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Race, Inequality, and the Prioritization of Corrections Spending in the American States

Christian Breunig[1] and Rose Ernst[2]

Abstract

Observers of U.S. criminal justice trends have noted the vast increase in spending on prison systems over the past 25 years. First, the authors empirically verify that overall spending on corrections not only increased but also that corrections spending grew compared to other budget areas. Second, the authors examine the mechanisms behind this prioritization. The authors posit that race and class dynamics of individual states affects the extent to which corrections spending is prioritized. Race acts as a central cleavage factor while class acts as a secondary cleavage in the political decision-making environment. Time-series cross-sectional (TSCS) analysis of state budget outlays between 1984 and 1999 provides strong evidence for this hypothesis. Our findings depart from previous scholarly work devoted to "underclass" theories of race and class interactions; the authors uncover a more intricate relationship between race and class. The article demonstrates that the higher the proportion of African Americans in a state, the higher the prioritization of corrections spending. Only in states with low proportions of African Americans does income inequality matter.

Keywords

minority group threat, prison–industrial complex, Race and corrections, Race and public opinion, social control theory

On May 8, 2006, Governor Sonny Perdue presided at the opening of 4,200 new prison beds in the state of Georgia. Perdue, who recommended the $48 million in the state budget for the construction of these facilities, saluted the opening as "ultimately

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increas[ing] the safety of Georgia's communities" (Perdue, 2006). This appetite for investment in prison facilities is hardly limited to the state of Georgia. The growth of the criminal justice state over the past 30 years is a phenomenon apparent to even the casual observer of U.S. politics. Much of this popular and scholarly attention to this trend, however, has centered on the United States as a whole, rather than the distinctive realm of state policymaking. In the United States, states are the governing entities that have primary authority over the development of policies concerning the criminal justice system (Hero, 2003). Therefore, expenditures on corrections as a proportion of the total state budget (prioritization) should be one measure that reflects the strength of state decision makers' preferences for this type of policy sanction (Jacoby & Schneider, 2001).

American states have seen their corrections budgets soar over the past two decades. Expenditures increased from $15.6 billion in fiscal year (FY) 1986 to 38.2 billion in FY 2001 (Bureau of Justice Statistics, 2004).[1] Scholars have not explored whether this expansion (ca. 145% in 15 years) reflects an increase in priority within an annual budget over time or whether it is simply the result of an overall increase in budget size. Our first task is to investigate whether corrections spending did become a greater priority at the state level since the mid-1980s. In contrast to tracking spending increases irrespective of total budget size, investigating the proportion of correction spending to the total budget (prioritization) paints a more accurate picture of the preferences of state policy makers. Using state outlays data for the period 1984–1999, our article establishes that corrections spending represents a growing part of state budgets over the last two decades.[2] Our central question concerns the source of the variation in state budget prioritization of corrections across time and space.

We posit that race and class dynamics of individual states affect the prioritization of corrections spending. While scholars of corrections policies have explored national (Eitle, D'Alessio, & Stolzenberg, 2002) and cross-national (Jacobs & Helms, 1999; Jacobs & Kleban, 2003) patterns of spending on policies related to prisons, there are no systematic state-level time-series comparisons of state prioritization in this area.[3] We argue that race acts as a central cleavage factor while class acts as a secondary cleavage in the political decision-making environment.[4] Fears of the "other" are heightened (and have the potential to be exploited by political decision makers) in states where there are larger African American populations and/or high rates of income inequality. This logic presents a more dynamic understanding about the interaction between race and class in contrast to explanations that either conflate race and class or view these concepts as discrete entities. Our TSCS analysis of state correction outlays reveals strong evidence for the interaction of "racial threat" and inequality upon state decision makers' priorities. In the analysis, we control for both structural and institutional factors, including partisanship, the institutional role of governors, unemployment, and crime rates. Surprisingly, none of these institutional variables contribute to our understanding of this process in a substantive and statistically significant manner. In the final section of the paper, we discuss the implications of the results that the size of the African American population *always* matter in the context

of corrections prioritization while inequality matters *only* when African American populations are relatively low.

The Dynamics of Race and Inequality

The relationship between race, inequality, and social control builds on two theoretical frameworks: "racial threat" and economic dislocation. "Racial threat," in the most simplified terms, describes a group of theories positing a relationship between the sizes of the Black population in one area to the extent of social control measures aimed at that population.[5] Broadly speaking, this theory posits that the presence of a racialized "other" in a population increases fear and/or hostility among White Americans toward this other group which, in turn, provokes support for social control policies. Social control policies include but are not limited to social service policies such as "welfare," as well as a host of criminal justice policies. For example, Pamela Irving Jackson's work (1989) in the area of policing has found a connection "between minority group size, competition for sociopolitical dominance, and the level of policing resources" (p. 4).

Incarceration is another measure of racial threat that evokes the coercive power of the state. While corrections spending is not necessarily aimed at African Americans in an overt manner, they are clearly the target in coded rhetoric about crime, which is often more effective in reinforcing racial resentment rather than sending directly racist messages (Mendelberg, 2001).

A range of studies has documented the connections between White Americans' attitudes toward punitiveness and concomitant racist attitudes. Beckett finds that in terms of individual public opinion, "racist attitudes continue to be the main determinant of white punitiveness" (Beckett, 1997; see also Green, Staerklé, & Sears, 2006). Studies that have used the views on the death penalty to gauge the relationship between punitiveness and racial attitudes have similarly found that there is a persistent connection between support for the death penalty and negative attitudes about African Americans (Soss, Langbein, & Metelko, 2003; Unnever & Cullen, 2007).

