The Contingent Value of Connections

Legislative Turnover and Revolving-Door Lobby Clients

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Abstract

Former legislators who lobby, also known as revolving-door lobbyists, exacerbate the effects of resource differences on the relative political influence of various interest groups. These lobbyists command higher fees and represent more clients, and achieve desired policy outcomes more often, than other lobbyists. The value of revolving-door lobbyists, however, is contingent on the continued presence of former colleagues in legislatures. Former legislators achieve influence because of their insider connections and knowledge. Legislative turnover is a consistent, negative predictor of clientele premiums, or how many additional clients revolving-door lobbyists represent than other lobbyists, on average. Other variables display weak or inconsistent effects. This study is the first to examine the value of revolving-door lobbyists in the American states, and corroborates the results of other, recently published studies of revolving-door lobbying. The findings imply that reforms that induce turnover help to level the playing fields of political advocacy for diverse organized interests.

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Revolving-door lobbyists are legislators or staff who retire and become lobbyists to capitalize on their insider connections and political knowledge. While working in the assembly, legislators form connections with each other. They develop exclusive familiarity with each others' interests and priorities. When legislators retire, their connections allow for effective lobbying since incumbent legislators grant them access or meetings. Former legislators know how to appeal to the interests of incumbents. Empirical patterns support these claims. Former members of Congress deliver policy results for their clients more often than other lobbyists (Baumgartner et al. 2009, 208; Makse 2017). They are among the best-paid lobbyists in Washington and represent the most clients (LaPira and Thomas 2017).

Given that revolvers are paid handsomely and deliver policy results for their clients, social scientists raise concerns over their role in exacerbating the effects of resource inequalities on group influence. Organized interests have access to unequal levels of monetary support. Most interests active in legislatures are narrow, special interests that seek particularistic benefits. These organizations have access to more resources than those that claim to represent dispersed interests and seek collective benefits (Berry 1977; Gerber 1999). The use of revolving-door lobbyists by wealthy interests allows for more upper-class bias in the kinds of interests that exercise influence viz-à-viz interests in society (Strickland 2020a).

Despite these arguments, little remains known about how legislative institutions affect the value of revolving-door lobbyists. Revolvers achieve influence in government because of their connections and insider knowledge. These assets are undermined when allied incumbents move out of legislatures. Such turnover reduces the value of revolver assets and makes former legislators less attractive advocates relative to other lobbyists. Hence, the value of revolving-door lobbyists is contingent on membership stability in the legislature. This process occurs among revolvers in Congress. Former staffers for Senators are found to attract less valuable lobby contracts after their former bosses retire from the senate (Blanes i Vidal, Draca, and Fons-Rosen 2012). McCrain (2018) also finds supporting evidence: former staffers who worked with more incumbent staffers attract more lobby contract revenue. All these findings

provide valuable insight into the revolving-door, but both studies examine staff revolvers in the same political system (i.e., Congress) for short periods of time. Little remains known about how the value of legislator revolvers changes across political systems and decades in response to large-scale shifts in membership stability and the implementation of various institutional reforms.

Using an original data set, I build on others' findings and provide more insight into the contingent value of revolving-door lobbyists. I turn to the American states since the legislatures display significantly more variation in membership stability and other institutional features than Congress. They were also the first democracies to require that lobbyists register (Opheim 1991). With directories of legislators and lobbyists retrieved from archives, I identify former legislators who became lobbyists in the states over seven decades. I examine differences in lobby income for such lobbyists versus all others. I also compare the client numbers of revolvers to those of non-revolvers over the same time period. I test a variety of hypotheses using this information, and find strong evidence that revolvers' value relative to that of non-revolvers fluctuates in response to legislative membership turnover. Other factors exercise smaller or inconsistent influence on revolver values.

My findings provide several contributions to the study of interest mobilization and influence. This study is the first to identify state revolvers active before the 1980s, and the first to examine their incomes and clienteles. I show that state revolvers receive more pay primarily because of their larger clienteles and less so because they are paid more on a per client basis. In general, my findings align well with the findings of recently published studies that rely on access-driven accounts of revolver or lobbyist value. Ultimately, I encourage others to consider the contextual and individual-level factors that affect the value of revolving-door lobbyists, the roles these lobbyists play in exacerbating the effects of resource differences between organized interests, and how institutional reforms may equalize the political influence of economically diverse interests.

