the Medicaid (or SCHIP) statute. Flexibility under Section 1115 is sufficiently broad to allow states to test substantially new ideas of policy merit (HHS 2001; Volden 2006). These projects are intended to demonstrate and evaluate a policy or approach has not been demonstrated on a widespread basis. Some states expand eligibility to individuals not otherwise eligible under the Medicaid (or SCHIP) program, provide services that are not typically covered, or use innovative service delivery systems" (CMS, 2008, parenthetical notes added). Section 1115 further authorizes the Secretary to waive rules governing the operation of SCHIP and/or to provide federal financial participation for benefits that would otherwise not be eligible for federal match.

The second relevant type of waivers relevant to SCHIP policy are those granted under the Health Insurance Flexibility and Accountability waiver initiative. HIFA waivers are an extension of section 1115 authority, granting the Secretary of the Department of Health and Human Services the ability to grant demonstration waivers authorizing use of SCHIP funds for broad enrollment of the uninsured. This is the authority to, for example, expand SCHIP coverage to adults (Baumrucker 2008). It is interesting to note that prior to the HIFA waiver initiative, enrollment of adults in SCHIP was considered so beyond the objectives of the program that separate authority had to be granted before adults could be admitted to SCHIP even under section 1115.

HIFA waivers were solicited in 2001 by DHHS under Secretary Thompson (CMS 2001) and guidelines were subsequently provided to clarify the circumstances in which such a waiver might be granted. These included, among other provisions, the following:

- Be in effect statewide;
- Expand coverage to previously uncovered persons;
- Coordinate or encourage private and public health insurance coverage for low-income uninsured persons;
- In states using SCHIP funds, maintain Medicaid eligibility levels for children that are no more restrictive than were in effect in June 1997;
- Not cover adults in the demonstration at higher income levels than children in SCHIP;
- Be budget neutral under Medicaid or allotment neutral under SCHIP (CMS 2007).

The HIFA program, while prioritizing extant SCHIP goals over support for expansion populations, nonetheless indicates a departure from the original purpose of the program. Expansions related to HIFA and other 1115 demonstration projects were a major issue in the debate surrounding the 2007 SCHIP reauthorization attempts. Secretary Leavitt distanced himself and the Bush administration from the actions of his predecessor during the reauthorization debate in 2007, demonstrating a form of executive federalism through the rulemaking process (Leavitt 2007; Thompson and Burke 2007). The political dynamics of SCHIP are somewhat more nuanced and complicated than presented in broad strokes here; for additional context, see, e.g. the SCHIP reauthorization history assembled by the Kaiser Commission on Medicaid and the Uninsured (KFF, 2008) and others (Grogan and Rigby, 2008; Oberlander and Lyons, 2009).

As was made clear by President Bush during his veto of the two reauthorization attempts presented to him by Congress, he felt it inappropriate to spend federal funds to support non-targeted populations. Among the issues raised by governors who testified to the Health Subcommittee of the House Energy and Commerce Committee during that debate was the issue of redistribution of unspent federal dollars. Under SCHIP funding rules, states that have spent their original allotments are eligible for redistribution of unused funds that had been allotted to other states (Peterson 2006). States have two years after the allotment year in which to use their allotments. After this period, any unspent funds are redistributed based on funding formulae, to states that spent their entire federal allotments. This practice of reapportionment is one of the primary ways in which SCHIP has overcome the issue of potential funding shortfalls for some states, including very high enrollment, high population states like California, Florida and New York. Other governors testified against rules published under Leavitt's direction in 2007 limiting future waivers that allowed enrollment of children living above 250 percent of poverty or adults without children from federal SCHIP matching eligibility (Smith 2007; Perdue 2008).

The SCHIP allotment formula determines how much of the total annual funding amount will be available to each of the states through its annual allotment. This formula is based on the number of low-income children there are in a state, and what proportion of those children are uninsured. It also takes into account the cost of healthcare in the state relative to the national average (Peterson 2006). This allotment ostensibly represents the upper limit of federal spending on the program in a particular state.

States have three fiscal years in which to spend each annual allotment. After this period, unspent federal funds are reapportioned among states that did not have surpluses. This reapportionment is completed based, again, on a formula. States access federal funds via a matching rate that is analogous to the matching program as administered in the Medicaid program. Eligible expenditures (absent a waiver) are limited to expansion of health insurance services to targeted low-income children. Administrative costs and program outreach expenditures are limited to 10 percent of total expenditures eligible for match. States spending their own funds on approved SCHIP expenses receive a federal match based on an “enhanced” FMAP matching rate.[28] So, for example, for a state with an enhanced FMAP of 70, a one-dollar SCHIP expenditure in that state would result in a federal match of three dollars (Peters 2008). This federal match is referred to as the federal financial participation (FFP). With a mean enhanced FMAP of 72.33 percent, the incentive to spend state funds in order to receive federal monies is strong indeed. The FMAP is generated based on a formula involving a comparison of state wealth to national wealth.[29]

With only four exceptions,[30] any state that has ever spent more than the allotment provided for a given year (either by spending allotments from previous years or by receiving reapportionments) has remained a state that spends more than allotted in a given year. While all states except Alaska, Kentucky, Maryland, New York, and Rhode Island spent less than allotted in 2000, by 2006 only 10 states spent less than allotted.

An overview of the states

Table 2.2 presents a snapshot of the states in 2006 (the latest year in this analysis) including indication of the states that use SCHIP funds to insure higher-income children, adults, or both, and other relevant state characteristics including upper child Medicaid eligibility in 1997 (prior to SCHIP), upper child SCHIP eligibility, number of adults per child enrolled in SCHIP, percent of low-income children who are uninsured and percent of children in the state who are living at or below 200 percent of FPL.

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[28] The enhanced FMAP is calculated as 70 percent of the traditional FMAP plus 30 points, not to exceed 85 percent.
[29] Social Security Act Sec. 1101(a)(8) **[**42 U.S.C. 1301**]** and sec. 1905(b) **[**42 U.S.C. 1396d**]**.
[30] South Carolina, Utah, Texas and Wyoming.

Qualitative observations from the information in table 2.2 demonstrate a wide variety of state circumstances with regard to employment of SCHIP waivers. Adults are insured in states that have as few low-income (below 200 percent FPL) uninsured children as 6 percent (Rhode Island; the lowest in the nation) and as high as 28 percent (Colorado; the third highest in the nation). This suggests that not only are waivers for the coverage of adults approved in states where the ostensible goals of SCHIP have been successfully achieved (indeed, Rhode Island's percent of low-income uninsured children is the lowest in the nation) but also in states where many low-income children remain uninsured. While prior child eligibility under Medicaid was relatively high for many of the states with SCHIP eligibility above 200 percent FPL (as in the case of California, Rhode Island and Washington, which had eligibility levels of 200 percent FPL for at least some child populations under Medicaid in 1997, all of which have SCHIP child eligibility upper limits of 20 percent FPL), the highest SCHIP upper limits occur in states that did not cover children up to 200 percent of FPL under Medicaid. Rates of uninsured low-income children in states with very high upper SCHIP eligibility (300 percent FPL or greater) range from 9 percent (Connecticut) to 25 percent (New Jersey, which upper limit of 350 percent is the highest in the nation). Several states have come under criticism for enrolling nearly as many adults as children in SCHIP, with Wisconsin, Minnesota and Arizona enrolling more adults than children in the program at some point after 2001. Though Wisconsin's rate of uninsured low-income children is among the lowest in the nation, Minnesota's 18 percent uninsured low-income children is roughly average (the mean in 2006 is 16.7 percent) and Arizona's 26 percent uninsured low-income children is the sixth worst rate in the nation.

Data sources

Data were assembled from a variety of primary sources, including the Center for Medicaid Services (CMS), the Kaiser Family Foundation, The US Census Bureau (including but not limited to use of the Current Population Survey), the University of Kentucky Center for Poverty Research, the Inter-University Consortium for Political and Social Research, and the Congressional record. Data descriptions and sources are presented in table 2.3.

As with any research endeavor, the data collected for this analysis exhibited some minor imperfections. Aside from the need to drop the state of Tennessee from the analysis, some other data issues arose. General concerns about the quality of proxy measures and instruments, endogeneity issues, and other characteristics of variables relevant to specific models will be discussed in the chapters in which these variables are employed. However, minor issues of missing data are addressed here.

State SCHIP spending data for the year 2005 was unavailable for all states. However, data was available for the years before and after 2005, so the missing data were imputed as the average of the figures for the two adjoining years. State spending data was also missing for Florida for years 2000 and 2001. Regression and standard averaging techniques for imputation were unsatisfactory (yielding figures that were inconsistent with general trends in state SCHIP spending), so Florida spending for these two years was imputed by generating ratios of state spending to federal spending for all known data years, computing the average ratio, and using this average to impute a state spending figure using federal spending data.

Child and adult enrollment figures were missing for Colorado in 2004 and Arkansas in 2003. The Colorado figures were computed by averaging the adjoining years. This method was unusable for Arkansas in 2003, however, because enrollment in Arkansas did not trend upward between 2002 and 2004 as it had in Colorado (and, indeed, in many other states). In order to impute a reasonable estimate of the actual value for Arkansas in 2003, monthly enrollment data from the Kaiser Family Foundation were used to generate comparison ratios between the monthly enrollment data and the ever enrolled in year data for all known years. The ratio for 2004 was then applied to the monthly enrollment data to generate a value for children ever enrolled in Arkansas SCHIP in 2003. Arkansas is not an adult enrolling state, so its number of adult SCHIP enrollees was inferred to be zero. Except where noted in the body of applicable chapters (as in the case of SCHIP funding formulae), there is no reason to believe that the definition or measurement of the variables as reported has changed over time.

Dependent variables

Chapters 3 and 4 focus on establishing the use of SCHIP waivers to enroll non-targeted populations as conflicting with the original goals of SCHIP by examining the policies in the context of resource conflict and outcome conflict. Chapter 5 uses the broader goal conflict theory described in chapter 1 to see what factors influence and/or predict employment of these waivers by the states. These objectives necessitate employment of a modest complement of dependent variables. Descriptive statistics for these variables are presented in table 2.4.

Independent variables

The independent variables identified in tables 2.2 (variable descriptions) and 2.5 (summary statistics) are used for a variety of purposes, including proxy representation of latent variable concepts, instrumenting endogenous variables, controlling for time-invariant state characteristics, and examining correlation between potentially related variables. The application of these variables is discussed in greater detail in the chapters in which they are employed.

The complement of goal alignment variables representing belief, priority, and plan-level potential conflict merits further discussion. These variables include citizen liberalism score, percent of state congressional representatives voting for the initial authorization of SCHIP, percent of state congressional representatives voting to reauthorize SCHIP in 2007, party of governor, citizen liberalism score, a dummy for the type of SCHIP program (Medicaid type against a comparison of SCHIP-only or combination types), dummies for continuous enrollment and presumptive eligibility practices, and various capacity/goal alignment variables including number of days to submission of initial SCHIP plan, number of days to implementation of the state SCHIP program, and number of amendments filed to date.

Proxies for belief conflict include the citizen ideology score devised by Berry et al. (1998), and/or as the proportion of state Congressional representatives voting in support of the failed SCHIP reauthorization legislation.

Priority conflict is represented as an extension of the concept described by Chubb (1985) and extended by Nicholson-Crotty (2004), in which fund diversion by the states (itself evidence of priority conflict) is represented in terms of elasticity of state spending with respect to incoming federal grant monies. Because federal funds are calculated based on state spending and an enhanced FMAP matching rate, the relationship between state and federal spending should be imminently predictable based on published state spending and FMAP figures. Federal spending caps, however, invoke the possibility that a state that shares alignment with SCHIP goals may spend beyond the limitation of matched funds. This indication of alignment at the prioritization level is measured using residuals from a regression of state SCHIP spending on federal spending and the FMAP. These residuals would be expected to capture both the random error inherent to rounding and the portion of state spending that is unexplained by access to matching funds: priority alignment.

Plan conflict is readily observed qualitatively in the SCHIP program and has been a major point of contention in debates regarding the reauthorization of SCHIP at the federal level. In particular, coverage of adults (including pregnant women, parents of children, and in some cases childless adults) has been a particular point of tension (Leavitt 2007). Other manifestations of plan conflict may include employment of enrollment practices that have been shown to be less-effective means of increasing enrollment. The measures here proposed include the number of waivers to federal program requirements filed by a particular state and a dummy variable for whether continuous enrollment or presumptive eligibility are employed by a state (Kronebusch and Elbel 2004). Though such measures can be counted, they represent fundamentally qualitative information and are blunt instruments for measuring the plan conflict concept in a quantitative setting.

Given the apparent impact of state fixed-effects and the enrollment of non-targeted populations on SCHIP enrollment of targeted children, one final approach employed in understanding these concepts is an instrument employed to capture the potential of a state to eventually enroll either non-targeted children or adults in the SCHIP program, conceptualizing it as a time-invariant preference that merely manifests itself given the appropriate set of external circumstances, including the state’s political and economic situation and/or federal inducements or regulations. Though it is not a perfect measure, specifically because it cannot capture unrealized potential in states that have not manifested a preference for enrolling adults or non-targeted children, a time-invariant dummy variable that indicates states that have ever enrolled children and states that have ever enrolled adults may provide a view of the role of state goals and preferences on outputs even when those preferences are as-yet unexpressed.

Assumptions and limitations

This research endeavor relies on the assumption that goal conflict exists and varies by state. It further assumes that the construct(s) of goal conflict can and should be measured.

Establishment of appropriate state-level measures of goal conflict and outcomes for the SCHIP program is further challenged by data limitations. The best available estimates for uninsurance rates over the course of the SCHIP program are derived from the Current Population Survey, and problems with these estimates have been noted, particularly in states with especially small sample sizes (Winter and Moyer 1999). Further, data availability is a challenge even for the short duration of the SCHIP program. Some data is not available for all SCHIP program years, and some measures that have face validity as measures of goal conflict are measured only once, (e.g. legislative voting behavior, preexisting Medicaid expansion programs, enrollment practices) and must therefore be assumed static over the duration of the program. This is further complicated by issues of temporal precedence for some measures. Legislative voting behavior in SCHIP reauthorization, for example, is arguably a very strong measure of state-level goal congruence or conflict with the SCHIP program (particularly in comparison with other available proxies) but this measure is observed at the end of the SCHIP program rather than the beginning. While this issue can be set aside by making the assumption that this voting behavior merely reveals the static true preferences of the state that have existed over time, this assumption nevertheless leaves the analysis open to internal validity concerns. Similar concerns affect state-level legislative action to move states toward universal health insurance coverage. In addition to temporal precedence and endogeneity concerns, these measures are also subject to peer/mimetic effects (Light 1978)

Other measures, including program features and enrollment practices, are measured as dummy variables, the collection of which quickly depletes degrees of freedom while yielding results that may complicate interpretation.

Chapter 3: Resource Conflict in the State Children's Health Insurance Program

Introduction

The State Children's Health Insurance Program was passed as part of the 1997 Balanced Budget Act with bipartisan Congressional support. The goal of the SCHIP program, as stated in the enacting legislation, is "to provide funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children."[31] President Bush ostensibly supported reauthorization and modest expansion of the program when it was due for reauthorization in 2007. In his veto message on October 3, 2007, he indicated that he was vetoing the bill "because this legislation would move health care in this country in the wrong direction. The original purpose of the State Children's Health Insurance Program (SCHIP) was to help children whose families cannot afford private health insurance, but do not qualify for Medicaid, to get the coverage they need. My Administration strongly supports reauthorization of SCHIP. That is why I proposed last February a 20 percent increase in funding for the program over 5 years… Because the Congress has chosen to send me a bill that moves our health care system in the wrong direction, I must veto it. I hope we can now work together to produce a good bill that puts poorer children first, that moves adults out of a program meant for children, and that does not abandon the bipartisan tradition that marked the enactment of SCHIP."[32]

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[31] Social Security Act Sec. 2101. [42 U.S.C. 1397aa]
[32] Veto message, George W. Bush, The White House, October 3, 2007, available at http://www.whitehouse.gov/news/releases/2007/10/20071003-2.html

A statement released by the OMB later in October reiterated the administration's stance with regard to what would become the second bill sent to the President by Congress. "The Administration strongly supports reauthorization of the State Children's Health Insurance Program (SCHIP) in a way that puts poor children first. However, H.R. 3963 continues to allow states to expand coverage without assuring that poor children have coverage first; continues to provide coverage for some adults through 2012; continues to allow the use of income disregards to increase eligibility levels; continues to move children from private health insurance to government programs; provides insufficient safeguards to assure that funds will not be spent on ineligible individuals; and, remarkably, actually costs more than the earlier bill, not withstanding supposed improvements in policy….[T]he President will veto this legislation if it is presented to him without significant changes."[33]

The President's refusal to sign into law either of two reauthorization attempts presented by Congress centered on a handful of specific issues. Press releases from the Department of Health and Human Services (HHS) and from the White House repeatedly identified three of these issues (HHS 2007), namely:

- A government program intended for low-income children should not cover higher-income children
- A government program intended for children should not cover adults
- A government program intended for coverage of the uninsured should not cover individuals who would otherwise be covered by private insurance.

Fourteen of the 49 states in this analysis have SCHIP programs have insured children whose family income exceeds 200 percent FPL and 11 states insure adults.[34] Since only

[33] Statement of Administration Policy, OMB (10/25/2007), available at http://www.whitehouse.gov/omb/legislative/sap/110-1/hr3963sap-h.pdf

[34] Tennessee had a Medicaid demonstration waiver prior to the enactment of SCHIP allowing enrollment with no upper income eligibility limit.

four states engage in both of these practices, a total of 21 states enroll individuals who fall outside of the statutory target population for the SCHIP program as authorized in the 1997 Balanced Budget Act. According to the legislation, which identifies the target of the program to be low-income children, “The term `low-income child' means a child whose family income is at or below 200 percent of the poverty line for a family of the size involved.” Though the act also allows for state discretion in determination of the meaning of “targeted low-income child,” administrative practice and executive policy statements consistently and repeatedly identified 200 percent FPL as the default upper limit for SCHIP eligibility and plan approval, even after the advent of HIFA waiver opportunities after 2001.

Engagement in the practice of implementing a public program in a manner deviating from the apparent statutory intent, however, is only one form of goal conflict. Stated goals of a program and the political and administrative realities of the public finance process can cause divergence in purpose and outcomes (Rosenbaum and Johnson 1986). Given the multifaceted and ambiguous nature of public goals even for specific programs, it is useful to establish means of understanding whether this nominal goal conflict extends into the more practical sphere. Namely, whether public funds designated for a specific purpose are being spent on other priorities (Chubb 1985) and whether such practice negatively affects the ability of the government (federal or state) to accomplish the ends for which the program was established (GAO 2002).

The reauthorization bills approved by Congress in 2007 provided means for expansions of the SCHIP program that would have significantly altered the purpose and targets of the program, in part by legitimizing the practices of enrolling children above

200 percent FPL and adults in state SCHIP programs. Objecting to this trajectory, President Bush insisted that he would veto any bill that did not remain true to the purposes outlined in the original SCHIP program (Bush 2007). President Bush vetoed two separate SCHIP bills and eventually temporarily extended SCHIP at current funding levels until March 2009, when the legislation will be again considered for renewal.

Several scholars have tackled the crowding-out phenomenon, in which public programs provide free or low-cost health insurance to children who would otherwise have accessed private insurance (see, e.g. Feinberg and Goldstein 2002; Bansak and Raphael 2006). Fewer scholars, however, have examined the implications of the target population issues raised during the 2007 reauthorization debate. This debate can be viewed from an institutional perspective as a question about the nature of federalism, the discretionary roles of the federal bureaucracy, and state administrative mechanisms in implementation of federal programs. Goal conflict deriving from federal and state administrative decisions in the implementation process raises issues regarding the role of states as administrators of federal programs, the role of federal agencies as a go-between for state officials and federal purposes, and the implications of state-administered federal policy.

Ultimately, the implications of such semantic discussions of federalism lie in the outputs and outcomes of the programs administered in the federalist environment. The purpose of this chapter is to determine whether the practice of enrolling non-targeted populations—specifically, higher income children and/or adults—significantly increases the federal cost of the SCHIP program within a state. Chapter four will examine the effect of these practices on enrollment of targeted children.

Fiscal Federalism and SCHIP Implementation

The issue of enrolling non-targeted populations in the SCHIP program does not in itself represent goal conflict. Indeed, a program of universal health care coverage for all Americans would accomplish the goal of enrolling targeted children in health insurance programs. However, the environment of American policy is constrained by limited resources, and thus goals are generally more refined, with the intent of maximizing the use of federal funds in a cost-effective, targeted manner. The selection of low-income children as a target population for the SCHIP program represents an ordering of priorities at the federal legislative level that suggests a desire for limiting federal expenditure and achieving cost-effective improvements in the enrollment of the target population in health insurance programs.

It follows, then, that the impact of enrollment of non-targeted populations should be evaluated in a context of cost-effectiveness, and federal fiscal impact is an important component of evaluating administrative decisions that effectively widen the coverage population beyond the specifications outlined by Congress in the 1997 enacting legislation for SCHIP.

Total annual federal funding of the SCHIP program is determined legislatively through the typical process of executive/legislative give-and-take. Once the total annual funding is determined, however, all remaining funding decisions are based on pre-determined formulas. There are three potential explanations for the desire of states to enroll individuals who are outside of the target population in SCHIP. First, enrolling individuals outside the target area may be intended to increase enrollment rates within the target population (the presumption, for example, that enrolling low-income uninsured parents in SCHIP will increase the likelihood of the parents also enrolling their children).

Second, enrolling individuals outside the target population may represent a desire on the part of states to achieve state goals that may lie outside of the explicit federal goals for the program (if a state is concerned with health insurance rates for all children, for example, or has low insurance rates overall and has an interest in reducing the overall number of uninsured in the state). Third, a state may already have either low rates of uninsured within the target population or provide coverage to the targeted population through Medicaid, thus desiring funds for achieving other goals merely to make use of available federal funds.

States, having sovereignty over their own practices of revenue generation and expenditure, have presumably reached some equilibrium of expressed preferences prior to federal government intervention in the form of grants or other inducements. The purpose of federal grants, then—including SCHIP— is to shift the preferences of the states more toward the preferences of the federal government (Volden 2007). In the case of SCHIP as enacted in the Balanced Budget Act of 1997, the purpose of federal expenditures is to increase enrollment of low-income children in health insurance programs.

In theory, the redistributive nature of federal government fiscal activity suggests that the federal government prefers to spend its funds in states where the greatest impact can be made toward reaching federal goals (Ingram 1997). Federal program expenditures that do not accomplish program goals are targets for reform (Heinrich 2002). By design, children eligible under extant Medicaid provisions (prior to 1997) are ineligible for SCHIP funds. Thus, some states may already have been effectively targeting low-income children for enrollment in federal health insurance programs prior to the enactment of

SCHIP. Indeed, SCHIP may be seen essentially as a federally mandated Medicaid expansion, and some state programs are explicitly designed as such. Federal expenditures allotted to states that already provided coverage for low-income children under Medicaid should therefore have either expanded coverage, improved enrollment rates, or been reapportioned to states with greater need.