The confluence of racial proximity and perceptions of crime has proven to be an important relationship in understanding punitive attitudes. Quillian and Pager (2001) found that spatial proximity influences perceptions of crime: "The percentage young black men in a neighborhood is positively associated with perceptions of the neighborhood crime level, even after controlling for two measures of crime rates and other neighborhood characteristics" (p. 717). Chiricos, McEntire, and Gertz (2001) also find that the "perceived proximity of racial others" may affect the employment of social control policies (p. 322; see also Soss et al., 2003).

These trends in White attitudes, coupled with racially coded rhetoric, suggest that elected officials have an electoral incentive to pursue policies that demonstrate punitiveness. Beckett (1997) finds that elected officials, particularly members of the Republican Party, have an electoral incentive to reinforce connections between racial attitudes and crime, as these connections have proven useful politically in the past. Enhancing these connections between race and crime may be particularly attractive in

states where the proportion of African Americans is relatively high. Similarly, racial threat theory dictates that these appeals are less attractive in states where the African American population is relatively low.

Scholars have found the plausibility of racial threat theories to be borne out as explanations for various types of policies and patterns including incarceration rates cross-nationally (Jacobs & Kleban, 2003), corrections spending at national level (Jacobs & Helms, 1999), as well as the actual attitudes of Whites as a threat response (Taylor, 1998). In addition, there is evidence that reform attempts of another social regulatory policy, welfare, is "(1) . . . [S]trongly related to the racial context in a state, and (2) . . . the racial context in a state is related to white stereotypes of African Americans" (Fording, 2003, p. 74). Similarly, Martin Gilens finds that White Americans' attitudes about welfare are deeply intertwined with their racial attitudes about African Americans (Gilens, 1999, p. 3). Soss, Schram, Vartanian, and O'Brien (2001) and Fellowes and Rowe (2004) find that higher percentages of African Americans among the total population of welfare parents produce more punitive policy responses at the state level. Given the electoral incentive to appeal to White's fears of African Americans in terms of crime, we expect the following relationship:

Hypothesis 1: A higher percentage of African American population in a state leads to greater prioritization of corrections spending.

The politics of race and class are often intertwined in the creation and transformation of social policy (Cohen, 1999). This is especially true given that marginalized populations in the United States, such as African Americans, disproportionately carry the burden of poverty (Neubeck & Cazenave, 2001). Therefore, the socioeconomic context of a state offers an explanation for the prioritization of corrections spending in two conceptually distinct ways.

First, an economic dislocation framework suggests that large-scale changes in approaches to penalty (defined here as a shift in the importance of corrections spending) do not reflect problems with the practices themselves but rather "transformations in social and political structures" (Simon, 1993, p. 5). This approach eschews understanding changes in incarceration as a manifestation of the qualities of the prison systems themselves. Rather, forces external to the prison, such as social and political events, impact the changes in administration of prisons and the stated goals of incarceration. These broad transformations are reflected, in part, in transitions in the political economy of the United States (i.e., dismantling of the industrial workforce). Low-income populations are particularly vulnerable to large-scale social change and shifts in the economy (Simon, 1993). These scholars view trends in penalty as the product of economic forces rather than fluctuations in crime rates (or even economic explanations that link rises in unemployment with increased crime). Instead, shifts in the socioeconomic status or size of low-income populations may have altered approaches to incarceration. As Wacquant (2000) argues, the prison offered a "solution" for the economic dislocation of the African American working class in the 1970s: "as the urban 'Black Belt' lost its economic role of labor extraction and proved

unable to ensure ethnoracial closure, the prison was called upon to shore up caste division and help contain a dishonored and supernumerary population viewed as both deviant and dangerous'' (p. 377). In this explanation, which combines race and economic factors, prison becomes a place to warehouse surplus labor. Scholars have also added that the prison may serve a dual function as a place where labor may be extracted (Adamson, 1984; Rusche & Kirchheimer, 1939). Similarly, Piven and Cloward (1971) posit that elite response to the threat of mass unemployment and poverty is an expansion of the welfare state. While this expansion may be viewed as a ''beneficent'' mode of social control, we also expect the alternate form of control, namely, coercive power (incarceration) may be employed by the state in similar situations (Fording, 2001).

Another explanation by Nicholson-Crotty and Meier (2003) suggests that the ''poverty and disorganization'' of African American communities along with targeting of these communities by law enforcement contributes to a rise in federal incarceration rates. While this framework incorporates both race and class in their consideration of incarceration rates, it tends to conflate race and class into a cultural ''underclass'' explanation of criminal justice policies. While this ''underclass'' theory is racially distinct, class still operates as the motivating factor behind certain criminal justice policies. While these two frameworks approach prison spending in distinct ways, the mechanism behind increased prioritization is similar:

> *Hypothesis 2:* High levels of income inequality lead to increases in the prioritization of corrections spending.

The central claim of our article is that race and inequality need to be considered in conjunction with one another rather than as either discrete or conflated factors. As a starting point, work on incarceration rates (Wacquant, 2006) demonstrates that those incarcerated are disproportionately low income and African Americans.[6] Therefore, the question is to how race and inequality work in tandem with one another in regard to prioritizing social control. As noted in our previous discussion of economic dislocation, political scientists have tended to conflate race and class into cultural ''underclass'' explanations of an expanding criminal justice state. These approaches emphasize the presence of poor African American populations as the motivating factor for this expansion (regardless of political or social mechanisms enveloped in these explanations).