The Contingent Value of Revolver Assets

To LaPira and Thomas (2017, 52-81), relationships is one of two assets that lobbyists (including revolvers) rely upon to achieve access and influence. Former legislators in particular benefit from their relationships with prior colleagues. While working together in office or committee, legislators and staff form relationships with one another. These relationships endure beyond members' or staffers' retirement from Congress such that former members and staffers are paid to lobby incumbent officials. When those incumbents retire, however, the revolving-door lobbyists lose connections and value as advocates. The findings from Blanes i Vidal, Fons-Rosen, and Draca (2012) clearly indicate that relationships matter, or at least matter to organized interests. They argue that the value of relationships is quantified by examining the change in lobby contract revenue that occurs whenever the bosses of former staffers (who became lobbyists) retire from Congress.

In addition to relationships, lobbyists also rely on different forms of knowledge to achieve influence. A type of knowledge that is exclusive to those with legislative experience is personal familiarity with incumbents' interests or priorities (Strickland 2020a). Having this knowledge enables former legislators to lobby more effectively. Former legislators understand or recall the political interests or priorities of former colleagues, as private expressed, and this allows them to lobby their colleagues more effectively. Such insider information is different from the sheer policy expertise that *all* lobbyists may develop. Such expertise consists of knowledge of how different proposed policies may each help to resolve political conflicts or policy problems. While legislators may rely on a variety of sources for policy expertise, lobbyists subsidize the legislative process with expertise (Hall and Deardorff 2006). In other words, lobbyists generally serve as adjunct staff for legislators, whether they have legislative experience or not (Bauer, Pool, and Dexter 1963).

Institutional context should matter for the value of assets that make revolving-door lobbyists effective advocates, particularly relationships and personal familiarity. The most obvious effect is that of turnover among legislators. Former legislators thrive on their relationships

and familiarity with former colleagues who continue to serve in office. The value of connections is contingent, however, on whether those acquaintances continue to serve in office and have direct influence over policy. In cases where legislators are replaced, revolving-door lobbyists have to work to cultivate relationships and familiarity with new, incoming legislators. While Blanes i Vidal, Fons-Rosen, and Draca (2012) and McCrain (2018) examine the effects of turnover on the value of connections for former congressional staffers, Strickland (2020a) finds that smaller proportions of former legislators become lobbyists in states with historically higher rates of turnover.

Relative to other lobbyists, revolvers should be especially affected by turnover. Lobbyists with legislative experience profit from their connections in the assembly. Other lobbyists lack such experience and likewise lack similarly close connections, although they may be affected negatively by turnover somewhat. This point is crucial: any effect of turnover on revolver premiums is predicated on the *disproportionate value* of connections (which consist of relationships and familiarity) for revolvers versus for all other lobbyists. If connections were of equal value to all lobbyists, revolvers or not, then changes in turnover would not effect disproportionately the premiums that revolvers enjoy. Instead, the proposed effect is that revolver premiums should decrease (increase) as turnover increases (decreases). In other words, as former legislators enjoy fewer exclusive relationships and have less familiarity with incumbent lawmakers, the premiums for their services should decrease.

This narrative relies on a crucial point: that organized interests are somewhat able to measure the value of revolving-door lobbyists' connections before or after hiring them. While Drutman (2015) argues that organized interests have less information than their lobbyists about political environments, including about the lobbyists' connections, the findings of Blanes i Vidal, Draca, and Fons-Rosen (2012) suggest strongly that groups can determine at least partially the value of their lobbyists' connections. Their findings suggest that groups hire former Senate staffers to take advantage of ties to particular senators and that, upon the senators' retirements, pay them less. At least some groups in Congress therefore hire staff

revolvers for their ties to particular incumbents. For the narrative here, it does not matter if groups hire former legislators for their ties to single incumbents or multiple legislators generally since turnover harms all such connections, even if ties to particular incumbents are harmed more so in the short term.

While turnover among incumbents should reduce the value of legislative experience for lobbyists, the revolver premium is expected never to be negative. Under conditions of high or increasing turnover, the value of legislative experience is low or decreasing. With negative value, former legislators would be less desirable lobbyists than others. Such a condition would be possible only if new incumbents know which lobbyists have legislative experience and shun them, and organized interests likewise avoid hiring revolvers. It is dubious whether new legislators know which lobbyists are former legislators, however, and I propose accordingly turnover is negatively correlated with revolver value with diminishing returns.