The reapportionment of a state's allocated funds to other states is of course a politically unpopular prospect for state and federal representatives within states facing the loss of federal funds. It is therefore not surprising that states would engage in activities that would ensure that at least some portion of the federal SCHIP allotments remain within the states where they were allotted, despite coverage and eligibility levels that already meet federal preferences.

This reapportionment to states provides incentive, in addition to whatever internal incentive already existed, to spend the original federal allotments in the interest of receiving additional SCHIP funding. From a federal target perspective, the purpose of these funds is to redirect federal funding from states that have already saturated enrollment of the targeted program population to states that have under-funded programs and thus have not been able to reach enrollment of all enrollable targeted children. Governors Perdue of Georgia and Barbour of Mississippi indicated that from their perspective, this is not how the reapportionment plays out; rather, states that enroll non-targeted populations effectively drain their funding, and then receive additional funds from states that have focused their efforts on enrolling the targeted population but have not used all of their federal allotments (2008). In practice, this is exactly what occurs, though the question of motivation remains unanswered: Do states spend more money because they are working harder toward the goal of enrolling more targeted children, or are they adopting expensive practices (including enrollment of non-targeted populations) in order to receive additional funding through apportionment?

A more concrete question to be addressed is whether this environment of goal conflict and the resultant exceptions to federal policy negotiated between state and federal administrative bodies incurs a significant increase in federal expenditure within states thus engaged.

Data and Methods

The first burden of proof in an analysis purporting to explore the correlates of state policy decisions that conflict with federal goals is to establish that the state policies in question actually represent expressions of conflicting goals. Given that states have several incentives to engage in enrollment of non-targeted populations in order to facilitate capture of federal funds, the empirical question of whether federal SCHIP spending patterns are, in fact, significantly altered by these enrollment patterns provides a straightforward means for demonstrating the presence of federal-state goal conflict embodied in these practices.[35] Here, we focus explicitly on the relationship between enrollment of non-targeted populations and federal expenditures within a state.

This chapter focuses on the actual quantity of the federal spending within a state as the dependent variable of interest. The actual federal spending within a state is determined by state spending patterns, weighted by a formula-derived federal matching rate that differs for each state. The size of federal allotment and the enhanced federal matching rate (FMAP) used for the SCHIP program are included in these models as

[35] The interrelationship of federal spending, low-income child enrollment, and enrollment of non-targeted populations in SCHIP will be explored in further detail in chapter five.

independent variables, thus controlling for the effect of these formula-determined elements and examining the effect of additional factors on spending patterns within states. Federal allotments are apportioned according to a funding formula based on SCHIP enrollment figures, total population, cost of health services in a state, number of targeted children, and uninsurance rates within the state. By design, it is expected that the federal enhanced matching rate (FMAP) and the state's own spending levels would affect federal spending. These are included in the analysis, as are other factors that appear in federal funding formulae for the distribution of SCHIP funds. These include number of children living at 200 percent of FPL or below, percent of children at 200 percent FPL or below who are uninsured, total SCHIP enrollees (including all child and adult enrollees), uninsurance rate in the state, and the state poverty rate. In addition to these variables, controls for total allotment size, state wealth (measured as gross state product), and state tax revenue.[36] Though accounted for in the calculation of FMAP, a scale variable (population) has been included in the linear models presented in order to determine the independent effects of state size on federal spending patterns.

One of the primary challenges of the analysis of the effects of state characteristics on federal program outcomes (including spending patterns) is that many of the state characteristics that are expected to impact these outcomes are latent variables that cannot be directly measured, idiosyncratic characteristics of the state (such as political ideology, culture, demand for social services, etc.), or state characteristics (e.g. population) that can be relatively stable within states but differ significantly between states. Generally, such comparative analysis involves all three of these issues. The latent and idiosyncratic state

[36] A set of dummies controlling for annual effects was included in earlier versions of this analysis but later dropped because neither individual time effects nor the group of time effects was statistically significant in any model.

characteristics have the potential to yield error term components that cause significant endogeneity issues and cause linear estimates to be biased.

Though modeling remedies to this endogeneity problem exist, such remedies require explicit assumptions to be made about the nature of both the state-associated error term and the independent variables in the model. A fixed-effects model assumes that the state-related error is essentially fixed for each state, and (in an LSDV approach to fixed-effects) estimates intercepts for each state, thus removing the state-specific error from the error term and producing unbiased, consistent estimators for the independent variables. This approach assumes strict endogeneity of all regressors (Baltagi 2008), and has the disadvantage of lumping all time-invariant variables into one combined intercept term, rather than recognizing the potential nuances of variables that may be fixed within a state but whose variation across states may be significantly correlated with the dependent variable.

An alternative approach assumes that state-level variation is not fixed, but rather a manifestation of sampling-related random deviations from a common population latent variable mean. Though it seems counterintuitive to suggest that states themselves are a sample of observations randomly selected from a larger population, this assertion could be considered true in the sense that the decisions, actions, and characteristics in each state-level observation are just one of a potentially infinite set of such manifestations (Haavelmo 1944). This random-effects approach further assumes strict exogeneity of the regressors.

Theoretically, both the fixed-effects and random-effects models could reasonably be expected to apply here, despite the strong differences in their assumptions regarding the nature of the error term. This is largely because the specific nature of the state error and its underlying characteristics is essentially unknown. The nature of the regressors, however, which cannot claim strict exogeneity, suggests preference for the fixed-effects model.

A Hausman (1978) test is commonly used to select between the random-effects and fixed-effects specifications, and is employed here.[37] The Hausman test rejects the hypothesis that the difference in estimates is not systematic; in other words, the test rejects the hypothesis of the random-effects specification in favor of fixed-effects ($\chi^2(6) = 34.68$; $p < 0.000$). Regardless of the outcome of the Hausman test, the assumption of regressor exogeneity cannot have been reasonably made in the models below. Thus, the random-effects model is a defensible specification for the models in this chapter.

A final approach to the presence of latent group effects is employment of a between-effects model, in which the dependent variable is regressed on group averages for each variable rather than on individual group/time observations for each variable. This approach essentially removes within-group variation from the model and focuses instead on the differences between states on a given set of regressors. Though this approach results in a limited use of the data available, it is employed here to recreate elements of the federal spending formulas that determine how much federal funding will go to each state. Changes within individual states that are intended to yield increased capture of federal funds will essentially be invisible in the between-effects model, unless some spurious correlation is evident. This model will provide both a useful comparison and a

[37] The Hausman test is only employed for the one-stage linear panel data models described below. The **hausman** command with the **sigmaless** option was employed in STATA to specify use of the estimated disturbance variance from the consistent estimator for use in the covariance matrices. This option is recommended by the STATA corporation in comparison of fixed effect and random effect models in order to ensure a positive definite differenced covariance matrix.

qualitative understanding of how decisions made within states may be invisible to federal apportionment and spending formulae (that are made based on between-state information) but may nonetheless impact overall spending within a state.

Embedded within state spending levels are a variety of factors that influence state spending decisions. Among these decisions is the enrollment of non-targeted populations. By introducing dummy variables for enrollment of adults or higher-income children to the model, we would expect to uncover intercept changes in federal spending levels by untangling these administrative choices from the state spending levels captured by the state spending and state spending/FMAP terms. It would naturally be expected that an expansion of the recipient population would increase spending levels, because enrollment of each additional individual bears a cost. A variable for total enrollment (a count of all enrolled adults and children, including enrolled higher-income children) is thus included as a control for costs merely associated with higher enrollment numbers.

Despite the use of the fixed-effects model, a potential endogeneity issue remains regarding the potential simultaneity of state funding choices (which are associated with federal spending by formula) and state SCHIP policy choices regarding enrollment populations.

To account for any spurious correlation resulting from correlation with the error term, an instrumental variable technique could be employed to remove any remaining endogeneity.

A Davidson-MacKinnon (1993) test[38] failed to reject the hypothesis that instrumental variables should be employed as specified (p = 0.3241). Therefore, the instrumental

[38] Using the **dmexogxt** command in STATA

variable estimates (which did not substantively alter the results)[39] will not be reported here.

Hypotheses

Though it may seem that the enrollment of expanded populations leading to increased spending in a state might seem like a straightforward assertion, significant increases in federal funding based on increased statutory and procedural target populations is not a given, particularly if the explanatory model controls for the number of total enrollees (including both targeted and non-targeted populations) as this one does. Inclusion of this variable improves interpretation such that program expansions that correlate with higher federal spending do so independently of the raw number of beneficiaries of the program. This leads to some questions about mechanisms independent of raw enrollment that may lead to increased spending. One possible explanation for increased federal spending in states that provide SCHIP benefits to non-targeted populations is that these expanded populations cost more per person than does the targeted population. Estimates suggest that insurance coverage of adults is more expensive than coverage of children (KFF 2008). This phenomenon could help to explain why insurance of adults increases federal spending while insurance of higher-income children does not. Further, higher-income children are more likely to be covered by private insurance (Feinberg et al. 2002) so a nonlinearity may exist in which the population of children in need of public health insurance increases to a particular income level and then begins to decline. Because

[39] Despite the employment of quantitative methods, the interpretation of the results from models presented in this and other chapters are limited to relatively qualitative conclusions. Thus, though changes in the estimators may result from varying specification of variables and/or functional form, the claim of "substantively similar results" is made when the focus of the interpretation remains similar in either scenario.

public insurance is always a secondary payer of incurred health care costs, higher-income children may also pose less burden on the SCHIP system because, for those who also carry private insurance, the private insurance pays the bulk of the medical bills.

Models examining federal spending patterns between states should merely reflect the application of funding formulae, providing matching funds based on state expenditures. Independent variables other than state spending and FMAP should only appear to be statistically significant if these variables play an important role in either the FMAP derivation formula or the allotment formula. Even policy variables such as the binary variables for enrollment of adults or higher-income children should not affect between-state spending effects.

> ***H_{1a}***: *Enrollment of adults will not significantly affect federal spending between states (BE models)*
>
> ***H_{1b}***: *Enrollment of higher-income children will not significantly affect federal spending between states (BE models)*

Federal spending patterns in a within (fixed-effects) model, however, would be expected to demonstrate the effect on federal spending within a state when the state engages in different policy behaviors (i.e. enrollment of non-targeted populations).

> ***H_{2a}***: *Enrollment of adults will significantly increase federal spending within states (FE models)*
>
> ***H_{2b}***: *Enrollment of higher-income children will significantly increase federal spending within states (FE model)*

Results

Table 3.1 contains the results of population-averaged regression (between-effects) models[40]; in this table, model 2 controls for number of Medicaid beneficiaries, and model 1 does not. As expected, the FFP variable is positive and significant in both models.[41] The coefficient for the state spending variable is also significantly different from zero in both models, with increases in state spending yielding a net reduction in federal spending, controlling for the structural relationship between state and federal spending as given in the FFP variable. A one dollar increase in state spending yields an estimated decrease in federal spending of $0.62 when controlling for number of Medicaid beneficiaries, or $0.38 when Medicaid beneficiaries are not included in the analysis. This relationship is as should be expected; states wishing to fund certain types of (non-match-qualified) SCHIP expansions must do so without the support of a federal match.[42] Thus, state spending outside the structural (FFP) formula would be expected to have an inverse relationship with federal funding. The sign for the total enrollment variable is somewhat curious in this model; comparing a state with low (relative) enrollment to a state with high (relative) enrollment appears to significantly decrease federal spending after controlling for the other factors represented in the model. This finding could be considered consistent with state complaints about funding formulas that punish states with high enrollment rates (Perdue 2008; Collins and Gerber 2006; Blewett and Davern 2007), it nevertheless seems

[40] Note that these models assume linearity of the regressors and regressands; for alternate formulations including log-log and semilog approaches, contact the author.
[41] It should be noted that given that FFP is the structurally expected value for federal spending given FMAP and state spending, its expected value in this regression is one. An f-test of this hypothesis $f(1,39)$ yields a test statistic of 5.11, yielding a rejection of this hypothesis at alpha=0.05 (p=0.0295). This is a direct result of the inclusion of the FMAP and spending variables in the regression. A comparable regression excluding the FMAP and state spending variables fails to reject the hypothesis that the coefficient value for FFP is one: $f(1,41)=1.77$; p=0.1908.
[42] In the absence of the FFP variable, both FMAP and state spending have positive, significant coefficient values.

curious, particularly since the coefficient for this variable in the fixed-effects model is significant and positive. This may merely be an artifact of the limited information available, particularly given the employment of a population-averaged model. It is important to note in this model that though a very significant portion of the variation in the dependent variable is explained by the model, neither policy variable (adults or higher-income children enrollment dummies) is statistically significant. We thus cannot reject the hypotheses represented above as H_{1a} and H_{1b}. In other words, the between-state variation in federal SCHIP spending can be explained using formula factors alone; between-state variation is not explained by the choice of whether or not to enroll non-targeted populations in SCHIP within a state.[43]

This leaves us with the question of whether federal spending *within* states is significantly affected by the choice to enroll either adults or higher-income children. In order to answer this question, a fixed-effects (within) regression is employed to control for time-invariant state characteristics and isolate the effects of the independent variables on federal spending within the states (see table 3.2).[44]

As before, FFP has a positive and significant relationship with the dependent federal spending variable. The value for the FFP slope coefficient is roughly 0.9, and an *f*-test shows that it is statistically indistinguishable from 1, the expected value for the coefficient, in both models ($f(1,334) = 0.92$, $p=0.3372$ in model 1). As in the between-effects regression, the state spending variable is negative and significant. As expected,

[43] Note that with an R^2 value of 0.997, only 99.7 percent of the variation in the model is explained despite the presence of all formula factors, which might be expected to yield a perfectly functional relationship. In addition to random error in rounding and reporting, some of this error is expected due to non-matched state spending and spending floors and ceilings.
[44] An *F*-test rejects the hypothesis that the joint effect of the state fixed-effects is zero at the 0.05 level ($F(48,334) = 2.62$; $p<0.0000$). The fraction of the variance due to error associated with panel idiosyncrasies (rho) value is 0.8196 for the fixed-effects model.

within-state variation in a variety of other factors important to SCHIP funding formulae are significantly correlated with the dependent variable in the fixed-effects (within) regression. These include population, tax revenue, and initial federal allotment. Interpretation of these variables should be done with caution; SCHIP is essentially an expansion of the Medicaid program and the effect of raw state characteristics (including population and other factors) on SCHIP spending are likely mitigated by Medicaid program characteristics within those states. For example, states with large populations may have had particular focus on enrolling children (and adults) in Medicaid prior to the enactment of SCHIP. This relationship is supported by the results of model 2, which controls for number of total Medicaid beneficiaries in a state. In this model, population is no longer a statistically significant predictor of federal spending, though Medicaid enrollment is. Therefore, the relative number of child uninsured after Medicaid may cause state SCHIP characteristics to present in counterintuitive ways in the absence of child-specific Medicaid data. These variables are intended here as controls for the policy variables of interest, not as definitive estimates of the control variables themselves. These complicated relationships are further compounded by the presence of the FFP variable which, for all intents and purposes, essentially has a one-to-one explanatory relationship to the dependent variable. This too is included as a control, and is intended to insure that the effect, if any, of the included policy variables does not represent a merely spurious relationship.

The intercept for the variable representing enrollment of higher-income children is statistically significant at the .05 level, and suggests that enrollment of higher-income children is correlated with a net decrease in within-state federal funding. This suggests that the more higher-income children a state enrolls, the less funding they appear to receive from the federal government. Controlling for all other variables in the model, enrolling higher income children decreases federal spending within a state by roughly \$31.7 million. This finding may be a result of non-match-eligible spending in a state (which would drive the federal spending down), a lack of need among lower-income children or smaller population of lower-income children (which would lead to a smaller SCHIP program and thus less federal spending, though a control for enrollment is included in the model) or programs that enroll higher-income children may cost less for other reasons. The intercept representing enrollment of adults is only marginally significant (p=0.074) and suggests that enrollment of adults may be correlated with a net increase in federal spending. The estimate derived from this model suggests that having a program that enrolls adults increases federal spending within a state by \$8.2 million.

The foregoing suggests support for further exploration of hypothesis H_{2a}, as enrollment of adults does in fact appear to increase federal spending, though this finding narrowly fails to meet the standard for reaching this conclusion definitively. Indeed, the consistency of the negative intercept in both the between- and fixed-effects models suggests that further study is merited despite the marginal significance of the variable intercept coefficient in the fixed-effects model. In contrast, the results presented here suggest definitive rejection of hypothesis H_{2b}; though enrollment of higher-income does appear to significantly affect federal SCHIP spending within a state, this correlation is negative. As with the other independent variables in this analysis, however, this finding must be interpreted with caution given the intertwined relationship of the SCHIP and

Medicaid programs. Further discussion of this finding will be engaged below and again in chapter 5.

Discussion

Based on the discussion above, federal spending on SCHIP within a state is dependent on state spending behaviors and formulae Federal spending should be almost entirely explained by state spending, the enhanced FMAP rate, and/or the structural interaction between the two. Specifically, the FMAP/state spending interaction term is a variable defined in the same way that Federal Financial Participation (FFP) is determined.[45] Any remaining variation would be the expected result of states that spend their own funds on SCHIP expenditures that are ineligible for federal match (exceeding caps on administrative expenses, state-funded program expansions, etc.), possible variations resulting from the reapportionment of unspent SCHIP funds, and measurement error. Indeed, a pooled linear regression of federal spending on the FFP[46] yields an R^2 value of 0.95, suggesting that a majority of the variation can be explained by structural factors.

Though the high upper eligibility policy variable is not causing significant net increases in SCHIP spending, the relationship between pre-existing Medicaid upper limits and the statutory requirement that SCHIP funds not be used to cover children eligible for Medicaid under pre-existing state law may suggest that while the practice of

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[45] Total spending per state dollar is structurally equivalent to state spending divided by the state responsibility (1-FMAP). Federal Financial Participation is thus total spending (as derived here) per state dollar minus reported state spending. FFP is a measure of the expected federal spending based solely on variation in FMAP and state spending. This variable does not have perfect correlation with the dependent federal spending variable due to spending caps, state cost sharing programs, and other deviations from the standard matching formula.

[46] The R^2 rounds to 0.95 whether or not FMAP and state spending are included as independent variables in the pooled regression.

enrolling higher-income children does not appear to cause significant federal funding increases in state SCHIP, it nonetheless may be correlated with state preferences that led to higher Medicaid spending prior to the enactment of SCHIP. Medicaid funding levels over 185 percent of FPL require federal waivers, so any state with preexisting child eligibility of 200 percent of poverty or below is a state demonstrating the same kinds of characteristics explored in this analysis regarding SCHIP. In addition, Medicaid has been shown to have serious fund diversion problems (GAO 2007). In chapter 4 we will move beyond raw spending data to explore the impacts of enrollment of non-targeted populations on enrollment of low-income children in SCHIP. It may be that states exhibiting nominal goal conflict do not necessarily exhibit funding goal conflict, but it is also possible that they do demonstrate outcome conflict.

As expected, higher enrollment (total adult and child enrollment), matching rate, and state spending have positive effects on the actual federal spending. Though it does not achieve statistical significance in this model, the intercept estimate for enrolling adults is negative, suggesting that in general, adults are enrolled in states with lower spending (z= -0.61, p=0.542); however, the actual count of adults enrolled (with the effect of enrolling adults vs. not enrolling adults already explained by the dummy variable) has a positive coefficient, suggesting (as would be expected) increases in federal spending for every additional adult enrolled. This finding is significant at the 0.05 level (z=6.38, p=0.000). The negative intercept coefficient on the adults variable suggests either that states with low spending (most likely due to low child enrollments, either due to failure to enroll eligible children or low need within the state) are more likely to enroll adults, or that by enrolling adults, federal spending in the state is reduced. Though the model itself does not suggest a causal direction, the significant increase in federal spending per additional adult enrolled suggests that the former hypothesis is most likely to be true. This observation is consistent with the assertion that states use federal money to achieve their own goals (reduction of uninsurance rates in the adult population or capture of more federal dollars for state initiatives) rather than supporting the redistributive aims of the SCHIP program as interpreted by GAO, President Bush, and arguably the enacting legislation.

Estimates from the instrumental variable fixed-effects model support the qualitative conclusions of the previous models; namely, that enrollment of adults significantly increases the federal cost of the SCHIP program within a state, even after controlling for total number of enrollees. In other words, a state that enrolls adults will be more expensive than if it had not enrolled adults even after accounting for jumps in enrollment (regardless of whether the jump in enrollment is due to adults or children), increasing the federal cost of a state program, on average, by roughly $8.2 million.

It may be that enrollment of adults is more costly than is enrollment of children. These estimates are consistent with cost estimates provided by the states in a phone survey conducted by the National Conference of State Legislatures in 2000, in which total monthly costs for child enrollees ranged from $50 to about $120 per month ($600 to $1440 annually), depending on state (Oliver 2000). It may be useful to compare these figures with cost estimates for Medicaid, from the Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on data from Medicaid Statistical Information System (MSIS) reports from the Centers for Medicare and Medicaid Services. These estimates put total (including Federal and State) annual Medicaid payments per enrollee at $1,617 per child and $2,102 annually per child, averaging the 2005 reported state mean costs per enrollee, which ranged from $1,044 in Louisiana to $4,155 in Maine (KFF 2008).

Variation within a state, then, has a significant impact on federal spending. The goals that undergird state funding decisions have a direct impact on federal spending. Given that federal spending is formula-based and not subject to federal discretion or review beyond the granting of waivers by HHS, state administrative decisions (and the goals that drive them) can derail accomplishment of the federal goal by funneling funds (as in the case of reapportionment) from states that remain true to the goals of the federal program to those that are spending federal and state funds on an expanded set of goals driven primarily by state interests.

The positive coefficient for the variable measuring propensity to enroll adults suggests that enrollment of adults increases federal spending in a state, controlling for other factors. Conversely, the negative coefficient for the variable representing enrollment of higher-income children suggests that this practice lowers federal spending within a state. Despite the attempt to overcome the issue of endogeneity, the models presented here do not account for the possibility of reverse causation; that is, it may be that enrollment of adults or higher-income children is the result, not the cause, of federal spending. Alternately, there may be some mechanism or confounding factor as yet unaccounted for.

In the case of enrollment of higher-income children, it does not seem reasonable that expansion of the SCHIP program would result in lower overall spending within a state. Given two identical states with identical enrollment of targeted children, an expansion of enrollment by one state to a greater number of children (i.e. expansion of the target group to include higher-income children) should yield an increase in overall spending. This would be the case unless one of the following were true:

1. Enrollment of additional children decreased the cost per child significantly enough that the end result was a net decrease in spending.