Similarly, one plausible explanation for astounding rise in the incarceration rate of African Americans is that they were targeted as a result of the 1980s and 1990s ''War on Drugs,'' rather than some direct connection between race and incarceration. The ''War on Drugs'' officially began in 1982 (Beckett, 1997, p. 54). This explanation becomes problematic, however, because the increase in attention to prison spending began in the 1970s, before the national ''War on Drugs'' began, as Gottschalk (2006) explains:

> [T]he race to incarcerate began in the 1970s at a time when states faced comparably dire financial straits. It was sustained despite wide fluctuations in the crime rate and in public

> opinion over the next two decades ... The economic burden of the burgeoning carceral state was a glaring omission in public policy debates at the time. (p. 241)

Thus, it appears that with regard to timing, explanations that place the beginning of increases in corrections spending in the 1980s—linked to fluctuations in crime or national discourse on drugs—are unsatisfactory.

Our argument diverges from these common explanations by attempting to disentangle the politics of race and class. First, we posit that *racial threat* is the motivating factor behind this increase in prioritization. This is because racial threat operates *regardless* of the class status of the African American population. We cannot overemphasize this point. Given the previously stated logic regarding electoral incentives to play the "race card" in terms of crime, this supposition is clear. In other words, the "threat" in this sense is unconnected to class status but solely focused on race. Smith's (2004) analysis of federal incarceration rates finds that race, not class, is the motivating factor of the "underclass" hypothesis. Second, we argue that class *only* matters if there are fewer African Americans in a given state. Class inequalities may heighten the temptation for politicians to exploit this cleavage for political gain when racial cleavages are not present (empirically, there are no states with low levels of inequality and high proportions of African Americans). The argument makes apparent that the relationship between race and inequality is not entirely reversible; that is, a low inequality state with a high proportion of African Americans would still hold a high preference for correction spending. Therefore, the interaction presented here rejects the traditional notion that the problem of social control is based on the so-called underclass as defined by "race (specifically, blacks), absolute poverty, unemployment, and unequal distribution of wealth," (Smith, 2004, p. 927). Instead, we purport that race is the most critical element in this hypothesis, with class playing a secondary role only when racial threat is not activated. In other words, economic inequality only heightens prioritization of corrections in states with a relatively *high* White American population.[7]

> *Hypothesis 3:* Given a low percentage of Black population, high levels of inequality lead to increased prioritization of corrections spending.

Data and Controls

We study the sources of prioritization on corrections spending through an analysis of prioritization among the American states over the period 1985–1999. The examined time span is limited due to data availability. Our dependent variable, labeled as *Corrections Priority Index* (CPI), is operationalized as the annual spending on corrections as percentage of total state spending. This operationalization is appropriate because it captures the strength of state government policy makers' preferences with regard to corrections spending. Since most states have constitutionally mandated spending limits (e.g., balanced budget amendments), examining the budget shares highlights to what extend policy makers prefer spending on corrections vis-à-vis all

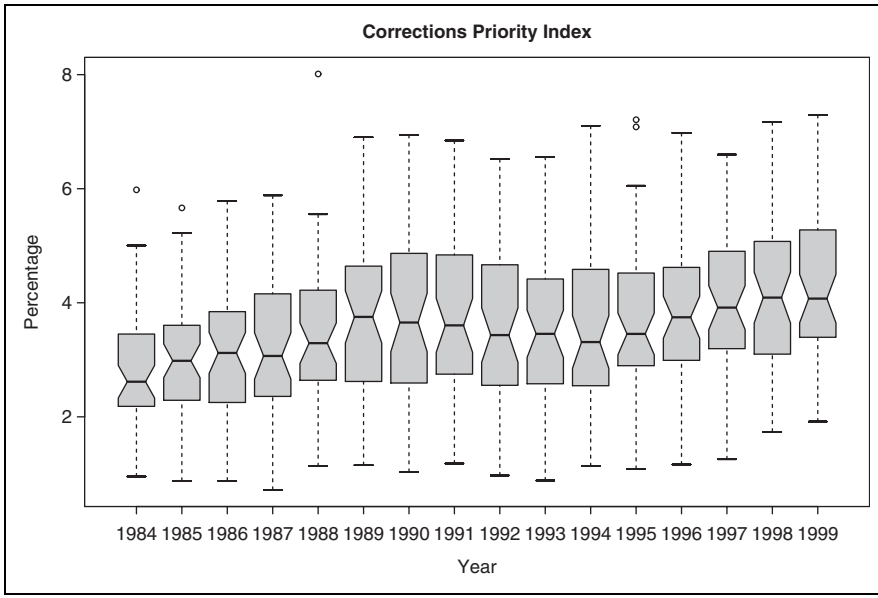

Figure 1. Development of *spending on corrections as percentage of total budget* across the American States, 1984–*1999*.

other budget items and takes into account the trade-offs involved in composing a state budget. During the investigated time period, Pennsylvania had the lowest CPI (about 0.6% in 1987).Whereas North Dakota and West Virginia often spend less than 1% of all spending on corrections, Texas, Maryland, and Virginia periodically have a CPI of more than 5%.