H1: The revolver premium decreases as legislative turnover increases on average, ceteris paribus, but with diminishing marginal returns.

As for the remaining kind of knowledge that lobbyists (revolvers or not) may offer, I do not expect that changes in institutional context affect the value of policy expertise for revolvers only. Surely, institutional context matters for the value of expertise in general. Carey (1996), Carey, Niemi, and Powell (2000, 83), Moncrief and Thompson (2001), Sarbaugh-Thompson et al. (2004), and Powell (2012) all argue or find empirically that members of high-turnover assemblies have less policy expertise, on average, than members of low-turnover assemblies. Differences in the value of expertise should not matter for revolver premiums, however, since both revolvers and non-revolvers alike may acquire policy expertise. (Recall that others assume that legislators are policy generalists and not specialists.) The acquisition of this asset is not dependent on one's legislative experience. All lobbyists have to transmit information to achieve influence on behalf of their clients. A more general way of stating this point is that turnover is expected to affect only the value of assets exclusive to revolving-door lobbyists, which does not include policy expertise.

Confounding Variables

While membership turnover in legislatures should affect the revolver premium negatively, other factors may exercise effects as well. These confounders include restrictions on postgovernmental employment, the presence of legislative staff persons, inter-state differences in totals of registered interest groups, and idiosyncratic registration procedures. For different reasons, these variables are hypothesized to affect the value of lobbyist assets that are exclusive to revolvers.

Various American states have implemented restrictions on postgovernmental employment (PGE), also known as cooling-off laws. These laws require retiring lawmakers to wait some amount of time before lobbying. These laws are intended to limit conflicts of interest in which soon-retiring lawmakers may change their legislative decisions to cater to the interests of future employers (Barro 1973). The laws are also typically applied to legislative staff as well, and they appear to discourage lobbying by former officials. In Congress, the Honest Leadership and Open Government Act of 2007 imposed a cooling-off period on members and staff, and fewer staff subsequently became lobbyists (Cain and Drutman 2014). In the state legislatures, Strickland (2020a) found that for every additional year former lawmakers were required to wait, three fewer former legislators registered to lobby.

Restrictions on PGE may depress revolver premiums. Former legislators become lobbyists to capitalize on their relationships and insider knowledge, and those assets may lose value during the period when former legislators cannot lobby. Also, revolvers lose the ability to build their lobbying skills during that period. Strickland (2020a, 5) likens cooling-off periods to other kinds of labor-market sabatticals that are associated with decreased wages. A prominent example is motherhood: "[m]others tend to be paid less than their non-mother female coworkers. Explanations for this trend include the loss of job experience and mothers entering into jobs that are more accommodating to motherhood." The wage losses associated with motherhood tend to last for years (Kahn, García-Manglano, and Bianchi 2014). Similar wage effects might be found for revolving-door lobbyists.

H2: The revolver premium decreases as restrictions on postgovernmental employment lengthen on average, ceteris paribus.

Former legislators are not the only people in capital cities who may offer revolver assets to potential clients. Legislatures vary in their numbers of full- and part-time support staff. In Congress, these individuals often retire and become lobbyists (McCrain 2018). Due to their greater numbers, more former congressional staffers regularly serve as lobbyists than former members (LaPira and Thomas 2017). These lobbyists are typically subjected to the same PGE restrictions as legislators (Holman and Reddy 2011). If a legislature contains numerous staffers who sometimes become lobbyists, then this threatens to undermine the exclusivity of revolver assets among former legislators who lobby. In other words, if there are more staff persons in a legislature who may retire and lobby, then they, too, may offer their services to potential clients. Since former staff and legislators compete for limited numbers of clients, the presence of either kind of revolver in greater numbers should depress the revolver premium for all.

Yet a second causal mechanism linking legislative staff and revolver premiums is the role that staff play in lowering the cost of political access. Kattelman (2015) argues that there are more points of access for organized interests in legislatures with more staff persons since there are simply more people with whom lobbyists can meet. Based on this logic, if staff persons provide more points of entry for organized interest, then the cost of access may be lower and organized interests may not be as interested in hiring revolvers who can ensure they will be granted meetings.

H3: The revolver premium is smaller in legislatures with more staff persons on average, ceteris paribus.