2. The expanded population of children is less expensive to insure and the enrollment of members of this expanded group of children generates a replacement effect, essentially replacing expensive "targeted" children with children from the less-expensive expansion group.

3. The higher the income level, the fewer uninsured kids there are to enroll, causing any change in related spending to be statistically indistinguishable from no change at all.

4. SCHIP expansions to higher income groups may be at least partially state-funded rather than being fully subject to standard federal matches. This offset of federal costs may result in a null finding.

Additional explanations can be derived by recognizing that correlation does not necessarily imply causality—the negative intercept coefficient for enrollment of higher income children may be an issue of reverse causality: States with low program enrollment (and thus lower spending) are more likely to expand coverage to include other populations of children. Reasons for low program enrollment (that would also support expansion) may include low levels of children in poverty, or low uninsurance rates among lower-income children (due, for example, to high pre-existing Medicaid eligibility levels and/or Medicaid expansions).

A qualitative look at the data supports the suggestion that enrollment of high upper enrollment limits correlate negatively with percent of children under 200 percent FPL and the percentage of low-income children who are uninsured. High upper SCHIP limits are also highly correlated with high pre-existing child Medicaid limits from 1997. In fact, all observations of states with a high upper SCHIP limit had 1997 Medicaid upper limits of 185 percent FPL or greater. However, inclusion of these potentially confounding variables in the analysis[47] does not substantively alter the conclusion that higher eligibility limits and federal spending are inversely related.

Following a similar pattern of logic, it is possible that, despite efforts to remove issues of endogeneity from the model, the positive correlation between the administrative choice to enroll adults and increased federal spending is spurious.[48] The reverse causation argument would suggest that states with high levels of federal spending were more likely to self-select SCHIP expansions to enrollment of adults. There are several additional factors that could correlate both with federal spending and the decision to enroll adults.[49]

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[47] Because 1997 upper Medicaid eligibility is a time-invariant variable that is dropped from the fixed-effects model, two variables were generated and applied in its place. The first was a raw difference between the upper SCHIP limit in a given year and the 1997 Medicaid upper limit, and the second was an annual difference in eligibility, with the first observed SCHIP upper limit subtracting the 1997 Medicaid upper limit, and subsequent SCHIP limits subtracting the previous year's value. Neither variable affected the finding of negative correlation between federal spending and expansion of SCHIP eligibility to higher income children.

[48] Another competing hypothesis that could explain higher spending levels and the enrollment adults is a spurious correlation due to the omitted time variable. Because adults were never enrolled in SCHIP prior to 2001, increases in state and/or federal spending over time could be captured in the adult dummy variable. To test this hypothesis, a dummy variable for observations occurring in 2001 or later was included in the model. This variable was not significant, and did not substantially alter the coefficient for the adults variable (in fact, it resulted in a slight increase in the coefficient value). Given this effect, the time dummy was subsequently dropped from the model.

[49] It is possible that expansions, both to higher-income children and to adult populations, is intended to achieve improved enrollment of the target population, with the added benefit of providing additional services to populations outside the target group (Artiga and Mann 2007). If this were the case, increased federal expenditures resulting from enrollment of non-targeted populations might be justifiable if the result were an increase in enrollment of the targeted population. This topic will be further explored in the next chapter.

These include large populations of eligible children that might also suggest both higher spending and higher proportions of adult population in need of services; large proportions of targeted children who have been enrolled, which might suggest both higher spending and lower remaining child demand; and finally, a propensity to favor public provision of health insurance.

Expansion to either adults or higher-income children suggests a statutory misalignment with federal goals. The reapportionment program suggests that it is the federal intent to redistribute funds from states that do not need help enrolling children to those that do. State desire to maximize capture of federal dollars suggests a goal that may be in conflict with the intent to enroll as many low-income American children in health insurance programs as possible. Enrolling a low-income child in Minnesota is ostensibly the same in the eyes of the federal government as enrolling a child in New York or Alabama; however, the SCHIP authorizing statute suggests that the federal government might prefer enrollment of a low-income child in Alabama to a higher-income child in New York or an adult in Minnesota.

States, on the other hand, do not share the same redistributive goals unless they are themselves beneficiaries. Minnesota would reasonably be expected to prefer enrollment of its own children or adults to enrollment of individuals in other states, particularly if federal dollars are attached to the public benefit.

This discrepancy in federal mandate and state execution is a principal-agent problem in the most classic sense; the primary aim of the agent is to improve its own utility; while this can initially be accomplished by pursuing the will of the principal (e.g. enrolling low-income children), circumstances arise in which the benefit of the principal and that of the agent may be in opposition. The evidence presented here suggests that in the case of enrollment of adults, federal-state goal conflict in SCHIP exceeds the mere appearance of goal conflict via enrollment of non-targeted populations, but has real-world effects on the stewardship of the federal purse. Regardless of the direction of causality or operant mechanisms linking enrollment of adults to higher federal spending within a state, this analysis has implications for understanding the nature of the relationship between the federal government and the state political and administrative bodies that serve as its agents in grant programs such as SCHIP.

If the increase in federal spending within states that enroll adults is solely a causal impact of administrative choices on spending and/or other outcomes, that has serious implications for the practice of granting exception waivers to states for program expansions that do not accomplish program goals. Likewise, if the effect due solely to self-selection of states with particular situations or characteristics (including higher spending) to participate in administrative choices that expand services, that too has practical implications for the specification of future policy.

Chapter 4: Outcome Conflict in the State Children's Health Insurance Program

Introduction

Enrollment of non-targeted populations, including adults and higher-income children, demonstrates some level of potential conflict with the purposes of SCHIP as outlined in the 1997 Balanced Budget Act (GAO 2002). Such nominal conflict, however, may be inconsequential if it does not strain the resources allocated by the federal government in pursuit of its goal to enroll otherwise uninsured low-income children in public health insurance programs. A final consideration in terms of the potential goal conflict associated with state administrative policy choices is whether or not they hinder the accomplishment of the intended outcomes sought by the federal government. It is possible that some approaches that extend outside the statutory boundaries of a program may provide an innovative way of accomplishing federal goals; indeed, this is the ostensible purpose of the waiver programs associated with Medicaid and SCHIP (CMS 2001). In waiver applications seeking permission to enroll adults in SCHIP, some states cited a desire to improve enrollment of lower-income children by enrolling their parents (Artiga and Mann 2007). If such extra-statutory administrative procedures achieve outcome goals, nominal and even resource conflict may be moot—lost battles in a won war. However, not all states demonstrated an explicit intent to enroll additional low-income children by extending program benefits to non-targeted populations. Some sought additional funds because they had been early leaders in child coverage under Medicaid and felt it unfair that they should have limited access to federal SCHIP funds (Strickland

2008; Gregoire 2008) and some purposefully sought health care coverage for populations other than low-income children (Artiga and Mann 2007).

The empirical question to be addressed in this chapter is whether a state's pursuit of goals outside the explicit goals of the SCHIP program (i.e. to provide public health insurance to low-income children who are ineligible for Medicaid) negatively affect the accomplishment of this federal goal within the state. In other words, does enrollment of higher income children (those living in families whose incomes are above 200 percent FPL) or adults (at any income level) have an effect on the enrollment of federally targeted children within a state? The impact of the state practice of enrolling non-targeted populations on accomplishment of the federal purpose of SCHIP has implications for altering (i.e. limiting or expanding, depending on the nature of the impact) federal procedures for granting waivers. If statutory goal conflict translates into outcome conflict, this may prescribe engagement in tighter quasi-contractual control on state agents by the federal principal in the political economy of the SCHIP grant program.

Data and methods

This set of analyses has the benefit of being divorced from the root causes of goal conflict, instead focusing on observable preferences as expressed by the states in administrative choices—enrollment eligibility of individuals outside the federally targeted population—that may be reasonably be expected to conflict with the explicit aims of the federal program. The empirical question of whether or not this conflict results in negative (or positive) impacts on the accomplishment of federal goals is the focus of this chapter.

In terms of SCHIP program outputs, there are three dependent variables of interest:

- Number of children enrolled in the state SCHIP program (ever in year).
- Percent of "targeted" children enrolled in the state SCHIP program, where "targeted" is defined as children at or below 200 percent FPL who are uninsured plus children who are enrolled in the program.
- Percent of children at or below 200 percent of FPL who are uninsured.

The first variable, number of children ever enrolled in SCHIP in a year, represents raw enrollment and, due to the method of annual reporting be the states to HHS, does not distinguish between low-income program enrollees and those who are higher-income children.[50] However, these enrollment figures do not include adults who are enrolled in the program.

The second variable is the percent of targeted children who are enrolled in SCHIP. The figure for "targeted" children is somewhat complicated by the inability to isolate low-income program child enrollees from higher-income child enrollees, and is thus constructed as the sum of low-income children who are uninsured and those who are enrolled in the program. It is acknowledged that the term "targeted" must thus be interpreted as those who are targeted not only by the enacting SCHIP legislation (in this case, low-income children who are uninsured and those who are insured under the usual SCHIP provisions) but also higher-income children eligible for SCHIP. The numerator in this proportion measure is number of children enrolled at any income level.

The third measure is arguably the most straightforward output measure of the three examined here: A measure of the proportion of children living at or below 200 percent of FPL who are uninsured. Because the explicit purpose of the SCHIP program is to provide health insurance to low-income children, and thereby to reduce the number of uninsured

[50] HHS produced a template for state annual reports that requested data separating enrolled populations by income level. However, this template was either incompletely filled out or ignored completely by most states. In light of the 2007 reauthorization debates, the potential impact of SCHIP eligibility levels became salient. Data for enrollment by income level is now available for 2007 and will presumably continue to be available for future years. This does not help, however, with the present analysis.

low-income children, this measure provides a good indicator for program success within a state.

The independent variables of interest in this analysis represent the two types of non-targeted populations that have been enrolled by states:

- Adults (including pregnant adults, parents/guardians of children, and childless adults, depending on the specific enrollment regulations within a state).
- Children with family incomes above 200 percent of FPL.

Each of these variables is constructed in two ways. First, dichotomous variables are used to indicate whether or not a state provides SCHIP coverage to the population indicated. Coverage of the non-targeted population is coded as 1, whereas a coding of 0 indicates that the population is not eligible for coverage within a state. These measures vary both by state and year, according to the eligibility statutes of that year. A second measure for coverage adults is a count measure for number of adults ever enrolled within a state for a given year.[51] Note that some states did not cover children up to 200 percent of FPL in some years.

The first analysis to be performed focuses on the count of children enrolled in the SCHIP program as the dependent variable. Variables included in this model include total spending (the sum of states' own-revenue spending and federal funding in a state in the given year), state wealth measured by GSP,[52] poverty rate, and a variable measuring percent of the total state population that is uninsured. Two population variables are

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[51] A second measure for child eligibility is the percent of FPL below which any children are eligible for SCHIP coverage. However, given that the dependent variable includes all children regardless of income and the lumpiness of the SCHIP eligibility levels, this did not prove to be a fruitful avenue for additional analysis.

[52] It could be argued that a more pertinent measure of state wealth would be a measure of average personal income within the state. These variables have nearly perfect correlation (correlation coefficient of 0.997) and given the ubiquity of the GSP measure I selected this measure in order to improve comparability with the work of other researchers.

included, one for state population, and one for population of children living at or below 200 percent of FPL.[53]

The total enrollment model is estimated using a fixed-effects panel data model.[54] For purposes of comparison and interpretation, models are estimated with only the dummy variables for enrollment of higher-income children and adults, with the count of adults (if any) enrolled, and with both.[55]

The estimation of models with proportion-type dependent variables pose an interesting estimation problem as they are bounded between 0 and 1. Consistent with techniques proposed by Greene (2002) and Fleiss, et al. (2003), logistic transformation was performed on these variables and they were subsequently estimated with GLS to resolve the resultant induced heteroskedasticity. Despite the inherently different nature of these variables, they are treated here as alternate measures of the same underlying concept—SCHIP success—as the basic enrollment model. They provide some improvement over the enrollment model because models predicting the output measure--raw enrollment—rely on control variables to adjust for varying levels of need in each state rather than attempting to measure outcomes (net reduction in low-income child uninsured) more explicitly (Heinrich 2002). These models should be considered basic checks on the substantive conclusions of the fixed-effects models; they are not intended to be exhaustive models in their own right. This remains a direction for future work.

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[53] This variable is omitted from the model of proportion of low-income children who are uninsured, as it is the measure used as the denominator for the dependent variable.
[54] This model is preferred to random-effects on the basis of the same theoretical arguments discussed in chapter 3.
[55] Alternate specifications of these models included a measure of actual SCHIP eligibility level in place of the dummy for limits over 200 percent FPL, but this did not have a substantive effect on the results.

The interrelationship of SCHIP funding, enrollment, and state administrative choices raises some important questions about the direction of causality in the models presented in this chapter and the previous. An initial attempt at creating a model accounting for simultaneity and causal direction is presented in the form of 3SLS estimates of a four-equation model predicting SCHIP child enrollment, SCHIP (total) funding within a state, enrollment of adults, and enrollment of higher-income children. The equation predicting child enrollment is essentially identical to the models presented earlier in this chapter. The equation predicting total SCHIP spending is drawn from the specification outlined in chapter 3 (omitting variables that were specific to predicting only the federal portion of spending). A set of state dummy variables are included as regressors in the equations predicting SCHIP funding and enrollment in order to account for fixed state effects.

Some discussion of the specification of the instruments in the two dichotomous endogenous policy variables is merited. Though other approaches to instrumental variable techniques in the presence of limited endogenous variables exist, the instrumental variable technique employed here relies merely on linear estimates. Though this approach is not strictly ideal because estimates of the instrumented variables are not bounded between 0 and 1, this technique is nonetheless supported by Heckman (1978, 947)[56] as an appropriate method, provided that a necessary shift in interpretation of the coefficients of the instrumented variables is employed and that consistent parameter estimates are not required. In such a case, the instrumented (now continuous) variable represents the *propensity* to enroll adults or higher-income children rather than the actual enrollment of such.

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[56] The support of heckman is notable because he is the developer of more sophisticated methods but still maintains that the linear method is acceptable: QUOTE.

All models are estimated based on a population of 49 states (all states except Tennessee) for the eight years from 1999-2006.

Hypotheses

Despite evidence that enrollment of adults increases enrollment of children, goal conflict theory operates under the hypothesis that adult enrollment, as a nominally conflicting behavior, has the potential to yield outcome conflict. Thus, it follows that the operating hypothesis should be:

> $\mathbf{H_{1a}}$: Enrollment of adults will significantly decrease enrollment of children

A similar argument suggests that enrollment of higher-income children has the potential to negatively affect enrollment of targeted children. However, we do not have the luxury of a variable isolating higher-income children from lower-income children enrolled in SCHIP. Therefore, due to data limitations we are unable to test the correlating hypothesis that:

> $\mathbf{H_{1b}}$: Enrollment of higher-income children will significantly decrease enrollment of targeted children.

However, the high enrollment policy variable is included in these models despite its impotence in this regard.

Despite the inability to separate higher-income child enrollees from targeted enrollees, a proportion variable approach provides a potential means for overcoming this data limitation. This yields two additional sets of hypotheses, one for each proportion dependent variable, beginning with the proportion of targeted children who are enrolled in SCHIP:

H_{2a}: Enrollment of adults will significantly decrease the proportion of targeted children who are enrolled in SCHIP.

H_{2b}: Enrollment of higher-income children will significantly decrease the proportion of targeted children who are enrolled in SCHIP.

And for the proportion of low-income children who are uninsured:

H_{3a}: Enrollment of adults will significantly increase the proportion of low-income children who are uninsured.

H_{3b}: Enrollment of higher-income children will significantly increase the proportion of low-income children who are uninsured.

The four-equation 3SLS model employed at the end of this analysis is intended as a first attempt at establishing causal relationships between the policy variables and the resource and outcome measures presented in chapters 3 and 4. The hope is that employment of instrumental variable techniques will alleviate endogeneity problems that otherwise limit causal inference in standard estimation. Based on the idea that nominal goal conflict in enrollment of adults and/or high-income children may result in resource conflict and/or outcome conflict, we test the following relationships in the 3SLS models (note that these hypotheses are essentially repeats of the previous hypotheses):

H_{4a}: Enrollment of adults will significantly increase federal spending on SCHIP within a state (resource conflict)

H_{4b}: Enrollment of higher-income children will significantly increase federal spending on SCHIP within a state (resource conflict)

H_{4c}: Enrollment of adults will significantly decrease child SCHIP enrollment within a state (outcome conflict)

H_{4d}: Enrollment of higher-income children will significantly decrease child SCHIP enrollment within a state (outcome conflict)

Results

The models presented in table 4.1 demonstrate the cumulative effect of enrolling adults on child enrollment (model 1), the marginal effect of each additional adult enrolled (model 2) and both (model 3). The evidence from these three models summarily fail to reject hypothesis H_{1a}, as all variables accounting for the enrollment of adults are both negative and statistically significant at α=0.05. The average decrease in intercept value for child SCHIP enrollment ranges in these estimates from roughly 40,000 child enrollees[57] (model 1; not accounting for marginal effect of adult enrollment) to about 16,000 child enrollees (model 3; accounts for marginal effect of adult enrollment). These intercept values must, of course, be tempered by the individual state intercepts that are estimated in these fixed-effects models but not reported here. Estimates for the marginal effect of enrolling one additional adult range from about -0.7 (model 2) to -0.6. This roughly translates to a decrease in enrollment of two children for every three adults enrolled.

The dependent variable in the first set of models is a continuous raw enrollment measure that is not directly scaled for population and thus relies on the specification and functional form of the model to isolate the effects of enrollment of non-targeted populations from the effects of state size, spending capacity, and other key factors. The

[57] In a model including number of Medicaid beneficiaries, but excluding the year 2006 (due to data availability at the time of estimation), this model 1 estimate increases in magnitude to a decrease of roughly 43,000 child enrollees. The model 3 estimate, however, decreases to roughly a 8,100 child decrease, though the marginal effect estimate in model 3 increases in magnitude to a .81 child decrease for every adult enrolled. The marginal effect in model 2 increases in magnitude to a 0.88 child decrease for every adult enrolled when controlling for number of Medicaid beneficiaries.

inability, due to data limitations, to isolate “non-targeted” children from the enrollment figures limits interpretation of the effect of high upper eligibility limits on enrollment of targeted children. As the variables are currently constructed, we would expect the effect of high eligibility limits on total child enrollment to be positive, as indeed it is, though this variable does not achieve statistical significance in this set of models.

The models in table 4.1 suggest that the enrollment of adults has a significant and negative effect on the enrollment of children. This finding merits additional scrutiny. It is important to note that this approach does not distinguish between the types of adults enrolled in SCHIP; adults may be pregnant women, parents or guardians of children, childless adults, or some combination of these three adult populations. It is reasonable to expect that the effect of adult enrollment on children might differ based on the type of adults enrolled, but this information is presently unavailable in any consistent manner and thus this analysis is limited to the cumulative effect of enrollment of adults on the enrollment of children.

The positive (albeit not statistically different from zero) intercept for the high upper SCHIP eligibility limit is understandable, and even predictable, given the nature of the dependent variable, which counts enrollment of all children. However, in the preceding analysis, the hypothesis that incremental increases in the upper SCHIP eligibility limit affect enrollment rates has not been tested. Indeed, one would expect increases in the SCHIP eligibility limit to positively affect enrollment rates.

Despite their apparent basis in goal conflict theory, the findings from the above linear regressions are somewhat curious in light of a strong body of literature that supports the enrollment of adults as a means for increasing enrollment of targeted children

(Rosenbaum and Whittington 2007; Ku and Broaddus 2000; Dubay and Kenney 2003). These previous studies, however, justifiably focus on proportion data as dependent variables in their (primarily difference-in difference) analysis. Indeed, the raw linear model is sensitive to state-level variations despite the inclusion of control variables and state fixed-effects that are intended to improve confidence in the results. Furthermore, raw enrollment figures are mere outputs whereas proportion variables are better measures for understanding outcomes.

Table 4.2 presents the fixed-effects regression of the proportion of targeted children who are enrolled on SCHIP on the same regressors employed previously. Model 1 presents estimates produced on the raw dependent variable and model 2 presents the regression on the logistically transformed dependent variable (McDowell and Cox 2004).[58]

Considerably less variation is explained in these models than in the non-proportion models above. However, in the non-transformed model, enrollment of higher-income children and enrollment of adults both appear to increase the proportion of targeted children who are enrolled in the program. These estimates suggest that enrollment of higher-income children increases the proportion of enrolled targeted children by roughly 9.4 percentage points[59] (p=0.0550), and enrollment of adults increases the proportion of enrolled targeted children by roughly 8.6 percentage points (p= 0.0020). These findings

[58] GLS estimation (with dummy fixed-effects) of the logistically transformed proportion variable did not substantively change results from estimates produced by **xtreg, re**, which are presented here.
[59] In a model controlling for Medicaid beneficiaries, enrollment of higher income-children has a smaller positive effect, increasing proportion of enrolled targeted children by only 5.6 percentage points. In this model, the effect of enrolling higher-income children on enrollment of targeted children is not statistically significant (t=1.02, p=0.309). In this model, enrolling adults increases the proportion of enrolled targeted children by 7.24 percentage points. This finding is significant at the .05 level (t=2.36, p=0.019).

are consistent with previous research regarding the role of adult enrollment on enrolling children.

The percent of children at or below 200 percent of FPL who are uninsured is a relatively straightforward measure of the success of SCHIP. Unlike enrollment counts, this measure directly relates to the overarching aim of the SCHIP program, which is to reduce the number of uninsured children in poverty. While enrollment rates are clearly tied to this aim, they are merely an output measure, whereas percent of low-income children who have insurance—from any source—is arguably a better measure of program outcomes. This measure is not perfect; analysis using this dependent variable cannot describe public-private substitution effects nor can it isolate the effects of SCHIP from those of private insurance or public insurance from programs other than SCHIP. However, the substantive question to be answered is not focused solely on the impact of the SCHIP program, but rather whether or not a discernable impact of enrolling non-targeted populations can be observed. Thus, the approach to these models will be similar to the approach used above, first by including only dummy measures for the enrollment of non-targeted adults and/or children. Note that in the following analysis, increases in the value of the dependent variable represent negative outcomes.

As in the previous proportion analysis, the enrollment of adults is associated with program success. Table 4.3 presents the results, of the fixed-effects model of percent children under 200 percent of FPL who are uninsured. Model 1 suggests that enrollment of adults significantly decreases the proportion of low-income child uninsured by roughly

1.8 percentage points[60] (*p*=0.0480). Interestingly, high upper eligibility is associated with increases in the low-income child uninsurance rate, though this finding does not achieve statistical significance (*p*=0.6900). This is a finding of note, however, as this is the first model that does not suffer from the issue of including high-income child enrollees in the measure used as the dependent variable. It is also, whether coincidentally or not, the first model presented[61] in which enrollment of higher-income children may be found to have a negative effect on outcomes.