Figure 1 suggests that not only did the total amount of spending on corrections increase over time but also prioritization of corrections spending grew since the mid-1980s. Hence, we provide evidence that correction spending did not just grow as a result of increasing budget size. Instead, corrections spending became a greater priority in annual budgets over the last two decades. Interestingly, some of the "big spenders" on corrections, such as California, Florida, and New York, exhibit only an average score on the CPI. Other fiscal issues, such as public welfare and health, mustered a comparatively higher priority in these states. In short, American states increased the priority placed on corrections spending since 1985; nevertheless, considerable variation of preferences among states' decision makers still prevails.

The two central concepts in the article are race and inequality. We measure race as the percentage of African Americans of a state's total population.[8] For operationalizing inequality, we employ the Gini coefficient that measures the distribution of income within each state. The Gini index ranges from 0 to 1 where higher scores indicate greater inequality. These two and all other variables discussed in the paper, their descriptive statistics, their exact measurement, as well as their sources, are listed in Table 1.

Table 1. Summary of the Descriptive Statistics and Sources for All Variables

Variable	Min	Mean	Max	*SD*	Description
Corrections Priority Index	0.58	2.91	5.94	1.25	Outlays on Corrections as Percent of Total State Spending. Source: U.S. Census Bureau: The Statistical Abstract of the United States
Lagged Inequality	0.35	0.42	0.51	0.03	The Gini index measure of inequality where 1 = perfect inequality. Source: U.S. Census Bureau: The Statistical Abstract of the United States
Lagged Percent of Black Population	0.24	10.76	36.36	9.56	Percent of African Americans of total state population. Source: U.S. Census Bureau: The Statistical Abstract of the United States
Lagged Unemployment	2.40	6.16	13.10	1.75	Unemployment rate (Seasonally Adjusted). Source: Bureau of Labor Statistics: Local Area Unemployment Statistics
Party of Governor	0.00	0.53	1.00	0.50	Control of Governorship. 1 for Democratic Party, 0 otherwise Source: Authors' coding
Divided Government	0.00	0.60	1.00	0.49	Whether one chamber of the legislature is controlled by a different party than that which controls the executive. 1 = divided. Source: Authors' coding
Partisan ID of Citizens	1.25	53.67	97.92	22.55	Citizen Partisan Identity theoretically ranges from 0 (conservative) to 100 (liberal). Source: Berry et al. (1998):
Referendum	0.00	0.46	1.00	0.50	Whether a state allows for referenda. 1 = yes. Source: Authors' coding
Lagged Prison Population	52.00	247.66	556.00	105.42	Number of prisoners sentenced to 12 months or longer per 100,000population. Source: Hindelang Criminal Justice Research Center Sourcebook of Criminal Justice Statistics
Lagged Murders	0.20	7.05	19.80	3.46	Murder per 100,000 population. Source Federal Bureau of Investigation: Uniform Crime Reports
Lagged Rape	7.30	38.04	98.60	14.79	Rapes per 100,000 population. Source Federal Bureau of Investigation: Uniform Crime Reports
Lagged Assault	32.00	335.16	786.00	162.51	Assaults per 100,000 population. Source Federal Bureau of Investigation: Uniform Crime Reports

In order to investigate the determinants of why variation in the prioritization of corrections spending exists, our analysis considers controls for a slate of structural, political, and issue-specific factors. Based on previous research, we briefly outline the rationale for each factor in the following section.

Structural Controls

Literature on the effects of unemployment on penalty offers a variety of competing causal stories (Beckett, 1997; Fording, 2001; Michalowski & Pearson, 1990; Rusche & Kirchheimer, 1939; Simon, 1993). We do not focus directly on the connection between unemployment and crime but rather on the possible connections between rising/falling levels of unemployment and social control responses through the employment of penal regimes. One strain of theorizing stresses the role of social control as a tool to alleviate unemployment via imprisonment. A second explanation emphasizes the perceived increase of threat from the unemployed and poor in the eyes of elites. A third explanation contends that poor communities seek new employment opportunities arising out of the expansion of the Prison–Industrial Complex. Thus, these three competing theories offer different directions of influence of unemployment on CPI. In order to assess all three potential theories, we control for the effect of unemployment on CPI through the variable general unemployment rate.[9]

Political and Institutional Controls

When assessing the role of political and institutional sources on the prioritization of corrections spending, factors inside and outside the realm of government need to be considered. This is especially the case for the U.S. states where considerable variation on the political predilections and institutional frameworks of governing prevails. Research on state politics (e.g., Beyle, 2004; Bibby & Holbrook, 2004) ascribes political parties a central role in policy making, particularly when all branches of government are controlled by one political party. Thus, one needs to assess the impact of these political factors in any analysis of policy prioritization, including policies aimed at social control.

Regarding gubernatorial partisanship, we propose that Republican governors will have a greater propensity to favor this area of the budget than Democratic governors will. Although previous budgetary scholars show that Democrats are more likely to spend than Republicans when faced with electoral competition (Barrilleaux, Holbrook, & Langer, 2002; Beckett, 1997), we argue that issues related to crime and punishment are firmly linked with the Republican Party. While this issue appeals to both parties wishing to appear more ''tough'' than the other and may spur competition, Republican governors may have more of an incentive to prioritize issues such as corrections (see Jacobs & Carmichael, 2001). This is due to two reasons. First, scholars such as Dye (1984) show that Democratic officials create more liberal policies than Republicans. Second, as the Republican Party has found that emphasis on crime-control policies are

electorally profitable (Beckett, 1997), they will utilize corrections spending as a clear-cut indication of their commitment to this issue. In fact, Caldeira and Cowart (1980) provide evidence that Republican presidents consistently increase spending on corrections. Therefore, we expect that Republican governors increase the prioritization of corrections spending.