States differ in the numbers of organized interests that hire lobbyists. Whereas some American states contain several thousand interests, others contain just a few hundred. According to Gray and Lowery's (1996) model predicting such numbers, more interests lobby in states with larger economies and when policy outcomes are uncertain. While Strickland (2020a) found that there are more former legislators registered to lobby in states with more

interest groups, these numbers may affect the revolver premium if groups are competing with each other for access (meetings) with legislators. Density is different from overall numbers, and it is interest *density* that should matter for revolver premiums. Gray and Lowery measured interest density by comparing numbers of interest groups to state size since they were interested primarily in how density affects group formation and dissolution. In my view, groups compete for access to limited numbers of lawmakers, and some hire revolvers in order to achieve access. As a result, I measure density by comparing numbers of interest groups to numbers of incumbent legislators. The revolver premium should be greater in states with more inter-group competition for legislator attention.

H4: The revolver premium increases as interest competition for legislator attention increases on average, ceteris paribus.

Finally, since I will be working with lobby registration data to test my hypotheses, I need to control for a prominent yet idiosyncratic registration procedure used in a small number of American states. In California, New Jersey, and New York, lobbyists, interest organizations, and lobby firms may all register separately. In compiling lists of lobbyist-client pairings from these states, the National Institute on Money in State Politics assigned all lobbyists active with lobby firms to all of the clients registered for each firm. As a result, the lists of lobbyist-client pairings from these states likely include numerous lobbyist-client pairings that may not be active (since members of lobby firms may divide clients among themselves). This has the potential to inflate artificially revolver premiums in the three states, for recent years. If former legislators are more likely to be members of firms than other kinds of lobbyists, then their clienteles will merely appear larger in states with the firm-level registration procedure.

H5: On average, the revolver premium appears larger in states with registration for lobby firms, ceteris paribus.

Identifying Revolvers

To test my hypotheses, I turn to the American states. The states were the first democracies to register lobbyists on a permanent basis (Opheim 1991). The first of these laws emerged in Massachusetts in 1891, and all states required lobbyists to register by 1975 (Strickland 2020a). As a result, the states offer a wealth of information regarding how lobbying has changed over time. They also vary institutionally in significant ways. Legislative turnover has historically declined in the states overall (Moncrief, Niemi, and Powell 2004), but continues to vary across states. Fifteen legislatures enforce term limits, but even beyond those assemblies members serve varying lengths of time on average depending on income, staff support, and session length (Squire 1998).

To understand the value of revolving-door lobbyists, one must first identify which lobbyists served as legislators. Using directories of legislators and lobbyists dating back several decades, I identify revolving-door lobbyists by matching names across lists within states. I use the same method outlined and validated by Strickland (2020a). I first gathered lists of registered lobbyists and clients. All lists from before the 1970s were found in state archives. Lists from after those decades were found in archives, Reitman and Bettelheim (1973), Marquis Academic Media (1975), Wilson (1990), or were provided by the National Institute on Money in Politics (now part of OpenSecrets). I then gathered lists of legislators published by the Council of State Governments. Beginning in 1937, the Council began to publish legislator directories as appendices to its biennial *Book of the States*, a compendium of state government statistics. For legislators active after 1970, I turned to a directory of election winners produced by Klarner et al. (2013). Research assistants transcribed the names of lobbyists and former legislators into separate spreadsheets. Combinations of first and last names that appeared among lobbyists and former legislators were identified.[1] Strickland

[1]While the Council's directories were not published regularly, they were published regularly enough to allow me to identify former legislators who registered to lobby. For each wave of observations in my collection of lobbyist lists, I identified former legislators who had served in office at some point during the preceeding two decades or so, depending on the year of the lobbyist list.