Despite the shadows cast on the linear output model presented in table 4.1, the final approach in this chapter returns to the output model and explores the interrelationship of the funding model introduced in chapter 3, the output model presented in table 4.1, and the two policy variables of interest. A simultaneous equation approach (three-stage least-squares) is employed to address the simultaneity issues addressed in the discussion portion of chapter 3 and to acknowledge the temporal interrelationships of the policy and output variables of interest. Table 4.4 presents the results. Model 1 presents the 3SLS regression results in the absence of state dummy variables. Models 2 and 3 employ dummy variable fixed-effects to control for idiosyncratic error. Model 2 differs from models 1 and 3 in that it omits the variable for actual count of adults enrolled in SCHIP, leaving the dummy policy variable to account for all variation resulting from enrollment of adults. The policy variables are instrumented on a set of variables drawn from the discussion to be presented in chapter 5.

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[60] When controlling for Medicaid beneficiaries, this estimate lowers a decrease of 1.47 percentage points, and the finding is no longer statistically significant (t=-1.44, p=0.151). There is almost no substantive change in this model regarding the impact of enrolling higher-income children.

[61] The author has found some other evidence to suggest that the enrollment of higher-income children may have a negative impact on program outcomes, though these efforts continue to be stymied by the data limitations causing fits and starts here.

Though the models for child enrollment and total spending achieve relatively high R^2 values, the models predicting the policy variables do not fare so well. In particular, variation in the adult enrollment variable is poorly predicted (R^2=0.41 in model 1 and 0.54 in models 2 and 3). This difficulty in predicting policy adoption is discussed in chapter 5. The model predicting high child eligibility limits is somewhat more successful (R^2=0.85).

This set of exploratory models serves essentially one purpose: to make some attempt at determining the causal direction of any correlations between the policy and output variables. For these models, the continuous, linear output measures presented first in chapters 3 and 4 are utilized, in part because of their simplicity and in part because these are the models in which relationships between the policy variables and outputs were strongest. These were also the models in which causal direction was the most questionable.

The contrast between model 2 and model 3 with regard to enrollment of adults are interesting; in the absence of the count variable for number of adults enrolled in a state, the coefficient for the adult enrollment policy intercept is negative, as it has been in previous models. In model 3, however, this variable shifts to a positive value, and the count of adults enrolled variable has a negative and statistically significant coefficient of roughly -1.2, suggesting that for every additional adult enrolled in SCHIP, at least one fewer children enrolls. This finding is also interesting in contrast with model 3 in table 4.1, in which the policy intercept is both negative and significant. This difference may be a favorable and more accurate representation due to the simultaneous modeling approach or may be unfavorable bias resulting from poor instrumentation of the endogenous policy variable. The sensitivity of the adults policy variable to functional form and to the means of measuring the concept of "enrollment success," conclusions drawn here are tenuous. However, there is at least moderate support that when SCHIP outputs are measured in raw child enrollment, high enrollment of adults has a negative impact. Whether the policy of enrolling adults has this impact independent of the number of adults enrolled or the resources spent on those adults is as yet inconclusive.

The high eligibility policy variable, the coefficient of which had been positive (though not significant) in the previous enrollment output models, is positive in the model that does not account for state fixed-effects but negative in both models that include them. Though this finding does not achieve statistical significance at α=0.05, the change in sign that appears to be due to a resolution of remaining endogeneity is worthy of note. Greater confidence can be assigned to this finding than in the adults variable because the instruments appear to be more effective in predicting this policy variable. However, the same caveats regarding the questionable quality of the instruments remain.

Child and adult enrollment both have significant and positive effects on total program spending as expected. Accounting for fixed-effects and these enrollment effects (model 3 in table 4.4), the adults policy variable does not appear to have an independent effect on total spending. Having high child eligibility limits, however, has a significant and positive intercept coefficient (β=205.39, p=0.0300) suggesting that having a policy of enrolling higher-income children increases total SCHIP spending independent of the number of total children enrolled.

The coefficients for child and adult enrollment (model 3, table 4.4) suggest that for every additional enrollee, costs increase by $1,600 and $1,500 respectively. Most estimates demonstrate that enrolling adults is more expensive that enrolling children in health insurance programs (KFF 2008). This casts some doubt on the quality of these estimates. This may be an artifact of the instrumentation of the adult enrollment policy variable and may be resulting in some multicollinearity issues.[62] The figures themselves, however, are reasonably close to estimates of cost per enrollee in analysis of the Medicaid program (KFF 2008). Regardless, the conclusion that enrollment of adults increases federal spending within a state remains intact, though no additional information about the mechanism can be conclusively drawn from this model, except to suggest that the number of adults enrolled, rather than the policy of enrolling adults, appears to be the primary causal factor.

Models predicting the employment of policies that enroll non-targeted populations in SCHIP will be discussed in greater detail in chapter 5. However, the models presented here do suggest that some reverse causation is at play with regard to the interplay between the policy variables and the output variables.

All three models estimated by 3SLS suggest positive relationships between child enrollment, total spending, and the practice of having high upper eligibility limits. For the models that include controls for fixed-effects, these findings are statistically significant at 0.10.[63] This is the case even after controlling for a time-invariant “propensity” variable that identifies each state that ever enrolls higher-income children from 1999-2006. Likewise, child enrollment and total spending are positive and significant (α=0.05)

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[62] The 3SLS estimates presented in model 1 below suggest estimates of $1000 for child enrollees in federal spending per year and $1400 per adult. The shift in cost estimates between models 1 and 3 is a result of the employment of fixed state effects in the latter.

[63] These findings are significant at $\alpha = 0.05$ except for the total spending variable in model 3, which has a *p*-value of 0.0870.

predictors of whether a state will enroll adults. Simultaneity is thus an important factor to consider in models relating non-targeted enrollment policies and program outcomes.

Discussion

The State Children's Health Insurance Program was created with a single, unambiguous objective: To provide states with enhanced means for enrolling low-income children in public health insurance programs. Chapter 3 discussed the financial output consequences of state expansions to non-targeted benefit populations, and this chapter has focused on the impacts of these expansions on enrollment of low-income children.

The findings in this chapter are very sensitive to the outcome measurement used, and as such are somewhat inconclusive. The empirical reality in which SCHIP operates is complex and involves endogenous factors, group effects and data limitations that make conclusive analysis difficult. However, the corrective techniques employed in this chapter provide some evidence (particularly from the final model presented) to suggest that enrollment of non-targeted populations has a negative correlation the enrollment of low-income children in SCHIP. The direction of causality here is not effectively established, however, due to the absence of child Medicaid enrollment figures to determine whether low-income children are not enrolling in SCHIP because they are already eligible for Medicaid.

If the purpose of SCHIP (in combination with Medicaid) is to reduce the total percentage of low-income child uninsured within a state, this chapter presents modest evidence to suggest that the enrollment of adults in SCHIP may actually lower the rates of low-income child uninsurance. This finding is consistent with previous studies on family coverage expansions. However, the same model suggests that enrollment of higher-income children has a positive correlation with child uninsurance rates. This makes sense given that there is no clear causal mechanism for enrollment of higher-income children positively affecting enrollment of lower-income children.

If the outcome of interest is the proportion of targeted children (including higher-income child enrollees, low-income child enrollees and low-income uninsured children) who are enrolled in SCHIP, this chapter suggests that enrollment of adults and higher income children have positive correlations with the outcome. This outcome measure is, however, somewhat flawed in that it includes the non-targeted population as a group of desirable beneficiaries. This is not necessarily an interpretation that is consistent with the stated purpose of SCHIP. This outcome measure was primarily employed due to data limitations that prohibited the isolation of high-income child enrollees from the SCHIP child enrollment figures available through the Centers for Medicare and Medicaid Services (CMS).

Chapter 5: Goal Conflict and Enrollment of Non-targeted Populations

Introduction

The 2007 SCHIP reauthorization debate identified the enrollment of non-targeted populations in the SCHIP program as a form of conflict between the goals of some states and the goals of the federal institutions that authorized SCHIP as part of the Balanced Budget Act of 1997 (GAO 2002). This goal conflict was of such import to the policymaking process that it effectively prevented the reauthorization of the SCHIP program and resulted in two presidential vetoes of bills passed by Congress (Bush 2007).

This chapter focuses on the prediction of state administrative decisions regarding the enrollment of two non-targeted populations in SCHIP: adults and higher-income children. Enrollment of either of these groups represents a manifestation of goal conflict based on the purpose of SCHIP stated at its inception (GAO 2002). This face conflict, however, is further augmented by the effects of enrollment of non-targeted populations on federal funding patterns (resource conflict) and outcomes (outcome conflict).

Clearly, state-level characteristics affect the decisions of states regarding administrative choices about the use of SCHIP funds. Some states have an ideological culture that supports expansion of public health insurance programs, others face issues related to high rates of poverty, immigration, or both; some states have greater administrative capacity for seeking and receiving waivers from the federal bureaucracy, and still others face state funding constraints that affect decisions about the expansion of state-administered programs like SCHIP.

The state-level characteristics that create the environment for state-level decisions about SCHIP administration can be classified in terms of belief, goal and plan arenas and may generate conflict with the federal purposes of SCHIP within a state. Ultimately, these conflicts manifest themselves in programmatic choices including the decision to enroll populations outside of the federal target of children living at or below 200 percent of FPL.

No clear patterns exist in the approval of waivers allowing states to enroll non-targeted populations in SCHIP.[64] If the legislative goal for SCHIP is to increase enrollment of low-income children in health insurance programs, we could expect to see demonstration waivers used to encourage enrollment of the target population. Indeed, the language of section 1115 of the Social Security Act, which grants the authority for the HIFA waiver initiative, provides that exceptions to standard federal policy is acceptable "[i]n the case of any experimental, pilot, or demonstration project which, in the judgment of the Secretary, is likely to assist in promoting the objectives" of SCHIP (CMS, 2001). HIFA, however, expands this objective to include more than the explicit SCHIP target population: "Our goal is to give governors the flexibility they need to expand insurance coverage to more Americans through innovative approaches" (CMS, 2001). It appears that states that have been successful at insuring low-income children have sought other ways to capture and spend federal monies through enrollment of non-targeted populations rather than redistributing them to states with lower success rates, and states with low success rates are enrolling non-targeted populations despite their failure to enroll low-income children. It stands to reason that states with the lowest success rates may be motivated to find alternative means of reaching the targeted population—thus seeking

[64] See discussion on this topic in chapter 2.

demonstration waivers for innovative approaches—but neither Texas nor Florida, whose uninsurance rates are the lowest in the country, insure adults or higher-income children to improve enrollment of targeted children. Of the 16 states with low-income uninsurance rates of 20 percent or higher, 6 insure adults and 5 insure children outside the target population.

Nor does coverage of non-targeted populations appear to be the key to low uninsurance rates; four of the states with among the lowest low-income uninsurance rates, Iowa, Ohio, and West Virginia, do not use SCHIP funds to cover adults or higher-income children.

In this chapter, we seek to use the theory presented in chapter one to derive variables that may help to predict enrollment of non-targeted populations. As seen in chapter two, no obvious qualitative conclusion can be drawn regarding the underlying motivations of states to engage in these policy behaviors, though some researchers have been willing to take the statements of the states themselves at face value (Artiga and Mann 2007).

In the subsequent analysis, variables operationalizing concepts of belief conflict at the citizen/population level, priority conflict at the legislative and institutional level, and plan conflict at the administrative level will be used to predict the plan variables that demonstrate federal-state goal conflict in this analysis. Limited dependent variable estimation techniques will be employed to model several outcomes related to the enrollment of non-targeted populations in the SCHIP program. Specifically, this analysis will attempt to predict or describe correlates of the following dependent variables:

- Whether or not a state enrolls adults in a given year (logit)
- Whether or not a state enrolls higher-income children in a given year (logit)

Goal conflict is conceptualized in these models as a latent variable that has a significant impact on states' decisions regarding the plan-level implementation of SCHIP. Goal conflict theory suggests that goal conflict may be comprised of multiple types of conflict that fall into three broad categories: belief conflict, priority conflict, and plan conflict (Barber et al. 1998). In the policy context, conflicts that result from fundamental underlying citizen beliefs or the aggregation of preferences at different levels are defined as contributors to belief conflict. Conflict that arises out of a prioritization of other issues, projects, or programs (generally at the legislative level) over the priorities associated with SCHIP are characterized as priority conflict. SCHIP program implementation decisions or program specifications that may be at odds with other potential implementation decisions or program specifications (generally at the administrative level) are defined as plan conflict. Thus, the latent variable for goal conflict is essentially subdivided into three separate but intertwining latent variables. To assist in analysis, plausible specific types of goal conflict at each of these three levels are identified and measures or proxies proposed. These are discussed in more detail below.

The question to be answered in this analysis is whether or not state-level conflict with federal goals—a latent variable that cannot be directly measured but that has great potential to affect implementation of state-administered federal policy-- can be effectively identified and/or predicted using observable state characteristics. In other words, can application of goal conflict theory enhance our ability to understand state implementation of federal policy? Though substantive policy-specific findings will result from this analysis, the research question goes beyond the specific SCHIP policy context, with implications for federal grant programs and related issues of intergovernmental management (Goggin 1986; Moe 1984; Nicholson-Crotty 2004).

The dependent variables in this analysis represent nominal goal conflict: Plan specification decisions that explicitly conflict with the legislative goals of SCHIP as identified in the 1997 Balanced Budget Act and as interpreted by President Bush in the 2007 policy statements regarding his decision to veto two separate Congressional SCHIP reauthorization attempts. Specifically, these dependent variables embody the decision to enroll populations outside of the target population of children whose family incomes are 200 percent of the federal poverty level or below. This plan specification decision may be made in one of two ways: enrolling higher-income children or enrolling adults.[65]

Enrollment of adults and enrollment of higher-income children each represent a departure by the implementing states from the stated goals of the SCHIP program, and as such are good representatives of the goal conflict concept. These binary measures, however, are themselves proxies for the latent variable of goal conflict. The presence of two different policy outcomes as responses to goal conflict identify the multidimensional nature of state-federal goal conflict; states may have beliefs and priorities that result in a wide variety of goals that have the potential to conflict with federal aims.[66] Some state administrative decision outcomes may be more easily predicted than others based on state characteristics and demonstrable goal conflict in other policy areas.

[65] Or both.
[66] Not all of these goals are directly related to the policy as are demand for enrollment of adult or higher-income populations. Goals may include fiscal goals (such as a desire for capture of federal funds) or others.

A latent variable approach

The binary dependent variables representing enrollment of adults and enrollment of higher-income children may actually be thought of as proxy measures for latent propensities to enroll these non-targeted populations (Von Eye and Clogg 1994; Heckman 1978). This latent propensity may be described as a taste or preference for enrollment of adults or higher-income children, and is among the factors that contribute to the larger, multi-dimensional concept of state conflict with federal goals. As such, a potentially significant endogeneity issue arises: The dependent variable is a measure for one dimension of the same latent variable that theoretically undergirds the variables used to predict it. In other words, this approach uses several indirect measures of a multi-dimensional latent variable to predict another indirect measure of the same latent variable. By definition, the latent variable itself cannot be directly measured, resulting in error-term variation (caused by the latent variable) that correlates with both the dependent and independent variables. While this endogeneity may cause spurious correlation and bias the coefficient values in the models presented below, the spurious correlation resulting from capture of the latent goal conflict variable in the regressors may prove useful: the goal is to see whether observable characteristics or decisions of states can be used to capture the unobservable state preferences that undergird state policy implementation decisions. Thus, the only endogeneity issues that require resolution are those arising from error term omitted variables *other than goal conflict*. That said, care must be taken in interpretation of the following empirical models, with explicit recognition that coefficient estimates for independent variables cannot merely be taken at face value, but must be interpreted as potentially being impacted by the latent (endogenous) goal conflict concept.

It is important to note that during the process of determining state implementation procedures for SCHIP and similar programs with sufficient discretion, state priorities are weighed and prioritized (Goggin 1986). This prioritization of multiple interests results in simultaneous decisions regarding enrollment populations, enrollment procedures, and other program characteristics due to the zero-sum environment in which these policy and implementation decisions are made. Endogeneity therefore exists when considering plan-level factors that may affect decisions regarding enrollment of non-targeted populations, as states may be selecting among what are essentially mutually exclusive administrative choices. Some delicacy in interpretation is thus required when considering plan-level independent variables, as they are dually endogenous: the selection of some plan characteristics may be the result of response to a latent set of state preferences and characteristics that embody goal conflict and simultaneously represent policy implementation decisions that are structurally linked to the dependent variables due to practical limitations. That said, the selection among policy options that are thus structurally linked is arguably driven by state preferences and characteristics; thus, goal conflict based on those preferences and characteristics is the most important source of endogeneity even in these plan-level variables.

High Upper SCHIP Eligibility Limits

Prediction of high child SCHIP upper eligibility limits provides insight into the potential reasoning of states regarding expansion of SCHIP eligibility beyond the stated federal goals of the program.[67] The focus here is on state policy decisions for three

[67] Procedurally, states must receive approval from HHS in order to use federal matching funds to support programs that target children outside of the federally identified range (which later expanded from the statutory 200 percent FPL to 250 FPL, and now includes an institutional provision allowing upper limits

reasons. First, states must initiate waiver applications if exceptions are to be made by the federal administrative body. The first responsibility for the decision to expand eligibility thus lies explicitly with the states. Second, federal motivations are here assumed to be constant across states (politics and state capacities notwithstanding) and general procedures and guidelines for approval of waivers are outlined in various HHS publications. This (assumed) lack of variation shifts the type of analysis required from quantitative to what would essentially be a qualitative case study of the internal function of HHS regarding approval of SCHIP waivers, and remains a direction for future work.[68] Third, this analysis is particularly concerned with state-level goal alignment and its effects on federal goal outcomes, rendering the state-level analysis the most relevant for answering the question at hand.

By the end of 2006, 14 of the 49 states in this analysis (roughly one third) were engaged in the practice of enrolling children whose family incomes exceeded 200 percent of FPL. Of these, more than half enrolled children above the 250 percent FPL mark. Over the eight years from 1999 to 2006, 25 percent of observations enrolled higher-income children.

High SCHIP eligibility and Medicaid

One major factor contributing to the enrollment of higher income children was the pre-existing child eligibility limits under Medicaid. By design, states are barred from

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within 50 points of the highest Medicaid eligibility rate). So the question is not merely one of state motivations, but also of the motivations of the federal administrative body.

[68] Some researchers have begun to question the assumption that federal agencies respond similarly to all states with regard to discretionary matters including distribution of federal grant monies. Political variables have been shown to be significant in administrative decisionmaking that had been previously assumed to be relatively formulaic. While political and capacity variables are included in this analysis as state-level indicators of goal alignment, I cannot effectively rule out the possibility that these indicators demonstrate political collusion between the federal agency and the states.

enrolling children in SCHIP if they were eligible for Medicaid under state rules prior to enactment of SCHIP. Prior to SCHIP, five states had child Medicaid upper eligibility limits of 200 or above, and 21 states enrolled at least some children at 185 percent FPL or below. 185 percent of FPL was the highest Medicaid upper eligibility limit that did not require a waiver from HHS under Medicaid rules. The qualitative correlation between high upper Medicaid eligibility limits and high upper SCHIP eligibility limits is clear. All 5 of the states that had enrolled children above 185 percent FPL prior to SCHIP enrolled higher-income children in SCHIP by 2006. All 23 states that had Medicaid eligibility limits of 150 FPL or below did not have SCHIP programs that enrolled higher-income children by 2006. These correlations may indicate issues of goal alignment, capacity, or need. What is more qualitatively interesting, however, is the relatively equal distribution of states that had upper Medicaid eligibility limits of 185 percent: Of these states, 12 had 2006 upper SCHIP eligibility limits of 200 percent FPL or below, and 9 had limits above this level.

The correlation coefficient between the binary variable for high SCHIP eligibility levels and the variable for the highest 1997 SCHIP Medicaid eligibility level, computed over all 392 observations, is .6363. The correlation between the 1997 highest SCHIP child Medicaid eligibility level and the 1999 SCHIP eligibility level dummy is 05968 and between the upper Medicaid 1997 limit and the continuous (though lumpy) SCHIP upper limit in 1999 is 0.3700. The correlation between the 1997 highest Medicaid eligibility level and the 2006 dummy for high SCHIP upper limit is 0.6557 and the continuous measure in 2006 has a correlation coefficient of 0.5932. All of these correlations are significant at the 0.01 level. With the exception of Washington, which did not yet have an approved SCHIP plan, all states with high upper Medicaid child eligibility limits already had SCHIP eligibility limits above 200 percent FPL by 1999. By 2000, even Washington had an upper SCHIP eligibility limit of 250.[69]

The correlation between the decision to enroll higher income children and the pre-existing level of child Medicaid coverage reflects the structural limitation on use of SCHIP funds to children who were previously ineligible for Medicaid. Several states had demonstration waivers under Medicaid that allowed them to enroll children above 185 percent of FPL, the highest eligibility level allowable under Medicaid in 1997 without a demonstration waiver.[70] This level of previous Medicaid coverage played a role in granting SCHIP waivers to allow some states to increase their eligibility limits above the 200 percent limit and thereby access SCHIP funds for which they would otherwise have been ineligible. The motivation to grant these waivers was ostensibly to avoid punishing states for having had pre-existing demonstration waivers under the Medicaid program that already provided coverage to the SCHIP target population. Denial of SCHIP funds to these states due to their technical ineligibility would have been politically unpopular. These waivers were allowed prior to the availability of waivers under HIFA.

The relationship between the upper Medicaid child eligibility limit and SCHIP eligibility suggests that they could easily be considered measures of the same latent variable for propensity to enroll higher-income children. This propensity to enroll children at levels higher than those outlined by federal programs is certainly a shared characteristic between the high child Medicaid eligibility limits in 1997 and the

[69] Tennessee, which is not included in the analysis, had no upper child Medicaid eligibility limit based on a Medicaid demonstration waiver granted in 1994.
[70] Notably, 21 states had 1997 upper child Medicaid eligibility limits of 185. Of these, 5 had SCHIP eligibility limits over 200 percent FPL by 1999 and 9 had SCHIP eligibility limits over 200 percent FPL by 2006.

successful negotiation of demonstration waivers allowing enrollment of higher-income children in SCHIP. States with demonstration waivers in place to enroll higher income children in the Medicaid program (despite ostensible federal limits on upper eligibility limits) may have been responding to the same dimension of goal conflict under Medicaid as they later expressed by having increased eligibility limits under SCHIP.[71] Further, the qualitative and structural relationship between upper child Medicaid limits and SCHIP upper eligibility limits renders the two observables virtually indistinguishable, particularly when the SCHIP upper limit dependent variable is coded in a binary manner (1=eligibility limit above 200 percent FPL, 0=eligibility limit of 200 percent FPL or below).