Previous budgetary research has shown unified governments to have a direct impact on budget changes. Alt and Lowry (1994, 2000, 2003) have consistently found that unified governments can react better to shifts in revenue streams than divided governments. Building on this literature dealing with budget change, we consider the impact of divided government on corrections spending. Major change is mostly likely in state governments where the executive and the legislative branches are of the same party and policy making is unfettered by inter-partisan conflict. This reasoning leads us to hypothesize that unified governments lead to changes in the prioritization of corrections spending. However, this purely institutional factor does not provide an expectation regarding the direction of change.

The prioritization of corrections spending may also be influenced by political and institutional factors outside the previously discussed institutions of government. One of the tenets of democratic government is that citizen preferences are translated into policy outcomes. Thus, we expect that ideological predilections of a state's citizenry produce variation in prioritization of corrections spending. In particular, more conservative partisan identification by state citizenry corresponds to greater concern about social control and thus demands greater prioritization of corrections spending.

In a similar fashion, citizens perceive initiatives and referenda as an opportunity to directly influence a concrete measure to control crime. Thus, we can hypothesize that states that allow citizens to create policy outcomes via initiative and referenda are more likely to produce higher prioritization of corrections spending.

Controls Related to Criminal Activity

Issue-specific features may very well affect prioritization of corrections spending. Two areas that are particularly relevant for this research are the number of people incarcerated in state prisons and the frequency of violent crime.[10] The first feature is rather self-evident: as more people spend time in prison, the more corrections spending increases. The second feature, the frequency of violent crime, may be attributed to two causal mechanisms: one direct and the other indirect. The direct mechanism is that higher crime rates may lead to higher levels of incarceration, while the indirect mechanism suggests that heightened media attention of violent crime leads to greater calls for social control (Becket, 1997). Gilliam and Iyengar (2000) find that when race is emphasized in local TV news coverage of crime, there is an increase in support for punitive measures among White viewers. Thus, as our final control measure, we might expect that the number of people incarcerated as well as violent crime rates lead to greater prioritization on corrections spending.

Empirical Model

In order to test the proposed theoretical perspectives regarding the determinants of prioritization of corrections spending, we construct a TSCS data set for 49 American states for the period of 1984–1999.[11] The working sample size is 49 units over 15 years resulting in 735 cases. Given the TSCS nature of our data set, problems of heteroscedasticity and contemporaneous correlation across panels need to be considered. We follow Beck's advice (2001; Beck & Katz, 1995) and estimate our models using an ordinary least squares (OLS) regression with panel corrected standard errors (PCSE). Employing PCSE allows us simultaneously to take into account spatial and temporal concerns within that data.

Furthermore, both a Lagrange multiplier test as well as Wooldridge's (2002) test for autocorrelation in panel data indicate the presence of first order serial correlation. In order to remove serial correlation from our data, we include an AR(1) term in all models. The model also includes fixed-effects dummy variables for each state because states may differ in ways not fully captured by the independent variables.[12] All structural and issue-specific independent variables are lagged 1 year to account for delays in state government's response times. In the following, we test the three broad theoretical approaches—structural, politico-institutional, and issue-specific—individually and then all variables jointly.

Our data were not complete for all variables for all states in our sample. King et al. suggest that dropping units with missing data from the sample induces biases and recommend that researchers impute missing data values (King, Honaker, Joseph & Scheve, 2001). We employed Amelia (Honaker, Joseph, King, Scheve, & Singh, 2001) in order to impute missing values in our data. The results presented below are the adjusted averages from analyses of 10 data sets with missing values imputed via Amelia. Our data were complete on almost all variables, but we were forced to impute data for prison population of the years 1995–1999.

Results

On the whole, our analysis suggests that structural factors, specifically racial threat and inequality, are the dominant forces in determining the prioritization of corrections spending. In particular, we find that our hypothesis concerning the interaction between race and inequality to be strongly supported. We also find that the number of people incarcerated in state prisons as well as murder rates are statistically significant but have only small effect. An intriguing aspect of our analysis is that we did not discover any evidence that institutional and political factors, including partisanship, divided government, referendum, and citizen ideology, influence the prioritization of corrections spending.

Table 2 presents the results of our statistical analyses of CPI of 49 American states from 1985 to 1999.[13] The main variables of interest, percentage of African American population as well as inequality, are positive and statistically significant in Table 2. However, these statistics need to be interpreted with care (Brambor, Clarke, & Golder,

Table 2. Estimation of Prioritization of Corrections Spending for the American States 1984–1999