Independent Variables

Chapter one provides a framework for identifying variables that may predict the state-level goal elements that could lead to state implementation decisions that conflict—either directly or indirectly—with the federal goal of enrolling low-income children in SCHIP. The three levels of goal conflict—belief, priority and plan—provide a general framework for the identification of proxies that capture latent state-level characteristics that might otherwise be unobserved.

Belief conflict

Belief conflict refers to the underlying belief patterns and preferences that may or may not manifest themselves in structured institutions that aggregate preferences. Belief-

[71] A plausible competing explanation is that these states have a desire to capture more federal funds by increasing eligibility limits. Given that there were no options other than increasing child eligibility limits for accessing increased SCHIP funds prior to 2001 (when HIFA waivers became available), it is difficult to distinguish between preference for child enrollment and preference for capture of federal funds as motivations for the goal conflict. However, the manifestations of the latent conflict are evident, and likely to be consistent from the Medicaid program to SCHIP. Another competing hypothesis is that states with greater administrative capacity are more able to seek and receive waivers.

level conflict is relatively passive; differing belief systems and preferences can easily coexist among actors and only cause conflict indirectly through ordering of priorities and development of plans. In the policymaking context, belief conflict is most analogous to the passive preferences of the citizens in a jurisdiction. In this analysis, belief conflict is operationalized using the citizen liberalism score developed by Berry, et al (1998). The party of governor is also included (1=Democrat, 0=other) as a proxy measure for the belief status of a state.

Priority conflict

In the policymaking context, priority conflict manifests itself through the ordering and prioritization of multiple objectives. This ordering is primarily the responsibility of elected officials, who must discern the beliefs and preferences of their constituents and act accordingly (Pagen and Shapiro 1983). This process may require prioritization not only of some issues above others, but also the ordering of constituencies themselves, as elected policymakers and bureaucratic rulemakers are beholden to multiple constituencies at once (Pfeffer and Salancik 1978; Chubb and Moe 1990; Furlong 1998; Balla and Wright 2001). Priority conflict thus occurs when one actor prioritizes issues or constituency needs in a manner that conflict with the ordering preferred by another actor. These priority differences do not always yield conflict; it is possible that priorities are sufficiently matched to allow for mutual accomplishment of differently prioritized goals. However, in the zero-sum environment of intergovernmental legislative action, priority differences have the potential to yield direct conflict (Feldman et al. 1994).

Because the primary question of priority conflict in this analysis lies in the potential conflict between states and the federal legislative intent of the SCHIP program, priority-level variables include percent of Congressional delegates from the state that voted in favor of the 1997 Balanced Budget Act (the SCHIP authorizing legislation), and the vote to override the veto of the second SCHIP reauthorization bill. This measure is intended to capture discernible priority conflict that existed at the time of the legislation. The reauthorization bill is the better measure of the two because it explicitly focuses on SCHIP, whereas the Balanced Budget Act of 1997 included a wide variety of budgetary provisions in several areas of federal fiscal operation.

The SCHIP program as initially conceived targets a relatively limited portion of the US population: low-income children without health insurance. Whether or not health insurance coverage of this population within a state is a priority to that state—as compared with coverage of the uninsured population as a whole or some other population segment—is a question that may affect administrative decisions regarding enrollment of non-targeted populations. This priority conflict is operationalized by including variables for the percent of children at 200 percent FPL or below who are uninsured and the total population uninsurance rate for a state.

State demand for health spending may also indicate a priority conflict. States with low demand for health spending may have different preferences for the use of federal SCHIP monies than do states with high demand for health spending. The log of health spending is included to account for this potential variation.

Plan conflict

Plan conflict in the policymaking context is conflict in the specification of a policy or its implementation. More than in priority conflict, plan conflict generally occurs in a zero-sum environment where limited resources are allocated based on specific sets of procedures. When these procedures conflict, resolution of the conflict is generally requires one procedure or the other to acquiesce; limited resource availability does not allow for accomplishment of both plans at once. In the SCHIP program, plan conflict manifests in a variety of administrative choices made by the states in implementing the SCHIP program. Among these decisions are the selection of upper income limits, decisions regarding the enrollment of adults, and enrollment and eligibility procedures. Enrollment of adults or higher-income children are the plan variables that form the dependent variables in this analysis. However, additional plan-level variables are selected by the states in implementation of SCHIP. Therefore, these other implementation decisions may be expected covariates of plans that allow enrollment of non-targeted populations. The plan-level variables included in this analysis are a dummy variable for use of SCHIP funds in a Medicaid expansion program (as opposed to stand-alone SCHIP or combination programs), a dummy variable for employment of presumptive eligibility or continuous enrollment (or both), and a dummy variable for enrollment of the non-targeted population not already entering the model as the dependent variable (in models of adult enrollment, a dummy variable for enrollment of higher-income children is included and vice versa).

Controls

Several variables are included in the analysis to control for a variety of important state-level factors that may influence decisions regarding state implementation decisions. These include population, gross state product, total SCHIP spending (including federal and state funding), In addition to the controls listed above, the implementation literature suggests that state administrative capacity influences decisions regarding policy specification within the states (Goggin 1986). In order to control for state capacity, three variables have been included: The number of days to submission of the state's initial SCHIP proposal for federal administrative review, the total number of days to state implementation of the program, and the number of program amendments to date submitted to the federal administrative body by a state (Goggin 1999).

It is important to note that though these variables are ostensibly included as measures of administrative capacity, they could also serve as potential indicators of state-level goal conflict. Rapid submission of a plan and/or implementation of the SCHIP program could suggest high alignment with the intent of the program as well as high capacity to complete the administrative tasks required for submission and implementation. Likewise, a high amendment count might suggest, in addition to capacity for refining program implementation plans, jockeying by the state to overcome goal conflict while maximizing the acquisition of federal dollars. For models using enrollment of adults as a variable (and not controlling for time otherwise), the limitation on enrollment of adults that existed prior to 2001 is addressed by limiting the sample only to observations occurring in or after 2001. [72] For comparison purposes, the pooled logit model estimated using the time-invariant variable for whether adults were ever enrolled in a state is also estimated on the full sample of observations.

[72] Four states, Minnesota, Rhode Island, New Jersey, and Wisconsin, enrolled adults in SCHIP in 2001, the year that HIFA waivers were introduced.

Data and methods

The data in this chapter is a balanced panel of annual observations for 49 states over the eight years from 1999-2006. Based on the theory outlined in chapter one, it is hypothesized that belief-level, priority-level, and plan-level variables will impact a state's decision to enroll children above the 200 percent limit. While some states may have the potential for goal conflict but have not expressed that conflict by enrolling higher-income children to-date, it is reasonable to expect that at least those states with the strongest desire to either enroll higher-income child populations or to access additional federal funds will have done so by the end of 2006, given that 2007 marks the statutory sunset year for the program.

Selection among modeling approaches must focus on where the latent goal conflict variable is observed, if at all. An ideal model would capture goal conflict in observable regressors while ameliorating any resultant endogeneity problems arising from unobserved variation in the latent variable.

The first approach to be considered is the fixed effect approach. Given that relevant fixed-effects occur on both the state and time dimensions, the assumption in the following model is that the slope coefficients are constant over individuals and time but that the intercept values for individuals (state-level fixed-effects) vary. This results in the following general specification:[73]

$$d_{it} = \alpha_1 + \Sigma\beta_{it}x_{it} + \Sigma\gamma_i x_i + u_{it}$$

Where d_{it} is a policy/implementation decision for a state in a given year, x_{it} is a set of exogenous factors observed in the state/time dyad, x_i is a set of state dummies and u_{it} is

[73] The initial formulation of the fixed-effects and subsequent models for this analysis included time fixed-effects, but the year-specific dummies were found to be statistically insignificant both as individuals and as a set. They were therefore dropped from this formulation.

assumed to be random error. The d_{it} variable may be considered, as it is here, a latent variable representing propensity to engage in a policy or policy implementation decision. The distinction made here from previous applications is that the particular type of policy implementation decision is to engage in a policy action that is expressly contrary to the goals of the federal policy on which it is predicated.

This approach allows exploration of the relationship between exogenous factors and the selection of policy decisions, holding state- and time-specific variation constant. In many circumstances, this is a useful arrangement because state idiosyncrasies can be "differenced out" yielding an improvement in the efficiency in coefficient estimates for the set of exogenous variables. However, one problem with this approach is that the latent goal conflict variable (which has a significant time-invariant component) is grouped with all other time-invariant variables in a state-specific intercept term. This approach treats state-level time invariant characteristics as completely idiosyncratic whereas important commonalities in the factors causing state-level fixed-effects may exist across states. Traditionally, time invariant state characteristics are seen as "nuisance" variables that cause undesirable endogeneity if relegated to the error term (thus making the fixed-effects approach appear desirable). While fixed-effects modeling is a straightforward solution to the issue of state-level fixed-effects, it does not allow for explicit observation of the effect of time-invariant proxies for the latent goal conflict variable.

One alternative approach is to explicitly measure time invariant state-level effects, but to do so in terms of deviations from group means. This "between-effects" approach effectively ameliorates the problem of group correlation among state observations, but limits inference to differences between states and has no predictive value for changes that occur within states. In essence, this approach reduces the rich set of pooled data to merely a collection of state averages, effectively isolating the impact of between-state effects and resolving the issue of differences across time. While this approach may be favorable for some situations, it is not particularly useful in an inquiry that seeks to discern how highly nuanced shifts in state circumstances (either within or between states) affects state policy outcomes. If goal conflict were assumed to be solely time-invariant, within-state comparison would be moot and a between-effects approach would be favorable. However, some variables that change over time are (at least theoretically) important components of the latent goal conflict concept. A fundamental component of this query asks, "why would a state that previously did not engage in a particular policy activity later choose to do so?" Given that in the between-effects approach variables that change over time are essentially reduced to averages, this is also not an ideal model specification.

The random-effects approach, generally a matrix-weighted average of the previous two approaches, is a favorable solution in analysis of many policy decisions. The primary assumption of this model is that the effects observed at the state level are not in fact fixed, but rather manifestations of a latent random variable. For the random-effects model to apply, we must assume that the state-level effects are merely random deviations from a single fixed (mean) intercept value. This assumes that state-level observations represent random selections from a larger population of state-level observation. Though this may not be true in the sense that the states themselves are selected from a larger sample, but is true in the sense that the decisions, actions, and characteristics in each state-level observation are just one of a potentially infinite set of such manifestations (Haavelmo 1944 from baltagi). State-level deviation from this mean intercept value can be collected in an error term ε_i, and this error is grouped with the u_{it} error term to yield the combined error w_{it}. While state-level error can be conceptualized as a random variable, it is the assumption of this analysis that some important time invariant idiosyncratic factors that may otherwise be embedded in the ε_i error term (and thus the w_{it} error term) are in fact correlated with the dependent variable. These fixed state-level effects must therefore be explicitly included in the model in order to ameliorate, as much as possible, the endogeneity issue. The challenge is that the particular fixed state-level effect in question is a component of the latent variable (the concept of "goal conflict") and thus cannot be directly measured. This latent variable is also likely to be correlated with at least some of the independent variables in the model. This presents the same problem for the random-effects model that it would for the pooled model: inefficiency in the coefficient estimates. The random-effects model, however, relies on strict exogeneity of the regressors, a condition that cannot be met. In the case of correlation between the error term and the regressor(s), bias in the estimates may also result.

Though the fixed state-effects model is inappropriate for this inquiry because it does not provide the substantive information we seek, this model nonetheless provides a useful comparison.

What is sought here is a more nuanced approach in order to capture the important state-level characteristics—including seemingly idiosyncratic, time-invariant goals and preferences as well as state characteristics that may change over time--that have important impacts on the policy implementation decisions of states. It is also the intent of this analysis to determine whether any such idiosyncrasies represent observable characteristics that exist in multiple states and impact policy similarly in different state contexts. Such an aim clearly cannot embrace a methodology that merely lumps all state-level characteristics into a single variable as does fixed-effects modeling, nor is a between-effects approach entirely appropriate because it limits within-state inference.

Formulating the problem as a standard random-effects model:[74]

$d_{it}=\alpha_2 + \Sigma\beta_{it}x_{it} + [\Sigma\varepsilon_i + u_{it}]$

The summation term for the group error recognizes that deviations from the mean state intercept are really a sum of latent variables and true random error collected together in the error term. Expanding out the components of this error term to represent the three components of goal conflict (belief, priority and plan conflict) and allowing for additional time-invariant confounding variables (other) in addition to the purely random group error component, we have:

$d_{it}= \alpha_2 + \Sigma\beta_{it}x_{it} + [\varepsilon_{ibelief}+ \varepsilon_{ipriority} + \varepsilon_{iplan} + \varepsilon_{iother} + \varepsilon_i + u_{it}]$

In this model, we can see that components of the $\Sigma\varepsilon_i$ term (which includes latent goal conflict variables) may be expected to correlate with the dependent variable (which is a policy expression or potential outcome of goal conflict). It is also reasonable to expect the possibility of correlation between components of this error term and components of the $\Sigma\beta_{it}x_{it}$ regressor term. By selecting proxies intended to explicitly capture the variation from belief, priority and plan-level conflict as well as important time-invariant confounding variables, this model becomes:

$d_{it}= \alpha_3 + \Sigma\beta_{it}x_{it} + \gamma_i x_{i\,belief}+ \gamma_i x_{i\,priority} + \gamma_i x_{i\,plan} + \gamma_i x_{i\,other} + [\varepsilon_i +u_{it}]$

[74] Note the changing subscript on the regression constant α. Though a discussion of the intercept term is not included here, it is nonetheless useful to note that the nature of the regression constant changes with each specification. For the sake of simplicity I have merely collected the various components of the constant for each specification into a single regression constant.

This model is preferable to the previous because it reduces endogeneity while simultaneously capturing the latent goal conflict variable in observable measures. Collapsing the time-invariant state characteristics into a single collected term and making the substitution of w_i for $\varepsilon_i + u_{it}$ in the random-effects model, we obtain:[75]

$$d_{it} = \alpha_3 + \Sigma\beta_{it}x_{it} + \Sigma\gamma_i x_i + w_{it}$$

Thus the primary modeling approach used here is a combination of approaches yielding a mixed-model approach. State fixed-effects are divided among two components, a random-effects component and a latent variable component captured primarily by time-invariant proxies.[76]

The dichotomous nature of the dependent variable (enrollment of non-targeted population, 1; otherwise, 0) further complicates issues; though linear methods of estimating latent variable models produce a workable solution to the limited dependent variable problem (Heckman 1978), it is nonetheless preferable to employ estimation methods that account for the nature of limited dependent variables. This class of models/estimation techniques is widely used explicitly to deal with the issue of latent dependent variables (Long 1997; Von Eye and Clogg 1994; Heckman 1978). While a mixed-effect logit model procedure does exist, it is computationally demanding and our sample does not meet the requirements for convergence. Therefore, we will handle each issue separately and draw what conclusions we may given the assumptions and limitations of each functional form.

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[75] Note that any error resulting from the failure of the proxy variables to fully capture the latent goal conflict variable is now collected in the ε_i component of the w_{it} term.

[76] The time-invariant variables included in this collected term that correspond to the $\gamma_i x_{i\ other}$ term from above but that do not represent goal conflict concepts are variables intended to capture potentially confounding variables that would otherwise cause further endogeneity issues.

The mixed-effects models estimated here will executed using the **xtmixed** command in STATA 10. The dependent variables will be measures of, first, enrollment of any children with family incomes above 200 percent of poverty and second (enrollment of higher-income children, 1; otherwise, 0), and enrollment of any adults (enrollment of adults, 1; otherwise, 0).[77] These models will be compared with comparable mixed-effects models estimating the (relatively) continuous measures for actual SCHIP upper eligibility limit and number of adults enrolled.

Logit comparison models are estimated for the binary dependent variables. In these models, standard errors are estimated using a clustered sandwich estimator, relaxing the assumption of independence within clusters (states) but maintaining the assumption of independence between clusters.[78] A second set of pooled logit models is estimated with dependent variables coded explicitly for the latent, time-invariant propensity to enroll adults (if adults were ever enrolled from 1999-2007, 1; otherwise, 0) or higher-income children (if higher-income children were ever enrolled from 1999-2007, 1; otherwise, 0).[79]

This second pooled comparison approach shifts the focus of the dependent variable away from a time-sensitive variable that captures only the explicit manifestation of the goal conflict policy to a measure that captures the presence of the latent underlying goal

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[77] Models predicting time-variant dependent variables related to enrollment of adults are limited to the time period from 2001 to 2006 because prior to HIFA, enrollment of adults in SCHIP was prohibited. The time-invariant dependent variable measuring whether adults were ever enrolled in the period from 1999-2006, however, is estimated on the full sample.
[78] This is accomplished by using the **vce (cluster, *clustervar*)** option for the **logit** command.
[79] Note that because these latter formulations of the dependent variables are time invariant, the random-effects formulation would be invalid for these dependent variables. Therefore, only the pooled comparison models are estimated for these dependent variables. Random-effects estimation of the time variant binary dependent variables are available upon request.

conflict variable if it is ever observed.   The dependent variable in this approach is thus a characteristic of the state rather than its policy in a given year.

Included in all models are various measures of belief-level state goal indicators, including the citizen liberalism score, governor party affiliation, and the state uninsurance and poverty rates. State capacity variables include total days to initial SCHIP proposal submission, total days to SCHIP program implementation, number of waiver applications submitted to date. Plan-level variables include dummies for whether or not the state enrolls adults, whether or not the state employs continuous enrollment or presumptive eligibility, type of SCHIP plan (Medicaid or other). Controls include the highest pre-existing Medicaid eligibility level, two population variables (state population and population of children living at or below 200 percent FPL), a state wealth variable measuring GSP, and a measure of total SCHIP spending (state and federal).

Results

The two mixed-effects regression models of the highest SCHIP child eligibility limit in a given year (table 5.1) are remarkably similar despite the exclusion of the 1997 Medicaid upper child eligibility limit from model 2. The fact that the mixed-effects model appears to somewhat mitigate the effects of omitted variable bias in model 2 is useful because not all policies have immediate predecessors on which to base expectations about implementation. Thus, the relative similarity of the models even absent the additional explanatory power provided by the Medicaid upper limit variable increases confidence that policy predictive modeling has the potential to provide useful predictions even when no immediately related policy information exists.

Six variables are significant predictors (other than Medicaid upper limit) of the upper SCHIP limit in a given year: Liberalism, Medicaid type, continuous or presumptive eligibility, amendments, low-income child uninsurance rate, and state tax revenue per capita. The relationships of these factors to the dependent variable are not always as expected based on goal conflict theory, suggesting some alternative causal mechanisms between the variables. Citizen liberalism, for example, was expected to have a positive relationship with SCHIP upper limits, as liberalism is associated with expansion of government programs and championing of public social welfare programs in particular. This variable, however, is negatively correlated with high upper eligibility limits (β=-0.5065, p=0.0410).[80]

Having continuous enrollment or presumptive eligibility practices negatively correlates with the dependent variable (β= -31.24, p=0.0060), which suggests either that there is some substitution effect between policy options for enrolling children or that states seeking higher enrollment of targeted children employ a different set of policy techniques than states that are pursuing other goals. It is instructive to note that before granting some types of SCHIP waivers to states, the federal government requires that a set of implementation practices, selected from a variety of options including presumptive eligibility and continuous enrollment, must first be employed. It comes as some surprise, then, that the relationship between high upper eligibility limits and these policy options is not positive.

The Medicaid-type SCHIP program has a strong negative correlation with upper SCHIP eligibility limits (β=-34.46, p<0.0000). This is likely a structural artifact of the rules governing various types of SCHIP programs, and suggests that states seeking high

[80] Values are reported for model 1 in table 5.1..

upper SCHIP eligibility limits are less likely to specify their programs as Medicaid expansions. Medicaid expansion SCHIP programs are subject to Medicaid provisions in order to be eligible for SCHIP funds, and are required to be budget-neutral whereas SCHIP expansions need only be allotment-neutral (CMS 2007).

The number of SCHIP amendments filed to date has a positive, significant relationship with upper SCHIP eligibility limit (β=2.105, p=0.0300). There are two potential explanations for this finding. The first is based on the argument that states with greater conflict with the federal goal will seek to alter their program as much and as often as possible in order to best achieve state goals. The second is a capacity argument suggesting that states with greater administrative capacity are more likely to find ways of accessing greater federal funds or achieving waivers to standard federal policy. Both explanations are likely true, though additional qualitative inquiry would be useful in bearing this question out.

Low-income child uninsurance rate and state tax revenue per capita both also significantly correlate with the upper SCHIP eligibility limit. The positive correlation of per capita tax revenue (β=21.26, p<0.0000) suggests that wealthier states are more likely to expand their programs to higher-income children, which makes sense given that SCHIP is a matching program and fiscal capacity of the states is a strong factor in whether or not they are able to access funds. States willing to expand enrollment populations would also be expected to have the revenue necessary to fund those expansions.

A shift in focus from the raw upper SCHIP eligibility limits to explicit focus on whether or not states have SCHIP eligibility limits above 200 percent FPL highlights the continued importance of the continuous enrollment/presumptive eligibility variable and the amendment count (see table 5.2). As before, the former is negatively related with high eligibility limits (β=-0.1913, p=0.0560) and the latter is positively related (β=0.0200, p=0.0010). Outside of the significance of the 1997 Medicaid upper eligibility variable, these are the only variables that have significant impacts on both the continuous and dichotomous ("propensity") upper SCHIP eligibility variables.

Two additional variables appear to be significant in predicting whether or not a state will engage in enrollment of higher-income children: Party of governor and percent of Congressional representatives from a state voting in support of SCHIP reauthorization.

Controlling for state effects through the mixed-effects regression, having a Democrat governor appears to significantly decrease the propensity of a state to enroll higher-income children (β=-0.0455, p=0.0100). Two possible explanations are that governors who are Democrats prefer to focus state dollars on enrollment of lower-income children (as opposed to expanding programs to benefit higher-income children, which may be seen as providing benefits to higher-income families at the expense of poorer families) or that Republican governors have greater interest in capturing federal dollars in order to decrease state tax burdens. Qualitative analysis of the policy positions of governors over this time period would prove an interesting avenue for future research.

The positive and significant relationship of state support for SCHIP reauthorization and the propensity to enroll non-targeted children (β = .0035, p=0.0670) is interesting in the principal-agent goal conflict context. Does the support for SCHIP reauthorization represent fixed state preferences that manifest both as support for reauthorization and expansion of the program, or is support of the program contingent upon expanded support and the presence of additional funds for enrollment of higher-income child population within these states? As with the influence of governors, the precise causal mechanism remains to be explored.

The mixed-effects linear regression approach has the advantage of being able to include time-invariant effects while also accounting for residual state (group) error. However, this method of estimating a dichotomous dependent variable is also subject to estimation issues even when the predicted dependent variable is interpreted as a propensity. Though the ideal functional form in this case exists, it is unavailable to this analysis due to practical concerns. However, it seems only responsible to report a comparison model in which the limited nature of the dependent variable is accounted for. To this end, random-effects logistic regression is employed and the results reported in table 5.3. Model 1 in table 5.3 presents, as before, the full model including 1997 child Medicaid eligibility; model 2 omits this variable. Whereas in the previous model the variable omission was somewhat mitigated by the estimation approach, this is not the case here. In the logistic regression, the coefficient values, including signs, vary significantly between models and hypothesis tests yield wildly varying results. Model 1, however, produces some results that are at least comparable enough with the previous models to discuss.[81]

As before, continuous enrollment/presumptive eligibility has a significant and negative correlation with the policy of enrolling high-income children. Having a Medicaid-type SCHIP program is also negatively correlated with the dependent variable.

[81] I will not, however, interpret the control variables that are intended to account for measurable state-level variation, including population, GSP, uninsurance and poverty rates, etc.

This model does, however, suggest significant relationships between time to first SCHIP program submission and time to SCHIP implementation and high upper SCHIP eligibility limits. Specifically, this model suggests that the faster a state submits its application for program approval, the more likely it is to enroll higher-income children. On the other hand, the faster it actually implements its SCHIP program, the less likely it is to enroll higher-income children. Though both plan submission and implementation could be interpreted as capacity variables, the expectation under a capacity argument would suggest that faster submission and faster implementation, both suggesting greater capacity, would be correlated with increased likelihood of enrolling higher-income children. The goal conflict argument, on the other hand, would predict faster submission (in order to access federal funds as rapidly as possible) but would also be consistent with delays in implementation, particularly if those delays are associated with amendment of SCHIP plans in pursuit of their own goals.

A mixed-effects approach to the estimation of a model predicting a latent (dichotomous) variable indicating enrollment of adults suggests that some of the same factors affecting the policy choice to enroll high-income children also may affect decisions regarding enrollment of adults (see table 5.4). However, not all of these variables have the same effects for prediction of the two policies. Interestingly, the logistic regression approach to predicting enrollment of adults yields some qualitative findings that are similar to the mixed-effects approach, unlike the models predicting upper SCHIP eligibility limits.

The mixed-effects regression of the adult enrollment policy variable suggests that having a Democrat governor increases the propensity to enroll adults (β=.0797, *p*=0.0040), that rapid SCHIP plan submission increases the propensity to enroll adults (β=-0.0011, *p*=0.0006), and that the number of amendments filed to date also has a positive correlation with the dependent variable (β=0.0261, *p*=0.0160). As with enrollment of higher-income children, having a Medicaid expansion-type SCHIP program decreases the propensity to enroll adults (β=-0.1848, *p*=0.0060).

The random effects logistic regression model presented in table 5.5 supports the conclusion that having a rapid submission time and number of amendments filed increase the likelihood of enrolling adults. However, none of the other goal conflict-related variables appear to have an effect in the logistic regression model.

Discussion

Overall, prediction of the propensity of states to enroll higher-income children was more successful using the goal conflict proxies than was prediction of the propensity to enroll adults. This was true even in the absence of the 1997 Medicaid eligibility variable. One possible explanation for the difference in the success of these models to explain variation in these policy variables is the multifaceted nature of the enrollment of adults in SCHIP. Not all adult SCHIP enrollees are the same, nor does enrollment of these groups of adults achieve the same aims; enrollment of pregnant women may be considered an extension of child eligibility benefits to the unborn. Enrollment of parents has been shown to improve enrollment patterns and outcomes for their children. Enrollment of adults who are not parents, however, demonstrates an extension of SCHIP benefits significantly beyond the child population. The absence of discrimination between these adult populations is a major potential confounding factor in an analysis focused on the goals of SCHIP.

Two variables consistently appeared as significant predictors of SCHIP eligibility levels. Being a Medicaid expansion program significantly decreased the likelihood of having a higher upper SCHIP eligibility limit in both the continuous mixed-effects model and the logit model predicting upper limits above 200 percent FPL. This may be an artifact of the rules governing Medicaid and section 1115 waivers, which require expansion programs to adhere to Medicaid regulations and also to be budget neutral. Budget neutrality is a significant requirement to consider when the objective is to expand coverage eligibility. For SCHIP-only or combination programs, waiver-based expansions are only required to be allotment-neutral. Because states have no direct control over their allotments—which are derived based on apportionment formulas—"allotment neutrality" has virtually no real meaning, and can be easily demonstrated. A selection problem is thus likely in effect: States with preferences for expanding eligibility are less likely to select Medicaid expansion as the SCHIP format. Some states change format through amendments to their original SCHIP plans. Programs wishing to apply for section 1115 waivers may thus also change their SCHIP type designation in order to select a set of rules more amenable to enrollment of non-targeted populations.

A second plan-level variable consistently demonstrated a negative relationship with the propensity to expand eligibility to higher-income children. The employment of continuous enrollment or presumptive eligibility appears to have some kind of substitutive relationship with the enrollment of higher-income children. The proven success in these implementation procedures in increasing enrollment of targeted children suggests that states whose primary goal is enrolling more low-income children in SCHIP engage in these procedures, whereas states that—for whatever reason—prefer to expand coverage to include higher-income children are less likely to use these techniques to improve enrollment of low-income children. This is a particularly surprising result in that the guidelines describing the burden of proof required of states seeking section 1115 expansion waivers suggests, among other options, that employment of continuous enrollment or presumptive eligibility are means of demonstrating the state's obligation to target low-income children before expansion populations.

Belief-level goal conflict variables yielded inconsistent and sometimes conflicting results in the three sets of upper eligibility models. Citizen liberalism had a negative relationship with the continuous upper eligibility variable, suggesting that the more liberal the citizenry, the lower the upper SCHIP eligibility limit. Shifting focus to propensity to enroll children above 200 percent FPL, however, showed a positive and significant relationship with enrollment of higher-income children. These models handled state-level variation through employment of random-effects, and in the logit model that did not control for state effects, liberalism had no discernable effect on the propensity to enroll higher-income children.

Though the citizen liberalism belief-level variable was not statistically significant in either of the adult enrollment models, the presence of a Democrat governor was significant in both. As with enrollment of higher-income children, rapid submission of SCHIP plans and more plan amendments both had positive relationships with expansion to non-targeted populations. This compounds questions about the meaning and interpretation of these variables—what is the relationship between administrative capacity and goal conflict? Will states with the capacity to seek additional federal funds or expansions always do so, simply because they have the ability, or are agencies more directly beholden to the political entities that purport to oversee them? The complexity of the principal-agent relationships muddies the waters regarding administrative capacity, because it is unclear on whose behalf this enhanced capacity is being employed. This is a question that may be answered in future qualitative research endeavors.

Chapter 6: Conclusion and Future Directions

Authors from multiple disciplinary frameworks agree that goal conflict plays a role in intergovernmental implementation of public programs. The prominent role of goal conflict in the rhetoric of the SCHIP authorization makes goal conflict particularly visible in the SCHIP policy context and demonstrates *nominal conflict*. Inasmuch as the role of goal conflict has a significant and empirically observable effect on state-level implementation decisions and has the potential to impact spending patterns (*resource conflict*) and program outputs and outcomes (*outcome conflict*), focus on this single policy though the composite lens of multiple frameworks allows for refinement of measurement issues that have previously been barriers to empirical analysis of this important concept.

The foregoing analysis demonstrates that evidence of goal conflict and fund diversion in public programs is neither straightforward nor simple. Even goal conflict in a program with a relatively unambiguous, single goal—like SCHIP—is difficult to assess. The approach to identifying the three primary components of goal conflict (nominal, resource, and outcome), however, demonstrates that goal conflict analysis can be constructed in a manner that is both instructive and useful.

Programs and policies can be assessed for their nominal conflict with the aims of an elected principal, and this nominal conflict yields important fodder for public discourse and debate. For a more quantitative approach, goal conflict can be analyzed in terms of the financial impact of goal conflict, yielding conclusions about programs and policy choices that may impact interactions between government principals and agents. Finally, programs and policies can be assessed in terms of their achievement of the goals of the principal.

Outcome conflict analysis should be undertaken with care and attention, however, as conclusions can be highly sensitive to the outcome measures used. Furthermore, it is often the nature of public goals to be ambiguous, immeasurable, and/or difficult to accomplish, so a lesser public outcome achieved by a public agent may not indisputably identify goal conflict or poor policy. Thus, it is best to undertake all three components of goal conflict analysis and carefully examine the results before making sweeping claims or significantly altering policy on the grounds of goal conflict.

The research proposed here has implications both for the development of theory in various frameworks that rely on concepts of goal conflict, and has more concrete implications regarding the practice of using federal grants to the states as a policy tool.

Carefully constructed analysis of goal conflict in a single context bound by extant intergovernmental institutions provides a prototype for similar analysis in other policy areas and opens the door for careful comparison across policy contexts and environments. In a similar vein, the selection of a program that lies comfortably within the policy realm previously explored by scholars of implementation and intergovernmental relations allows this work to build tidily on the work that has gone before.

This research endeavor has borrowed concepts related to goal conflict and intergovernmental relations from several theoretical frameworks that span multiple disciplines. Theory derived from the principal-agent paradigm and its political economy counterpart has been employed as a framework for understanding the ways in which hierarchical relationships have the potential to affect the set of goals and objectives that are pursued in the policy realm. Intergovernmental theory has provided a contextual framework for the application of principal-agent concepts to issues faced in a federal-state administrative setting. Finally, theory derived from work in systems analysis has provided an operational framework for understanding the underpinnings of goal conflict in terms of belief, priority and plan conflict.

The concepts derived and borrowed from these frameworks were then applied to identify and describe the potential loci for conflict in a particular state-administered federal policy: The State Child Health Insurance Program. The stated objective of SCHIP is "to provide funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children".[82] Federal motivations are here assumed to be constant across states (politics and state capacities notwithstanding) and general procedures and guidelines for approval of waivers are outlined in various HHS publications. This (assumed) lack of variation shifts the type of analysis required to quantitative (with variation only at the state level) from what would essentially be a qualitative case study of the internal function of HHS regarding approval of SCHIP waivers if federal motivations were assumed to be fluid.

This program was selected for analysis because it operates in an intergovernmental (federal-state) context, and has not only the potential for goal conflict based on theory, but is a program in which this goal conflict has actually manifested through policy choices exhibiting nominal goal conflict (i.e. waivers allowing enrollment of non-targeted populations) and this conflict presented legitimate challenges for the successful future of the program by causing gridlock between the federal legislative and executive branches

[82] Social Security Act Sec. 2101. **[**42 U.S.C. 1397aa**]**

during the 2007 SCHIP reauthorization attempts. This conflict was further complicated by the role of states both as constituencies and agents of the federal government. This manifestation of theoretical problems in the real world suggests that the theory presented here is more than a mere academic exercise, and could potentially lead to mechanisms or policy tools that could improve the design and administration of intergovernmental policy.

Three sets of goals exist in the policies and procedures surrounding the SCHIP program. The first is the set of goals identified by SCHIP legislation itself, identifying the target population for that program as children with household incomes at or below 200 percent FPL. The second is the 1115 waiver option of the Social Security Act, expanded by HHA via the HIFA program to include both Medicaid and SCHIP funds. The identified target population for HIFA is also people at or below household incomes of 200 percent FPL or below, but as the primary goal of the 1115 waiver/HIFA program is to encourage state-level innovation, the target population takes a backseat to testing unproven measures. The third conflicting message comes from the federal funding formulas for the SCHIP program. The FMAP formula provides fewer funds to states with lower percentages of uninsured children, leaving states with less funds to finance the children already enrolled in the public SCHIP and/or Medicaid programs. This funding structure could be interpreted as a "weaning" of states from federal funds, encouraging increases in state SCHIP spending in order to prevent shortfalls or enrollment freezes. The state administrative policy choices identified in this research as representing nominal goal conflict—the practice of enrolling adults and children who are outside the target population for which SCHIP was designed—has been evaluated in terms of resource conflict and outcome conflict in addition to the nominal conflict described by governors, legislators and other actors during the reauthorization debate. Enrollment of higher-income children and of adults was examined in terms of fiscal impact on the federal government and impact on various measures of program success including enrollment of low-income children in SCHIP. Enrollment of adults was found to increase federal costs within a state (federal funding formulas notwithstanding). Analysis in chapter 4 showed that rules governing the fiscal impact of enrollment expansions significantly affected the choice to engage (or not engage) in these activities.

In examining the effect of enrollment of non-targeted populations on federal spending between and within states, the analysis presented in chapter 3 demonstrated that while formula factors—not enrollment choices—drive federal spending between states, enrollment of adults increases spending within states and enrollment of higher-income children appears to decrease spending within states, even after controlling for number of Medicaid beneficiaries within a state. This suggests that nominal goal conflict does not necessarily lead to resource conflict in all cases. In other words, a state program can operate outside the bounds of what appears to be its federal statutory limitations without necessarily increasing cost to the federal taxpayer.

Like with resource conflict, outcome conflict does not necessarily follow from nominal conflict. In the fixed-effects models estimating the effects of enrollment of adults and higher-income children on enrollment of targeted children, enrollment of adults was consistently found to negatively impact enrollment and enrollment of higher-income children was found to improve enrollment of targeted children. When low-income child uninsurance rates are considered, enrollment of adults in SCHIP appears to lower the percentage of low-income children who are uninsured, though enrollment of higher-income children had a negative effect in this model. Additionally, once the inherent endogeneity issues were addressed in a three-stage model, the positive effect of enrolling higher-income children that had appeared in the fixed-effects models no longer appeared conclusive. The inability to separate higher-income child enrollees from low-income child enrollees renders outcome analysis inconclusive. Claims regarding the impact of adult enrollment on child outcomes is also tempered by the multiplicity of adult populations enrolled in SCHIP—including pregnant women, parents of eligible children, and childless adults. Data and modeling issues inherent to the SCHIP policy context exacerbated incongruities in the findings and rendered much of the analysis inconclusive. However, the possibility of negative impacts cannot be ruled out by this analysis. Regardless of the role of enrollment of non-targeted populations in affecting federal spending and accomplishment of federal goals, the mere appearance of goal conflict based on these policy actions was a major cause for debate and consternation during the 2007 SCHIP reauthorization attempts. This demonstrates the power of nominal goal conflict in affecting intergovernmental policymaking and administration. This suggests that goal conflict, particularly in state-administered federal programs, is still a viable avenue for additional theory development and future empirical analysis. Other programs with similar administrative profiles (including Medicaid, Community Development Block Grants, and other intergovernmental initiatives) may provide useful foils for discerning the mechanisms of intergovernmental administration that are common and those that are unique to the SCHIP context.

Chapter 5 focused on enrollment of adults and enrollment of higher-income children as evidence of nominal conflict and sought to apply theory from the operational framework for goal conflict in multi-actor systems in order to uncover correlates of these policy choices that might have been used to predict state behaviors. Belief and plan conflict variables, in addition to capacity variables, were shown to be significant predictors of these state policy choices even after controlling for state (random) effects. Enrollment of higher-income children was modeled with better fit than was enrollment of adults. This may have been because adults were not distinguished based on parental status in the analysis—previous research suggests that enrollment of pregnant women and parents of eligible children improves child enrollment rates, whereas no such evidence exists for the enrollment of adults who are not parents. It is reasonable to surmise, then, that enrollment of adults may be manifestations of very divergent state goals—some aligned with federal aims and some not.

The conceptual and contextual frameworks have also been useful in understanding the SCHIP reauthorization conflict. Though federal agencies are ostensibly an extension of the executive branch and thus the presidency, it is clear from the waiver granting behavior of the Department of Health and Human Services until August of 2007—and the subsequent statements from President Bush suggesting that this behavior was inconsistent with federal (Congressional and Presidential) goals for the program—that the principal-agent problem is alive and well in the executive branch. Alternately, viewing HHS as an extension of Congress, the HIFA waiver program initiated by HHS may be seen as a means of bypassing the objections of the President and achieving the true preferences of Congress without being subject to the veto power of the President. If the expressed intent of Congress, to insure children living at or below 200 percent of FPL, is merely an expression of a compromise reached between the legislative and executive branches, then the HIFA program may be seen as a more true expression of the wishes of congress.

Alternately, based on the discussion in chapter 1, the federal HHS agency may be seen as a partner with state agencies in a “fourth branch” of government view, in which the agencies collude together to pursue their own set of interests until checked by one of the other branches. These checks could come from Congress, through legislation mandating firm limits on coverage or removing the 1115 allowances from the Social Security Act, or from the president, who could exert his authority by selecting new appointees who more closely share his vision—whose goals are more aligned—for the SCHIP program. Given the debate surrounding the reauthorization of SCHIP, it seems unlikely that Congress would object to the 1115 waivers; indeed, it demonstrated strong support for expansions of the SCHIP program. The President’s veto, however, accompanied by strong rhetoric against use of SCHIP funds to cover adults and higher-income children, demonstrates that Congress’ expressed “goal” of insuring children at or below 200 percent of FPL is actually a repressed preference for public health insurance expansions that is limited by Congress’ ability to get its true preferences enacted into law.

Despite the inconclusive nature of the resource and outcome analyses, the presence of nominal goal conflict is clear as evidenced by the 2007 SCHIP reauthorization debate. On this basis, chapter 5 explored the application of goal conflict theory to the prediction of policy choices within the states. Plan-level variables were shown to be significant predictors of both enrollment of adults and of higher-income children, and provided substantive insight to administrative choices regarding plan specification within SCHIP, specifically suggesting that rules governing the administrative freedom of state SCHIP implementation has significant impact on the policy options available to, and selected by, those states. It was also shown that some plan-level tradeoffs may be made between program implementation choices that improve enrollment of low-income children (i.e. presumptive eligibility and continuous enrollment) and those that expand benefits to broader populations.

Implications

The analysis presented in this dissertation suggests two sets of implications. The first set of implications relates to development of intergovernmental theory and management as it relates to state administration of federal policy. The second set of implications is specific to SCHIP policy and relates to the effect of enrollment of non-targeted populations in the program.

The relationship between theory and empirical findings in the preceding analysis suggests that while intergovernmental frameworks—including the one presented in chapter 1 of this work—may be useful in identifying areas of potential conflict and may appear very descriptive, it is imperative to determine not only the units and levels of analysis before applying such frameworks, but also to identify the dimension of analysis. In terms of goal conflict, which was mapped to specific loci in a federate intergovernmental framework in chapter 1, this dimension of analysis requires identification of one of the three types of goal conflict discussed at the end of that chapter. Different conclusions can be reached if one examines, for example, nominal conflict as opposed to resource conflict or outcome conflict. Two theoretical contributions made by this dissertation are the identification of locations where goal conflict may be observed, described, or even predicted within an intergovernmental policy framework, and an identification of three important types of conflict that may be manifest. Policy analysts, federal and state legislators, and public administrators should be aware of the potential points of conflict in state-administered federal policy and determine what effects nominal, resource and outcome conflict may have on their ability to successfully pursue and achieve their goals in any of those three areas. Actors pursuing victories in the nominal arena, for example, by successfully implementing popular programs may be stymied by nominal conflict that creates political discord between levels of government and may poison potential victories with negative allegations rooted in nominal goal conflict. Resource conflict may play a key role in the allocation of resources within a state and may affect the quantity of funds available from the federal purse. Outcome conflict ultimately relates to the effectiveness of a program in achieving the federal aim, and should be analyzed with an understanding of the potential for conflicting state aims. If such outcome conflict exists, states may be using federal funds for programs or outcomes unintended by the federal government, or may even be pursuing avenues that are counterproductive in accomplishing the goals for which federal programs were established. Surely such action should be predicted and avoided whenever possible.

The second set of implications resulting from this analysis is the set of substantive findings related to enrollment of non-targeted programs in SCHIP. While these results were not uniform across the dimensions of analysis (i.e. enrollment of non-targeted populations represented nominal conflict, though only enrollment of adults appeared to yield resource conflict and outcome conflict was highly sensitive to the measure used), conclusions could be drawn within dimensions of analysis. Namely, enrollment of adults in SCHIP increases the federal cost of those programs, but does not nominally contribute to their goal. Enrollment of higher-income children decreases the federal cost of state SCHIPs and also appears to positively affect enrollment of targeted children despite its apparent nominal conflict with the purpose of the program. Such nuanced discussion of policy implications should enter the discussion surrounding SCHIP and like federal-state programs. At present, policy debates focus largely on nominal conflict but do not extend into robust debate about the true resource and outcome implications of nominally conflicting policies. While this deeper discussion certainly adds complexity to the discussion, it shifts the focus from where it currently lies—the appearance of inconsistency or conflict—to discussions about the actual impact of policy conflicts in terms of financial resources and accomplishment of the ultimate state and federal aims.

Future work

Exploration of the theoretical, structural and institutional underpinnings of nominal goal conflict in the administration of SCHIP have provided a favorable case in which to explore questions that arise regarding the political economy of intergovernmental administrative arrangements. The questions raised and observations made regarding this unique administrative environment yields a host of unanswered questions that provide a rich set of potential future research endeavors.

Future work should include the remedies to some of the data issues that have proven to be roadblocks in the preceding analysis. This includes collection of data regarding the income levels of SCHIP enrollees and the parental status of adult enrollees. Inclusion of enrollment counts, by income level, of adult and child enrollees in the Medicaid program would also be beneficial in removing potential confounding effects from the models. The empirical approach, however, may be less fruitful than further qualitative investigation of the nature of the agency relationships that are comprised of the constituencies to which state and federal agencies are beholden. The process of negotiation and rulemaking inherent in the intergovernmental administration of SCHIP and like programs is an interesting and complex nexus of institutional relationships. Goal conflict and ambiguity are particularly focused on this one set of interactions between the federal and state agencies, and qualitative analysis of those interactions may be more instructive than quantitative techniques that are somewhat insensitive to the nuances of the plan approval process. Such a case approach could be replicated by observing approval of plans in other intergovernmental policy areas, providing a more rich contribution to the understanding of federal-state relationships.

Among the questions to be addressed in future work include whether, given the statutory differences between the coercive powers of the federal government over states (limited coercion; aims accomplished primarily through incentives such as grants) and over federal agencies (more direct principal-agent relationship with bureaucratic design much more standard), the states and federal government co-principals, yielding the federal agency an agent that must select between or balance the interests of the two co-principals; or, whether the federal agency and state government are both agents to the federal principal. An important component of the distinction between these two alternative conceptions in the question of under what circumstances these agents (federal and state) collude to subvert the desires of the federal principal, as appears to have occurred—in terms of nominal conflict—in the case of SCHIP waivers.