Correction Priority Index	Model 1	Model 2	Alternative Estimation
Constant	346 (0.647)	0.856 (0.678)	−0.339 (0.545)
Lagged Corrections Priority Index			0.657*** (0.059)
Lagged Inequality	5.808*** (1.478)	5.037*** (1.382)	3.918** (1.252)
Lagged Percent of Black Population	0.451*** (0.082)	0.363*** (0.082)	0.127* (0.052)
Lagged Interaction of Inequality and Black Population	−0.305*** (0.092)	−0.303*** (0.090)	−0.256*** (0.082)
Lagged Unemployment	−0.098*** (0.024)	−0.082*** (0.023)	−0.050** (0.015)
Party of Governor		−0.095 (0.073)	−0.026 (0.059)
Divided Government		−0.084 (0.065)	−0.043 (0.047)
Partisan ID of Citizens		−0.002 (0.002)	−0.002 (0.001)
Referendum		−0.140 (0.308)	0.060 (0.195)
Lagged Prison Population		0.001** (0.000)	0.001 (0.000)
Lagged Murders		−0.047** (0.018)	−0.010 (0.014)
Lagged Rape		−0.003 (0.005)	−0.003 (0.003)
Lagged Assault		0.000 (0.001)	0.000 (0.000)
State dummies	Yes	Yes	Yes
P	.553	.552	
R^2	.634	.649	.900
N	735	735	735

Note. Panel corrected standard errors are in parentheses.
All *t* tests are two-tailed: * < .05. ** < .01. *** < .001.

2006), since our key variables encompass an interaction effect. In order to provide a meaningful interpretation, Figure 2 displays the marginal effects of the key explanatory variables, percent of African American population as well as inequality, and their 95 percent confidence intervals. The left graph suggests that when the percentage of African Americans is small (e.g., 5%), a 0.1% increase in inequality (which roughly corresponds to moving from the most unequal to an average state) leads to a roughly 0.4%increase in the CPI. However, the effect of inequality on CPI diminishes and becomes statistically insignificant when a substantial percentage of African Americans are residing in a state. The right graph in Figure 2 displays the marginal effect of the racial variable on the prioritization of corrections spending. Regardless of the level of inequality, a 1% increase in the percentage of the African American population in a state leads to at least a 0.2% increase in the CPI. The effect of the percentage of African Americans residing in a state is statistically significant at any level of inequality. In particular, the marginal effect of the percentage of African Americans is substantial, given that the average corrections spending as percentage of total spending is about 2.9. In effect, our racial threat and inequality argument has translated into concrete policy choices. Moreover, the results regarding these two structural determinants persist when tested exclusively (Model 1) and jointly

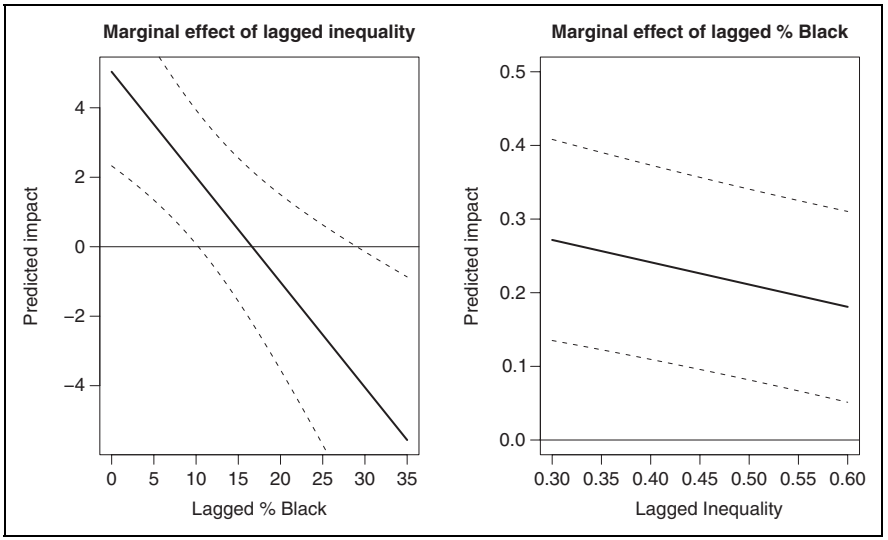

Figure 2. The *predicted effects of the key explanatory variables at different levels of the corresponding interaction variable*. Note: The solid line reports the marginal effect and the dashed line are two-standard error confidence intervals.

(Model 2), which adds robustness to our estimation and further strengthens our theoretical claims.

Since our theoretical perspective postulates that it is important to consider the interaction of inequality and racial threat in regard to social control, we added an interaction term of these two variables to our estimation. The easiest way to assess the joint impact of the three variables (i.e., inequality, percent of African American population, and their interaction) is via a three-dimensional impact plot. Figure 3 displays the joint predicted impact of the three variables, when other factors are held constant. The *x*-axis corresponds to the inequality measure, the *y*-axis represents the percent of African American population, and the *z*-axis shows the joint predicted impact of the three variables. The plot nicely displays how the interaction among the variables works. In general, the plot depicts that increases in inequality or percentage of African American population lead to a greater CPI. Overall, the impact of the percentage of African American populations appears to be greater than the inequality measure. For example, states such as Maine, Minnesota, North Dakota, and Vermont (especially in the 1980s) with low rates of inequality and small African American populations placed a low priority on corrections spending in their state budgets. States with higher rates of inequality and with lower percentages of African Americans (such as Alaska and West Virginia) have a slightly higher CPI, but states with a relatively high proportion of African Americans (e.g., Georgia, Mississippi, and South Carolina, especially in the 1990s) and inequality spend a considerably large share of their budgets on corrections. In fact, our estimates suggest that this share is about three times as large.

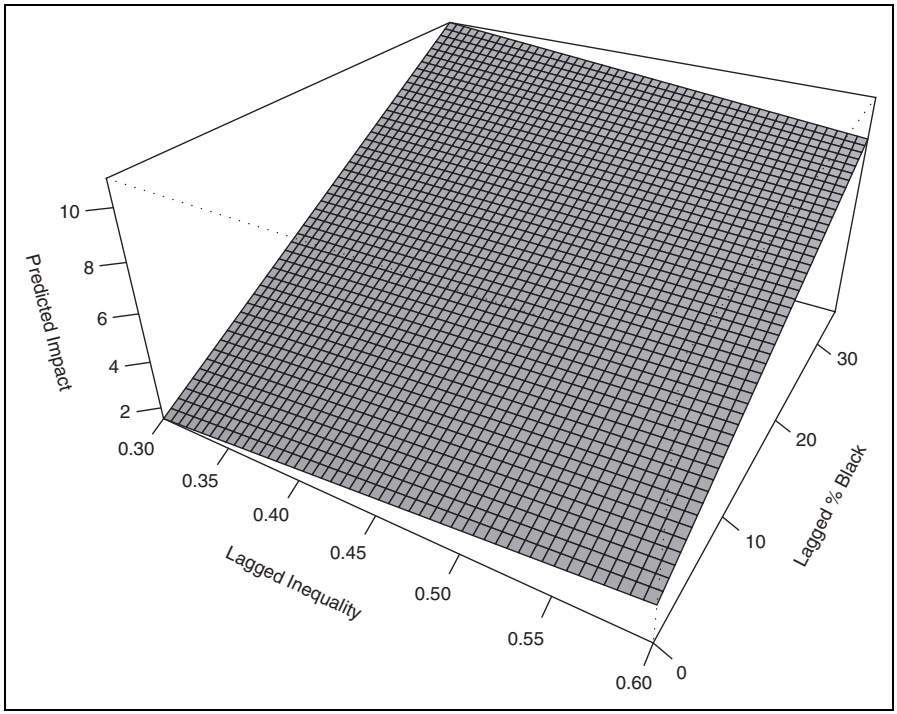

Figure 3. Joint *predicted impact of key explanatory variables—Lagged Inequality, Lagged Percent of Black Population, and their interaction.*

The plot also displays a new finding, not previously revealed in past studies of racial threat: when the percentage of African Americans living in a state is low, inequality is the major determinant of CPI; however, *when the percentage of African American population is high, the impact of inequality on CPI diminishes*. In short, inequality matters in states with low percentages of African Americans, while this factor diminishes in importance in states with higher percentages of African Americans. This complication bolsters our hypothesis about the importance of both racial threat and inequality in the story of corrections prioritization. Importantly, we find that this relationship between race and inequality is quite complex: the proportion of African Americans in a state *always* matters for prioritization while inequality *only* matters in states where racial threat is not a factor.

The final structural variable of the model is also statistically significant. The estimation in Table 2 suggests that increases in unemployment rates lead to a decreasing CPI. While the trend in unemployment is initially puzzling, we posit that this finding might suggest that resources may be shifted away from prison spending to areas such as social services in times of higher unemployment.[14]

Political and institutional factors, including partisanship, divided government, partisan identification of citizens, and referendum, are not statistically significant.

As shown in Model 2, we do not find evidence that Democratic governors or unified governments have a statistically significant impact on the CPI.[15] Likewise, neither the referendum measure nor the partisan identity of citizens variable is statistically significant. This indicates that popular preferences regarding the prioritization of corrections spending are not easily translated into actual policy outcomes. On the whole, these null findings among political and institutional factors suggest that these variables may be, in fact, vehicles for the deeper, more structural forces (such as race and class) that shape approaches to penalty in the American states.

Among the issue specific measures, the number of people that are incarcerated has a statistically significant and positive effect on CPI. This finding confirms our theoretical expectations. Locking up more people behind bars leads to a greater prioritization of corrections spending; however, the magnitude of this factor is not as substantial as our racial threat and inequality measures. Among the three measures of violent crime, only the variable for murder is statistically significant. Curiously, the sign of the coefficient is negative. We suggest that this may be due to the fact that actual levels of crime do not match public perception of the crime levels and, by extension, the necessity of crime control. Indeed, the previously discussed disconnection between rates of one prominent area of crime, drug usage, and race demonstrates this disjuncture between perception and reality.

In the last model, we address the issue as to whether our results hold using different estimation techniques. Given the recent debate about how to draw appropriate inferences from TSCS (Achen, 2000; Beck & Katz, 2004; Plümper, Troeger, & Manow, 2005), our final specification addresses the issue of employing a lagged dependent variable instead of an AR(1) in order to account for autocorrelation in panel data. Overall, the replacement of the AR(1) term with a lagged dependent variable does not substantively change our results. The key explanatory variables retain their direction and statistical significance and the political and institutional variables are still nonsignificant. The only difference in this new estimation is that none of the issue-specific control is statistically significant. This finding lends further strengthens to our empirical results. Given the recent discussion in the literature on estimating TSCS data, it is greatly encouraging that our empirical results hold across different estimation techniques.

Discussion and Conclusions

This paper explores the dynamics of prioritization of corrections spending in the American states from 1984 to 1999. We examine whether corrections spending increased in importance in state budgets as well as the possible factors that account for this increase. Overall, in answering our first question posed, we find that not only has total spending on corrections increased since the mid-1980s as previous research has detected, but, more importantly, that corrections grew in importance in the annual budgets of states. With this finding, we are able to separate issues of increasing budget size from actual preferences in policy areas. The increased prioritization across all

states during the time period indicates a heightened attention to social control policies by state decision makers.