Appendix A: References

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Appendix B: Figures and Tables

Figure 1.1: Agency Problem Loci in Federate Policy Framework

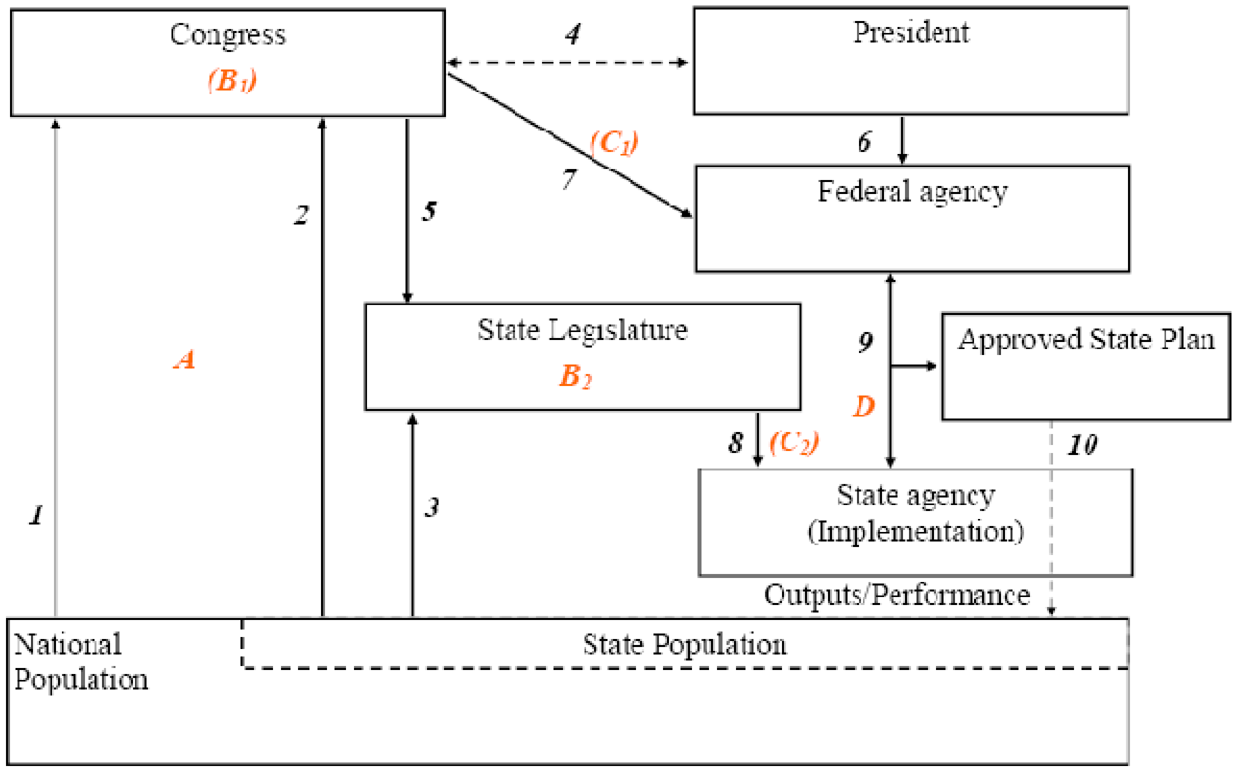

Figure 1.2: Adaptation of Matland's (1995) Conflict/Ambiguity Implementation Framework

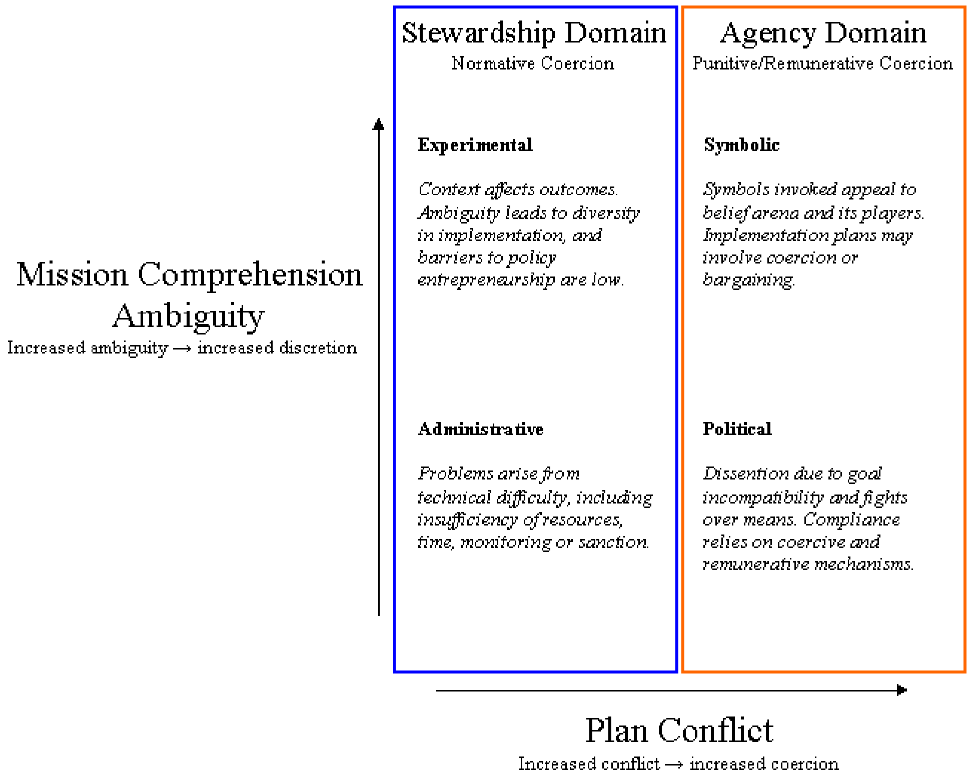

Table 2.1: SCHIP Allotment Funding Formula				
State's original allotment = "number of children" x "state cost factor"*				
	"Number of children" in 2104(b)(2) is the sum of the two factors below multiplied by the associated percentage		"State cost factor" in §2104(b)(3) is the sum of the two factors below multiplied by the associated percentage	
	Number of low income Children without health insurance	Number of all low income children	Constant (national average)	Ratio of state's average health services industry annual wages to national average
1998-1999	100%	0%	15%	85%
2000	75%	25%	15%	85%
2001-2007	50%	50%	15%	85%
* Subject to floors and ceilings.				

Source: Congressional Research Service (CRS) analysis (Peterson, 2006)

Table 2.2: Selected state policy and demographic characteristics for 2006							
State	High upper SCHIP limit	Insures adults under SCHIP	Upper child Medicaid eligibility prior to SCHIP	Upper child SCHIP eligibility in 2006	Adults enrolled in SCHIP per child enrollee	Percent children living at or below 200 percent FPL	Percent low-income children who are uninsured
Alabama			133	200	0	38	14
Alaska			133	175	0	32	13
Arizona		x	140	200	1.14	47	26
Arkansas		x	133	200	0	56	15
California	x		200	250	0	41	20
Colorado		x	133	200	0.04	34	28
Connecticut	x		185	300	0	25	9
Delaware			133	200	0	33	17
Florida			185	200	0	39	30
Georgia	x		185	235	0	40	23
Hawaii	x		185	300	0	30	12
Idaho		x	133	185	0.02	43	16
Illinois		x	133	200	0.67	34	17
Indiana			150	200	0	33	10
Iowa			185	200	0	37	7
Kansas			150	200	0	39	12
Kentucky			185	200	0	45	13
Louisiana			133	200	0	45	24
Maine			185	200	0	34	10
Maryland	x		185	300	0	25	21
Massachusetts			185	200	0	29	15
Michigan		x	185	200	0.86	37	9
Minnesota	x	x	275	280	6.42	28	18
Mississippi			185	200	0	53	28
Missouri	x		185	300	0	40	15
Montana			133	150	0	38	25
Nebraska			150	185	0	34	20
Nevada		x	133	200	0	40	27
New Hampshire	x		185	300	0	21	15
New Jersey	x	x	185	350	0.73	27	25
New Mexico	x	x	185	235	0.23	42	25

New York	x		185	250	0	40	12
North Carolina			185	200	0	45	18
North Dakota			133	140	0	35	18
Ohio			133	200	0	38	9
Oklahoma			150	185	0	49	19
Oregon		x	133	185	0.23	38	23
Pennsylvania			185	200	0	37	12
Rhode Island	x	x	250	250	0.83	33	6
South Carolina			185	200	0	44	11
South Dakota			133	200	0	38	14
Texas			185	200	0	47	31
Utah			133	200	0	39	22
Vermont	x		225	300	0	26	11
Virginia			133	200	0.01	32	20
Washington	x		200	250	0	30	8
West Virginia			150	200	0	46	8
Wisconsin		x	185	185	1.95	33	7
Wyoming			133	200	0	32	10
*Arkansas was approved for inclusion of adults in 2006 but did not insure adults in that year.							

Table 2.3: Variable descriptions, sources and notes

Variable	Units	Type	Source	Notes
Federal SCHIP spending	Millions of dollars	Continuous	KFF	
Total SCHIP spending	Millions of dollars	Continuous	KFF	
SCHIP upper eligibility limit	Percent of FPL	Continuous	CMS	
Adult enrolling state	n/a	Dummy	CMS	Time-invariant; 1=State enrolls adults at any time during 1999-2006
High upper SCHIP eligibility limit	n/a	Dummy	CMS	1=Upper SCHIP eligibility exceeds 200 percent FPL; Eligibility levels may differ by age, figure is the highest eligibility level for any child aged 18 or younger[83]
Child SCHIP enrollees	Enrollees	Continuous	CMS	Includes high-income child enrollees; ever enrolled in year
Proportion of targeted children who are enrolled in SCHIP	Percent of targeted children	Proportion	Calculated	"Enrolled" includes only child enrollees. "Targeted" includes low-income uninsured children and child enrollees.
Percent low-income children who are uninsured	Percent of low-income children	Proportion	US Census	

[83] Generally, if there is a difference in eligibility levels, infants receive the highest eligibility levels and teens receive the lowest.

Federal Medical Assistance Percentage (FMAP)	Millions of dollars	Proportion	DHHS	Enhanced FMAP used for SCHIP match determination
State SCHIP spending	Millions of dollars	Continuous	Milbank	State own-source spending
Federal financial participation (FFP)	Millions of dollars	Continuous	Calculated	Estimated FFP based on state SCHIP spending and enhanced FMAP. Assumes all state expenditures qualify for full match.
Total SCHIP enrollees	Enrollees	Continuous	CMS	Includes adult and child enrollees; ever enrolled in year
Population	Thousands of people	Continuous	CPS	
State tax revenue	Millions of dollars	Continuous	US Census	
Federal SCHIP allotment	Millions of dollars	Continuous	Federal Register	Does not include rollover allotments from previous years
Children at or below 200 percent FPL	Thousands of children	Continuous	CPS	
Poverty rate	Percent of total population	Proportion	UKCPR	
Gross state product (GSP)	Millions of dollars	Continuous	BEA	

Uninsurance rate	Percent of total population	Proportion	CPS[84]	
Adult SCHIP enrollees	Enrollees	Continuous	CMS	Ever enrolled in year
High eligibility state	n/a	Dummy	CMS	Time-invariant; 1=Upper SCHIP eligibility limit exceeds 200 percent FPL at any time during 1999-2006
Percent of children living at 200 percent FPL or below	Percent of all children	Proportion	US Census	From the Annual Social and Economic Supplement (formerly called the March Supplement)
1997 Upper child Medicaid eligibility limit	n/a	Continuous	CMS	Time-invariant
Citizen liberalism scale	n/a	Continuous	ICPSR	Scale developed by Berry, et al. (1998) and annual measures made available by ICPSR.
Universal coverage proposed	n/a	Dummy	KFF	Time-invariant; 1=Universal health coverage proposed or enacted by a state before 2008
Amendments to date	Amendments	Count	CMS	Number of total state amendments to original SCHIP plan submission

[84] CPS was unable to estimate uninsurance rates for some states in some years (base was too small for CPS estimates). For these years, estimates from the Kaiser Family Foundation were used. These include Vermont, Wyoming and North Dakota for 2005 and Vermont for 2006.

Reauthorization support	Percent of Congressional representatives	Proportion	Congress	Time-invariant; Generated from online voting records. Percent of Congressional representatives from a state voting “yes” on the veto override for the second SCHIP reauthorization bill.
Democrat governor	n/a	Dummy	UKCPR	1=Governor is a Democrat
Days to submission	Days	Continuous	CMS	Time-invariant
Days to implementation	Days	Continuous	CMS	Time-invariant
Medicaid type	n/a	Dummy	CMS	1=Medicaid-type SCHIP program; 0=SCHIP only or combination SCHIP/Medicaid program
Continuous enrollment or presumptive eligibility	n/a	Dummy	KFF	Time-invariant; 1=State employs continuous enrollment or presumptive eligibility
Total SCHIP spending per capita	Thousands of dollars per person	Continuous	KFF/CPS (Calculated)	Calculated from total SCHIP spending and population estimates provided above
Total state health spending per capita	Thousands of dollars per person	Continuous	UKCPR/CPS	Calculated from total state health spending and population estimates provided above

Tax revenue per capita	Thousands of dollars per person	Continuous	US Census/CPS (Calculated)	Calculated from population and tax revenue estimates provided above

Table 2.4: Dependent variable descriptive statistics

Variable	Mean	Std. Dev.	Min	Max
Federal spending	71.96	114.10	0.00	1150.90
Total spending	103.32	175.49	0.00	1770.60
Adults (1999-2006)	0.15	0.35	0.00	1.00
Adults (2001-2006)	0.19	0.40	0.00	1.00
Eligibility limit	208.86	50.33	0.00	350.00
High eligibility	0.25	0.43	0.00	1.00
Child enrollment	102270.60	183912.60	0.00	1391405.00
Enrolled of targeted	44.37	19.89	0.00	87.14
Enrolled of targeted (logit)	-0.35	1.22	-7.97	1.91
Low income child uninsurance rate	17.23	6.68	2.00	40.00
Low income child uninsurance rate (logit)	-1.65	0.50	-3.89	-0.41

Table 2.5: Independent variable descriptive statistics

Variable	**n**	**Mean**	**Std. Dev.**	**Min**	**Max**
FMAP	392	72.33	5.88	65.00	83.96
State spending	392	31.36	63.26	0.00	619.70
FFP	392	71.61	122.57	0.00	1150.87
Total enrollment	392	110137.40	186572.80	0.00	1391405.00
Population	392	5756.33	6397.33	479.60	36457.55
Tax	392	11649.73	14444.53	811.65	111346.90
Allotment	392	76.43	116.72	3.52	850.61
Low income children	392	586.96	761.89	36.00	4463.00
Poverty rate	392	11.75	3.12	5.00	21.00
GSP	392	217366.90	261776.70	15931.00	1742172.00
Uninsurance rate	392	13.96	3.87	6.00	26.00
Adult enrollment	392	7866.81	28304.97	0.00	211114.00
High eligibility state	392	0.29	0.45	0.00	1.00
Low income child uninsurance rate	392	37.06	7.89	19.00	59.00
Medicaid upper limit	392	167.06	32.84	133.00	275.00
Liberalism	392	49.99	15.49	8.45	95.97
Universal	392	0.35	0.48	0.00	1.00
Amendments	392	3.55	2.81	0.00	16.00
Reauthorization	392	67.18	28.61	0.00	100.00
Democrat Governor	392	0.43	0.50	0.00	1.00
Submission	392	209.69	137.68	-5.00	673.00
Implementation	392	304.57	206.89	0.00	1004.00
Medicaid type	392	0.27	0.45	0.00	1.00
Continuous/Presumptive	392	0.53	0.50	0.00	1.00
Adult state	392	0.22	0.42	0.00	1.00
Total spending per capita	392	0.02	0.01	0.00	0.10
State health spending	392	0.60	0.57	0.04	6.25
Tax per capita	392	2.03	0.49	0.89	4.12

Table 3.1: Between (population-averaged) random-effects regression of federal SCHIP spending ($ millions) by state, 1999-2006

	Model 1			Model 2		
	β	**SE**	**p-value**	**β**	**SE**	**p-value**
FMAP	-0.1848	0.2288	0.424	-0.0529	0.2491	0.833
State spending	-0.3825	0.2039	0.068	-0.6186	0.2322	0.011
FFP	1.2407	0.1065	0.000	1.2601	0.1131	0.000
Total enrollment	-0.0001	0.0000	0.000	-0.0001	0.0000	0.054
Population	0.0011	0.0010	0.284	0.0015	0.0011	0.161
Tax	0.0003	0.0004	0.547	0.0009	0.0006	0.143
Allotment	0.0454	0.0302	0.140	0.0318	0.0314	0.318
Medicaid benefic.	--	--	--	1.1722	3.9179	0.766
Adults	2.7606	3.2943	0.407	1.8213	2.6222	0.492
High eligibility	-0.4461	2.3928	0.853	-0.0109	0.0081	0.188
Constant	11.3303	17.0523	0.510	1.1612	18.6125	0.951
Within R^2	0.852			0.818		
Between R^2	0.997			0.996		
Overall R^2	0.948			0.939		

For model 1, n=392; N = 49 states, T = 8 years . For model 2, n= 343; N=49 states, T=7 years (excludes 2006).

Table 3.2: Fixed-effects regression of federal SCHIP spending ($ millions) by state, 1999-2006

	Model 1			Model 2		
	β	**SE**	**p-value**	**β**	**SE**	**p-value**
FMAP	-0.2327	1.390	0.867	-1.2929	1.5607	0.408
State spending	-0.8168	0.185	0.000	-1.2728	0.1863	0.000
FFP	0.9034	0.101	0.000	1.0760	0.1006	0.000
Total enrollment	0.0003	0.000	0.000	0.0003	0.0000	0.000
Population	-0.0141	0.006	0.027	-0.0025	0.0080	0.757
Tax	0.0043	0.001	0.000	0.0008	0.0009	0.376
Allotment	-0.0714	0.034	0.035	-0.0250	0.0327	0.444
Medicaid benefic.	--	--	--	0.0441	0.0101	0.000
Adults	8.2073	4.587	0.074	11.8372	4.6539	0.012
High eligibility	-31.7452	8.222	0.000	-29.8007	8.4642	0.001
Constant	57.926	102.685	0.560	75.3559	116.2401	0.517
Within R^2	0.918			0.911		
Between R^2	0.863			0.972		
Overall R^2	0.860			0.935		

For model 1, n=392; N = 49 states, T = 8 years . For model 2, n= 343; N=49 states, T=7 years (excludes 2006).

Table 4.1: Fixed-effects estimation of child SCHIP enrollment (n=392)

	Model 1			**Model 2**			**Model 3**		
	β	**SE**	**p-value**	**β**	**SE**	**p-value**	**β**	**SE**	**p-value**
Total spending	545.145	21.530	0.000	593.841	21.908	0.000	590.808	21.820	0.000
Population	113.630	10.857	0.000	105.274	10.390	0.000	107.449	10.373	0.000
Low income children	6.041	26.734	0.821	15.003	25.598	0.558	13.771	25.451	0.589
Poverty rate	-284.758	1263.942	0.822	121.677	1210.624	0.920	274.978	1205.336	0.820
GSP	-0.363	0.078	0.000	-0.377	0.075	0.000	-0.379	0.074	0.000
Uninsurance rate	-176.703	1161.070	0.879	-450.573	1110.625	0.685	-378.286	1104.466	0.732
High eligibility	6207.896	11552.000	0.591	5192.497	11049.830	0.639	4602.187	10987.030	0.676
Adults	-40094.100	6469.510	0.000	--	--	--	-16371.540	7296.134	0.025
Adult enrollment	--	--	--	-0.684	0.080	0.000	-0.570	0.094	0.000
Constant	-522667.900	50488.050	0.000	-483090.800	48208.130	0.000	-495138.800	48220.270	0.000
Within R^2	0.868			0.879			0.881		
Between R^2	0.871			0.876			0.875		
Overall R^2	0.791			0.799			0.798		

N = 49 states, T = 8 years

Table 4.2: Fixed-effects estimation of proportion of targeted children who are enrolled in SCHIP

	Model 1: Percent			Model 2: Logit transformed		
	β	**SE**	**p-value**	**β**	**SE**	**p-value**
Total spending	0.02794	0.00910	0.0020	0.0011053	0.0005206	0.0340
Population	0.00850	0.00459	0.0650	0.0005005	0.0002625	0.0570
Low income children	-0.01647	0.01129	0.1460	-0.0009720	0.0006465	0.1340
Poverty rate	1.56127	0.53394	0.0040	0.0742081	0.0305652	0.0160
GSP	0.00001	0.00003	0.8160	0.0000007	0.0000019	0.6960
Uninsurance rate	-2.65865	0.49048	0.0000	-0.1230403	0.0280775	0.0000
High eligibility	9.38124	4.88004	0.0550	-0.0661938	0.2793552	0.8130
Adults	8.58404	2.73298	0.0020	0.7430777	0.1564483	0.0000
Constant	15.76827	21.32821	0.4600	-2.1805110	1.2209230	0.0750
Within R^2	0.2895			0.2619		
Between R^2	0.0131			0.0037		
Overall R^2	0.0188			0.0081		

N = 49 states, T = 8 years

Table 4.3: Fixed effects model of percent children under 200 percent FPL who are uninsured (n=392)

	Model 1: Percent			Model 2: Logit transformed		
	β	**SE**	**p-value**	**β**	**SE**	**p-value**
Total spending	-0.00048	0.00293	0.8690	-0.0000304	0.0002436	0.9010
Population	-0.00162	0.00144	0.2610	-0.0000495	0.0001196	0.6790
Poverty rate	-0.39914	0.16720	0.0180	-0.0316686	0.0139222	0.0240
GSP	-0.00001	0.00001	0.5420	-0.0000008	0.0000009	0.3930
Uninsurance rate	1.62108	0.15827	0.0000	0.1177787	0.0131786	0.0000
High eligibility	0.63663	1.59450	0.6900	0.0375480	0.1327650	0.7770
Adults	-1.77523	0.89347	0.0480	-0.0945982	0.0743943	0.2040
Constant	10.14974	6.91031	0.1430	-2.4628170	0.5753837	0.0000
Within R^2	0.2628			0.2061		
Between R^2	0.0035			0.0790		
Overall R^2	0.0109			0.0811		

N = 49 states, T = 8 years

Table 4.4: Three stage least squares models of child enrollment, total spending, and enrollment of non-targeted populations (n=392)

	Model 1			Model 2*			Model 3*		
Equation 1									
Dependent variable: Child enrollment									
	β	**SE**	**p-value**	**β**	**SE**	**p-value**	**β**	**SE**	**p-value**
Total spending	948.0015	31.42	0.0000	778.1734	77.94	0.0000	793.2280	65.1265	0.0000
Population	2.4164	1.75	0.1670	52.5618	13.94	0.0000	52.6010	12.0131	0.0000
Low income kids	11.5722	5.81	0.0460	37.6154	27.02	0.1640	38.0503	21.2419	0.0730
Poverty rate	323.9793	331.10	0.3280	-114.5548	1111.78	0.9180	322.2679	847.8317	0.7040
GSP	0.0115	0.04	0.7920	-0.2413	0.10	0.0150	-0.2352	0.0794	0.0030
Uninsurance rate	-66.5592	250.88	0.7910	-559.8643	973.52	0.5650	-757.3539	800.4371	0.3440
High eligibility	515.1981	6315.33	0.9350	-111523.6000	80239.91	0.1650	-97769.490	61685.1700	0.1130
Adults	-11167.640	15359.93	0.4670	-41987.5000	31339.42	0.1800	23419.3800	36222.2500	0.5180
Adult enrollment	-1.3173	0.15	0.0000	--	--	--	-1.2253	0.2910	0.0000
Constant	-9893.8450	5534.77	0.0740	-1307143.000	433108.40	0.0030	43194.0000	62574.8900	0.4900