The second, theoretical and empirical task of this paper is to determine the factors involved in the variation in prioritization of corrections spending among the states. We find strong evidence for the impact of racial threat and inequality, rather than political institutional variables upon state decision makers' priorities. It is both theoretically and empirically crucial to note that our argument is not just that race and inequality matters, but that the two structural variables are intricately linked to one other. These results reveal an interaction between race and class not previously explored by research in this area. Rather than finding that race and class both matter in a completely independent way, or, conversely in a conflated manner (the racialized "underclass"), our results suggest that we should reconsider the relationship between the two when we think about the concept of "threat." Why does the size of the Black population apparently *always* matter in the context of corrections prioritization while inequality matters *only* when Black populations are relatively low? We argue that this is the case because racial threat operates *regardless* of the class status of the African American population. We argue that in the context of prison prioritization, race acts as a primary political cleavage while class acts as a secondary cleavage when the African American population is relatively low in a given state. While we are unable to discuss the motivations of individual policy makers, we speculate that when state populations are relatively homogenous in terms of race (Black/White) and class, elected policy makers have little to gain politically from prison prioritization. Similarly, we speculate that messages of control appeal to low-income Whites when racial threat is a factor, while the message shifts to control of low-income Whites themselves when racial threat is not a demographic factor in a particular state.

Given the overwhelming theoretical focus of public policy scholarship on institutional explanations, our findings suggest that this research area would benefit from the reexamination of mechanisms specific to sociopolitical realities, both at the state and national level. Accordingly, our research provides an initial starting point of this endeavor. We argue that state decision makers' collective preferences in the area of corrections spending are affected by two forces: the percentage of African Americans of each state as well as the level of economic inequality in each state. These factors indicate that attention to broader structural patterns in society, such as racism, economic dislocation, and inequality are critical to our understanding of selected policy outcomes in individual states. Additionally, our findings suggest that we not just consider these factors simultaneously across states but also that we reflect on *how* inequality interacts with the racial threat hypothesis at the state level.

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Notes

1. The amounts are in 2001 constant dollars. Prison expenditures comprise the majority of the corrections budget. Prison expenditures increased 150% from $11.7 billion to $29.5 billion.
2. The data are from 1984 to 1999 due to limited availability of comparable sources.
3. Our research builds on previous studies that attend to the particular dynamics of state-level criminal justice policies. Kevin B. Smith's (2004) pooled state-level analysis examines factors related to incarceration rates at the state level. Jacobs and Helms' study (1999) combine federal, state, and local expenditures because they measured the impact of riots on spending. Taggart's (1989) and Fliter's (1996) work examine the impact of court-ordered correctional reforms on spending, but both analyses only include elect states.
4. We use the term "class" to denote the type of politics that may surround economic inequality in a given state. We use "class" rather than "inequality" to describe these politics because we argue that class connotes "the other" in a way that simple economic inequality does not. Our use of the term does not include, however, the variety of measures of class in a sociological or economic sense. As we outline in later sections of the article, we argue that simply having a relatively poor population in a state does not necessarily correlate with higher prioritization of corrections; rather, it is the existence of class divisions, which precipitate this spending.
5. While "racial threat" to Whites may include other groups of people of color, we focus on African Americans specifically given the constraints of data availability. In addition, Marylee C. Taylor's (1998) analysis of racial population concentrations effect on White attitudes toward other racial groups finds that concentrations of Asian Americans and Latino/Latinas does not indicate an increase in Whites' negative attitudes toward these groups. However, she did find that higher population concentrations of African Americans did increase negative attitudes of Whites toward this group.
6. The racial demographics of drug users versus offense and incarceration rates illustrates how African Americans are discriminated against in the criminal justice system: "Black men make up six percent of the US population and seven percent of the country's drug users but they supply 35 percent of persons arrested for narcotics offenses and 75 percent of state prisoners sent behind bars after drug convictions" (Wacquant, 2002, p. 21).
7. We do not include proportions of Asian and Pacific Islander Americans, Latina/Latinos or Native American/American Indians in our analysis.
8. An *F*-test suggests that the inclusion of percentage Black2 is not necessary in our empirical model.
9. We also consider several other structural factors including unemployment among non-Whites, population density, and gross state product. To empirically test our argument,

we include the variables in a prior model but did not find them significant or highly correlated with CPI. Hence, their exclusion does not influence the significance or directionality of the variable of substantive interest.

10. Based on a reviewer suggestion, we created a violent crime index. We decided not to use this index because factor analysis indicated that (a) a one-dimensional index does not cover our three types of crime well and (b) the underlying dimensions were hard to interpret. Even so, using this index would not change the results.
11. Due to the unicameral legislative branch, Nebraska is excluded from the study.
12. An *F*-test and Bayesian information criterion (BIC) suggest that fixed-effects dummies should be included in the model.
13. For the sake of clarity and brevity, we display three core models. The results are robust to alternative model specifications.
14. Future research that relies on individual-level data would enable us to more carefully disentangle the relationships between race and unemployment via prison prioritization.
15. We also tested a model that included unified Republican control of the state. This variable was not statistically significant and the inclusion did not alter all other estimates substantively.

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