Equation 2
Dependent variable: Total spending

	β	SE	p-value	β	SE	p-value	β	SE	p-value
Child enrollment	0.0010	0.00	0.0000	0.0016	0.00	0.0000	0.0016	0.00	0.0000
Adult enrollment	0.0014	0.00	0.0000	--	--	--	0.0015	0.00	0.0000
Population	-0.0038	0.00	0.0000	-0.0889	0.03	0.0020	-0.0969	0.03	0.0000
High eligibility	0.1675	7.38	0.9820	144.3051	106.97	0.1770	205.3935	94.88	0.0300
Adults	11.3132	17.53	0.5190	63.7621	41.43	0.1240	-46.5561	55.62	0.4030
FMAP	-0.1632	0.27	0.5510	1.7257	2.31	0.4560	1.6560	2.15	0.4400
Allotment	-0.0160	0.02	0.4930	0.1877	0.07	0.0100	0.1804	0.07	0.0100
Constant	19.4137	21.39	0.3640	2165.6730	827.75	0.0090	2381.7310	807.07	0.0030

Equation 3
Dependent variable: High eligibility

	β	SE	p-value	β	SE	p-value	β	SE	p-value
High eligibility state	0.8486	0.03	0.0000	0.8506	0.03	0.0000	0.8526	0.03	0.0000
Child enrollment	0.0000	0.00	0.4370	0.0000	0.00	0.0010	0.0000	0.00	0.0300
Total spending	0.0002	0.00	0.5020	0.0006	0.00	0.0040	0.0003	0.00	0.0870
Pct kids low income	-0.0004	0.0013	0.7300	0.0001	0.00	0.9380	-0.0002	0.00	0.8670
Med. upper limit	0.0007	0.00	0.0420	0.0007	0.00	0.0380	0.0007	0.00	0.0480
Liberalism	-0.0023	0.00	0.0010	-0.0023	0.00	0.0010	-0.0022	0.00	0.0010
Universal	0.0691	0.02	0.0010	0.0660	0.02	0.0010	0.0670	0.02	0.0010
Amendments	0.0098	0.00	0.0160	0.0086	0.00	0.0330	0.0119	0.00	0.0020
Constant	-0.0416	0.08	0.5930	-0.0630	0.08	0.4180	-0.0573	0.08	0.4600

Equation 4
Dependent variable: Adults

	β	SE	p-value	β	SE	p-value	β	SE	p-value
Adult state	0.3487	0.0352	0.0000	0.4646	0.03	0.0000	0.4310	0.03	0.0000
Child enrollment	0.0000	0.0000	0.0000	0.0000	0.00	0.0020	0.0000	0.00	0.0000
Total spending	0.0033	0.0004	0.0000	0.0006	0.00	0.0470	0.0017	0.00	0.0000
Post 2001	0.0987	0.0294	0.0010	0.1458	0.03	0.0000	0.1392	0.03	0.0000
Liberalism	-0.0002	0.0008	0.7770	0.0001	0.00	0.9330	0.0001	0.00	0.9490
High income	0.0455	0.0374	0.2240	0.0490	0.03	0.1400	0.0278	0.03	0.4030
Universal	0.0603	0.0264	0.0230	0.0750	0.03	0.0110	0.0750	0.03	0.0110
Amendments	0.0108	0.0056	0.0530	0.0164	0.01	0.0070	0.0061	0.01	0.3070
Submission	-0.0003	0.0001	0.0030	-0.0003	0.00	0.0060	-0.0002	0.00	0.0150
Constant	-0.0212	0.0516	0.6820	-0.0918	0.06	0.0960	-0.0685	0.06	0.2170
Child enrollment R^2	0.9290			0.9629			0.9692		
Total spending R^2	0.9130			0.9212			0.9117		
High eligibility R^2	0.8483			0.8447			0.8479		
Adults R^2	0.4087			0.5380			0.5359		

N = 49 states, T = 8 years
*Fixed-effects dummy variable coefficients not reported

Table 5.1: Mixed effects REML regression of upper child SCHIP eligibility limit (n = 392)

	Model 1			Model 2		
	β	**RSE**	**p-value**	**β**	**RSE**	**p-value**
Medicaid upper limit	0.5695	0.1794	0.0020	--	--	--
Liberalism	-0.5065	0.2475	0.0410	-0.4094	0.2484	0.0990
Reauthorization	0.2319	0.2223	0.2970	0.3622	0.2379	0.1280
Democrat Governor	1.7489	3.0515	0.5670	1.5884	3.0623	0.6040
Submission	-0.0720	0.0547	0.1880	-0.0537	0.0600	0.3710
Implementation	-0.0090	0.0343	0.7940	-0.0144	0.0378	0.7040
Medicaid type	-34.4613	5.9376	0.0000	-35.2462	6.0010	0.0000
Continuous or presumptive	-31.2430	11.2974	0.0060	-42.5345	11.7640	0.0000
Adult state	7.4302	12.6869	0.5580	10.9021	13.9425	0.4340
Amendments	2.1048	0.9702	0.0300	2.2152	0.9809	0.0240
Population	0.0013	0.0022	0.5470	0.0030	0.0023	0.1800
GSP	0.0000	0.0001	0.9410	0.0000	0.0001	0.7550
Total spending per capita	-49.2865	163.1425	0.7630	-54.6856	164.2749	0.7390
Low-income child unins. rate	-0.5899	0.3226	0.0670	-0.5660	0.3235	0.0800
Uninsurance rate	-0.2631	0.9979	0.7920	-0.7479	1.0003	0.4550
Poverty rate	-0.8961	0.9236	0.3320	-0.8445	0.9361	0.3670
State health spending	0.3310	2.6324	0.9000	0.5810	2.6353	0.8260
Tax	-0.0008	0.0010	0.4310	-0.0006	0.0010	0.5820
Tax per capita	21.2637	5.7602	0.0000	22.0166	5.8088	0.0000
Constant	139.2281	37.3768	0.0000	221.8794	28.2375	0.0000

N = 49 states, T = 8 years

Table 5.2: Mixed effects REML regression of high eligibility limit (dummy) policy variable (n = 392)

	Model 1			Model 2		
	β	**RSE**	**p-value**	**β**	**RSE**	**p-value**
Medicaid upper limit	0.0068	0.0016	0.0000	--	--	--
Liberalism	-0.0028	0.0015	0.0580	-0.0023	0.0015	0.1160
Reauthorization	0.0035	0.0019	0.0670	0.0055	0.0022	0.0110
Democrat Governor	-0.0455	0.0176	0.0100	-0.0457	0.0177	0.0100
Submission	0.0001	0.0005	0.8610	0.0003	0.0006	0.6230
Implementation	0.0001	0.0003	0.8110	0.0000	0.0004	0.9890
Medicaid type	-0.0385	0.0352	0.2740	-0.0400	0.0355	0.2600
Continuous or presumptive	-0.1913	0.1003	0.0560	-0.3211	0.1122	0.0040
Adult state	0.0896	0.1149	0.4350	0.1243	0.1354	0.3590
Amendments	0.0200	0.0058	0.0010	0.0205	0.0058	0.0000
Population	0.0000	0.0000	0.7320	0.0000	0.0000	0.1790
GSP	0.0000	0.0000	0.4850	0.0000	0.0000	0.2590
Total spending per capita	0.1900	0.9525	0.8420	0.1813	0.9576	0.8500
Low-income child uninsurance rate	0.0023	0.0019	0.2150	0.0025	0.0019	0.1810
Uninsurance rate	-0.0065	0.0059	0.2750	-0.0091	0.0060	0.1280
Poverty rate	-0.0022	0.0055	0.6910	-0.0021	0.0056	0.7030
State health spending	-0.0054	0.0151	0.7210	-0.0049	0.0152	0.7450
Tax	0.0000	0.0000	0.3350	0.0000	0.0000	0.2500
Tax per capita	0.0089	0.0339	0.7920	0.0131	0.0341	0.7000
Constant	-0.9513	0.3111	0.0020	0.0267	0.2371	0.9100

N = 49 states, T = 8 years

Table 5.3: Random-effects logistic regression of high eligibility policy variable (n=392)

	Model 1				Model 2			
	β	**RSE**	**p-value**	**e^{β}**	**β**	**RSE**	**p-value**	**e^{β}**
1997 Child Medicaid eligibility	1.6856	0.5077	0.0010	5.3959	--	--	--	--
Liberalism	-0.0216	0.0792	0.7850	0.9786	0.0212	0.0496	0.6700	1.0214
Reauthorization	0.0847	0.0650	0.1930	1.0884	0.0544	0.0366	0.1370	1.0559
Democrat governor	-0.7509	1.1309	0.5070	0.4719	-0.5131	0.7579	0.4980	0.5986
Submission	-0.0613	0.0203	0.0030	0.9406	0.0021	0.0057	0.7100	1.0021
Implementation	0.0156	0.0072	0.0290	1.0157	0.0036	0.0036	0.3170	1.0036
Medicaid type	-9.4033	4.0297	0.0200	0.0001	-1.9798	1.3503	0.1430	0.1381
Continuous/presumptive	-11.7232	4.3646	0.0070	0.0000	-7.5749	1.6164	0.0000	0.0005
Adult state	0.5908	1.7021	0.7290	1.8054	1.6111	1.3525	0.2340	5.0085
Amendments	0.3214	0.2648	0.2250	1.3790	0.3745	0.2098	0.0740	1.4542
Population	-0.0039	0.0014	0.0050	0.9961	-0.0016	0.0009	0.0700	0.9984
GSP	0.0000	0.0000	0.0500	1.0000	0.0000	0.0000	0.5500	1.0000
Total spending per capita	66.7376	70.7274	0.3450	big	-3.7235	37.8840	0.9220	0.0241
Low income child uninsurance rate	-0.0743	0.1354	0.5830	0.9284	-0.0043	0.0854	0.9600	0.9957
Uninsurance rate	1.0156	0.4598	0.0270	2.7609	0.0154	0.2287	0.9460	1.0156
Poverty rate	-0.8431	0.4016	0.0360	0.4304	-0.3155	0.2284	0.1670	0.7295
State health spending	1.5857	1.5326	0.3010	4.8828	0.9119	0.8515	0.2840	2.4891
Tax	0.0006	0.0004	0.0850	1.0006	0.0008	0.0003	0.0110	1.0008
Tax per capita	-1.8691	2.6778	0.4850	0.1543	-1.3237	1.5431	0.3910	0.2661
Constant	-300.9516	92.5878	0.0010		-3.1329	4.3614	0.4730	

N = 49 states, T = 8 years

Table 5.4: Mixed-effects regression of adults policy variable (n=294)

	β	SE	p-value
Liberalism	0.0035	0.0027	0.1910
Reauthorization	-0.0011	0.0024	0.6310
Democrat governor	0.0797	0.0280	0.0040
Submission	-0.0011	0.0006	0.0490
Implementation	0.0003	0.0004	0.4290
Medicaid type	-0.1848	0.0674	0.0060
Continuous/presumptive	-0.1126	0.1239	0.3630
High eligibility state	0.1085	0.1455	0.4560
Amendments	0.0261	0.0108	0.0160
Population	0.0000	0.0000	0.8640
GSP	0.0000	0.0000	0.3110
Total spending per capita	2.7642	1.6269	0.0890
Low income child uninsurance rate	0.0010	0.0037	0.7860
Uninsurance rate	0.0001	0.0099	0.9890
Poverty rate	0.0085	0.0091	0.3500
State health spending	0.0049	0.0223	0.8270
Tax	0.0000	0.0000	0.7290
Tax per capita	-0.0426	0.0513	0.4060
Constant	0.1858	0.2748	0.4990

N = 49 states, T = 6 years from 2001-2006

Table 5.5: Random-effects logistic regression of adult enrollment (dummy) policy variable (n=294)

	β	RSE	p-value	e^{β}
Liberalism	0.0697	0.0567	0.2200	1.0721
Reauthorization	-0.0134	0.0383	0.7270	0.9867
Democrat governor	1.0163	0.7822	0.1940	2.7629
Submission	-0.0262	0.0082	0.0020	0.9742
Implementation	0.0035	0.0040	0.3870	1.0035
Medicaid type	-0.2150	1.2255	0.8610	0.8066
Continuous/presumptive	-1.1465	1.4213	0.4200	0.3178
High eligibility state	0.4615	1.5078	0.7600	1.5864
Amendments	0.4143	0.2338	0.0760	1.5133
Population	0.0000	0.0006	0.9900	1.0000
GSP	0.0000	0.0000	0.3510	1.0000
Total spending per capita	69.7170	42.9631	0.1050	big
Low income child uninsurance rate	0.0713	0.0940	0.4480	1.0739
Uninsurance rate	0.1602	0.2063	0.4370	1.1738
Poverty rate	-0.0823	0.1963	0.6750	0.9210
State health spending	-0.1836	1.0138	0.8560	0.8323
Tax	0.0001	0.0002	0.5420	1.0001
Tax per capita	0.4466	1.4517	0.7580	1.5631
Constant	-6.6600	4.5448	0.1430	0.0013

N = 49 states, T = 6 years from 2001-2006

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EDUCATION

Indiana University, Bloomington School of Public and Environmental Affairs
Ph.D., June 2009
Chancellor's fellow
Major fields: public policy analysis and public management Ph.D. Minor field: Political science
Dissertation title: Goal Conflict in the State Children's Health Insurance Program
Committee members: David Reingold (Chair), David Good, Michael McGuire and Nicole Quon

Indiana University, Bloomington School of Public and Environmental Affairs
Master of Public Affairs, May 2004
Graduated in top 10 percent of class
SPEA Nonprofit Service Corps fellow
Concentration in non-profit management

Center on Philanthropy, Indianapolis The Fund Raising School
Certificate of Fund Raising Management, May 2004

The University of Utah College of Science
Bachelor of University Studies, May 2000
Service-Learning Scholar

FACULTY APPOINTMENTS

Brigham Young University
Assistant Professor of Public Management
Courses (MPA): Statistical Analysis, Public Program Evaluation, Nonprofit Management, Fund Development

Indiana University, Bloomington
Associate Instructor, Autumn 2006-December 2008
Courses (BS/BA): Public Finance and Budgeting, Research Design and Methods

PUBLICATIONS, CONFERENCE PRESENTATIONS AND WORKING PAPERS

Witesman, Eva and Charles Wise (2009). "The Centralization/ Decentralization Paradox in Civil Service Reform: How Government Structure Affects Democratic Training of Civil Servants," *Public Administration Review*, 69: 1., pp. 116-127.

Witesman, Eva (2006). "Players in the Public Policy Process: Nonprofits as Social Capital and Agents" (Book Review). *Journal of Policy Analysis and Management* 26:1 pp 204-207.

Witesman, Eva and Lawrence Walters (2009). "Quantifying Public Service Value Profiles: An Assessment Tool." Working paper presented at the International Public Service Motivation research conference in Bloomington, IN.

Witesman, Eva and Chris Silvia (2009). "Factors Affecting Participation Decisions of Disaster Response Volunteers." Working paper presented at the American Society for Public Administration (ASPA) conference in Miami, FL.

Wise, Charles and Eva Witesman (2007). "Civil Service Reform in New Nations: Will a Centralized or Decentralized Approach Lead to More Effective Democratic Management?" Working paper presented in panel entitled, "Public Management Research: Current State of the Art" at the 2007 NASPAA conference in Seattle, WA.

Wise, Charles and Eva Witesman (2007). "Public Management Reform: the Centralization-Decentralization Paradox." Working paper presented at the 2007 Public Management Research (PMRA) Conference in Tucson, AZ.

Witesman, Eva and Charles Wise (2007). "The Centralization/Decentralization Paradox in Civil Service Reform: How Government Structure Affects Training of Civil Servants," Working paper presented at the 2007 American Society for Public Administration Annual Conference in Dallas, TX.

Witesman, Eva (2006). "The Effect of Goal Alignment Patterns on Policy Outcomes for State Administered Federal Mandates." Working Paper presented at the 2007 Public Management Research (PMRA) Conference in Tucson, AZ.

Witesman, Eva (2006). "Personal Factors Affecting Employee Confidence in Public Sector Competitiveness." Working Paper accepted for poster presentation at the 2007 Association for Public Policy Analysis and Management (APPAM) conference in Washington, DC.

Witesman, Eva and Sergio Fernandez (2006). "The Mysterious Role of Trust: Nonprofits and Local Government Contracting." Conference paper presented at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA), November 18, 2006, Chicago, IL.

Christensen, Robert K., Helen Kang-huey Liu, Stephanie Moulton, Becky Nesbit, and Eva Witesman (2006). "Assessing the Effectiveness of Capacity Measures and Frameworks in Public and Nonprofit Performance Evaluation." Conference paper presented at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA), November 18, 2006, Chicago, IL.

Witesman, Eva (2006). "Risk Factor Prevalence in Marion County: A Report to the Early Intervention Planning Council." Center for Urban Policy and the Environment publication 06-C26b.

Anderson et al. (2006). "Evidence-based Practices in Prevention and Treatment for Children and Adolescents: A Report to the Early Intervention Planning Council." Center for Urban Policy and the Environment publication 06-C26.

Witesman, Eva (2006). "Intangible Toll Goods: Understanding the Nature of Values, Skills and Information." Working paper. Presented at the fall Mini-Conference at the Workshop in Political Theory and Policy Analysis, Indiana University, Bloomington, IN, December 9 and 11, 2006.

Witesman, Eva (2005). "Qualitative Research Software: A User's Guide." Invited lecture in V710 Qualitative methods (Professor Robert Agranoff) in the School of Public and Environmental Affairs, Indiana University, Bloomington.

Witesman, Eva (1999). "Scholars under fire: Redefining research in the undergrad institution" in Bare, Kelly (Ed.) The Inside Scoop on College Life. Portland, OR: Petersen Publishing Group.

PROFESSIONAL EXPERIENCE

Center for Urban Policy and the Environment
Graduate Research Assistant, May 2006-May 2007
Served as support staff for the Early Intervention Planning Council of Marion County, Indiana as they provided policy recommendations to the city-county council regarding child welfare policy reform.

Third Sector Strategies, LLC
President, June 2004-January 2006
This company provided a variety of consulting services including workshops and seminars, staff training, technology implementation, in-depth analysis and development of a variety of nonprofit case expressions.

Shalom Community Center
Development intern, January-May 2004
Created comprehensive donor and volunteer database, created basic organizational funding proposal and internal case statement, oversaw website development, researched potential funding sources, and assisted with budgeting and finance operations including filing of IRS form 990.

Middle Way House
Service Corps fellow, September 2002-May 2004
Prepared outreach materials for various community awareness activities; researched, designed and oversaw production of informational materials including Spanish translations; and wrote funding proposals and press releases.

Waterford Institute
Educational software designer, January 2001-July 2002
Technical writer, September 2000-January 2001
Designer position involved researching best teaching methods and designing computer-based lessons in early math and science for grades K-2. Also involved writing teacher's manual for suggested classroom activities and writing books for children. Writer responsibilities include writing and editing technical documents and other materials, offering procedural input, managing Waterford global specifications, and writing books for children.

University of Utah
Service-learning TA in the Department of Psychology, Spring semester 1999
Research assistant, Olivera biology lab, Autumn 1995-Spring 1998
Service-learning TA in Department of Management, Autumn/Winter quarters 1996-7
Duties included preparing and delivering lectures, grading papers, working with students one-on-one, learning laboratory techniques and conducting original laboratory research, and presenting said research at conferences and colloquia.

Daily Utah Chronicle
Arts and entertainment editor, June 1998-September 1998
Feature Editor, June 1997-May 1998
Assistant News Editor, January-May 1997
Accomplishments include redesign of feature and arts and entertainment sections, both formats still used today, and various journalistic and design awards for work accomplished under my leadership.

The Associated Students of the University of Utah
Academic affairs board chair, 1999-2000 academic year
Elections Registrar, 1998-1999 academic year
Student Senate Treasurer, 1997-1998 academic year
Accomplishments include implementation of the first forum on higher education, implementation of on-line voting in ASUU elections, and drafting and passage of senate legislation regarding student privacy issues.

SELECTED EXTRACURRICULAR INVOLVEMENT

Co-chair, Association of SPEA PhD Students 2005-6 and 2006-7
Public Affairs PhD representative, Dean's Student Advisory Council 2007-8 academic year
Program director, ASPS student conference 2007
Student representative, SPEA Staff Awards Committee 2007
University of Utah Diversity Committee 1996-7 academic year
University of Utah Undergraduate Council 1996-7 academic year
Co-captain, University of Utah Women's Rugby Team
University of Utah Academic Senate Personnel and Elections Committee 1997-8
President and founder, Tours de Force student art group
Chapter vice-president, University of Utah Golden Key National Honor Society, 1996-7
Participant, University of Utah Bioscience Research Training Program

SELECTED HONOR SOCIETIES/MERIT BASED AWARDS

Recipient, Indiana University Chancellor's Fellowship award
Recipient, Indiana University School of Public and Environmental Affairs Service Corps fellowship award
Member, Pi Alpha Alpha honor society for public administrators
Recipient, Waterford Institute "Best Science Activity 2002" award
Recipient, University of Utah Alumni-Bennion Service Fellowship award
Recipient, University of Utah Honors at Entrance scholarship and award
Recipient, University of Utah Young Alumni scholarship award
Three-time Speaker, National Conference of Undergraduate Research
Recipient, three Bioscience Undergraduate Research Program Minigrants
Recipient, two Undergraduate Research Opportunities Program Fellowships
First attendant to homecoming queen, University of Utah 1996-7 academic year

SELECTED VOLUNTEER EXPERIENCE

Volunteer canine trainer, Argus K-9 Search and Rescue, Bloomington IN 2006-7
Volunteer "foster parent," Monroe County Humane Society 2007
Instructor, Knee-High Cooperative Daycare 2005-6
Neighborhood Association Representative, Gilmer district, Salt Lake City Utah, 2005
President, Utah Youth Soccer Association Leopard's Lair League 2001
Child-Life 300 hour volunteer, Children's Medical Center of Dallas
Director, University of Utah Mentor a Child/Change a Life program 1997-98
Co-chair, Salt Lake City Take Back the Night 1997 organizing committee

PROFESSIONAL MEMBERSHIPS

Member, Association for Public Policy Analysis and Management
Member, Public Management Research Association
Member, Association for Research on Nonprofit Organizations and Voluntary Action
Member: American Society for Public Administration