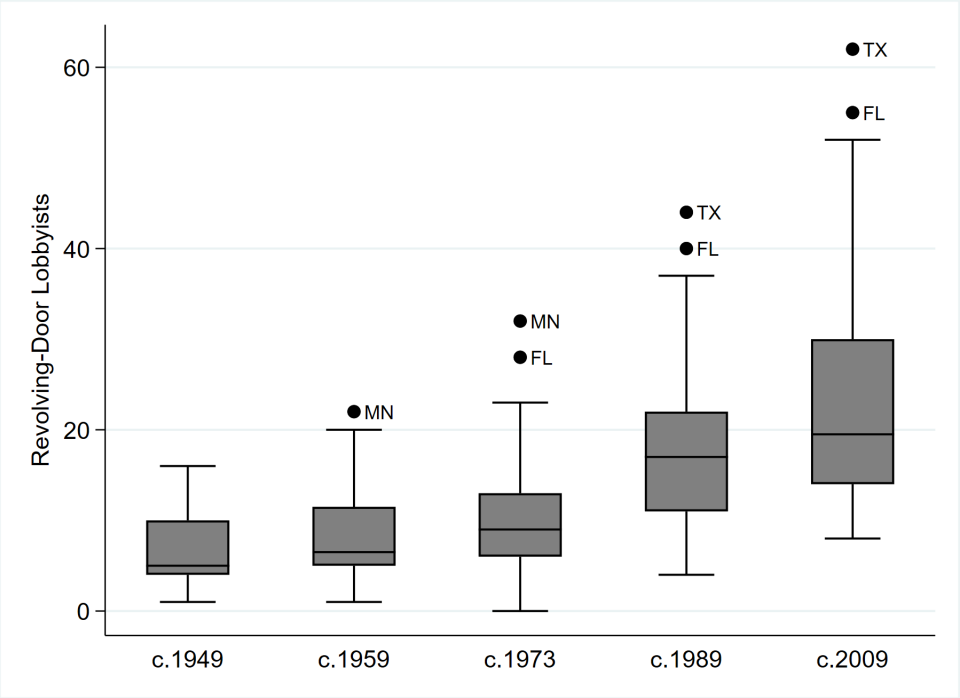
(2020a) shows that this method of identifying former legislators is accurate since it produces few false matches based on lists from different states.

Using the directories, I identified former legislators registered to lobby in the states for years around 1949, 1959, 1973, 1989, and 2009. Since some states did not register lobbyists until the 1970s, complete waves of observations are not available for all time periods. Sixteen states have observations of revolving-door lobbyists for all five waves.[2] Eight more states have observations for four waves only. Ultimately, 188 state-year observations of revolver totals and clients are available. This sample, which spans seven decades, exceeds in scope previous studies of state revolving-doors (e.g., Strickland 2020a; Weschle 2021).

Once former legislators were identified within my lists of registered lobbyists, I counted their totals to get an initial sense of how the overall size of the revolving door has changed. For the first time, state revolver totals from before the 1980s are produced: figure one reports a box-and-whisker plot of total revolvers in the states for each wave of observations under study. Revolver totals have increased, and most of these increases occurred since the 1970s when states experienced legislative professionalization (which reduced turnover) and large increases in numbers of organized interests lobbying (Squire 2012; Strickland 2020b).

[2]These states include Alaska, California, Connecticut, Indiana, Kansas, Maine, Maryland, Massachusetts, Nebraska, New Hampshire, North Carolina, North Dakota, Ohio, Rhode Island, Vermont, and Wisconsin.

Figure 1: Box-and-Whisker Plot of Revolving-Door Lobbyists



Measurement

Ideally, to measure the value of revolving-door lobbyists, one would not observe their overall numbers but instead their direct compensation from clients, and compare those numbers to the incomes of non-revolvers. For studies based on Congress (i.e., Blanes i Vidal, Draca, and Fons-Rosen 2012; LaPira and Thomas 2017; McCrain 2018), scholars examine the lobby contract revenue that revolvers draw to their firms. Unfortunately in the states, lobbyist incomes are not widely available since only a few states require that lobbyists report personal compensation. This implies that direct observations of revolver and non-revolver value are not available in most states, and that some proxy measure for the revolver premium is needed. Using lobbyist pay statistics from a small sample of states, however, I show that the difference in average client totals between revolvers and non-revolvers is a good proxy for the premium. Specifically, while revolvers are generally paid more than non-revolvers on a per client basis, the differences are small when compared to the overall differences in total income (for each lobbyist) from all clients. This suggests that revolving-door lobbyists

take home more compensation due to their larger clienteles than non-revolvers, and that differences in clientele sizes between revolvers and non-revolvers is a good proxy for revolver premiumss. Fortunately, clientele sizes can be calculated for all lobbyists in all states and years.

Most states do not require lobbyists to report their income, but it is possible to observe incomes in some. Using such information, one can observe directly the income premiums that revolvers receive for their experience. Unfortunately, among states that do require lobbyists to report their incomes, only a few provide income statistics that are readibly usable (i.e., do not have to be gathered from individual reports, whether on paper or online). For example, while Virginia requires that lobbyists provide yearly compensation totals, the totals are found in hundreds of reports. Moreover, in several other states that require lobbyists to report incomes (such as Indiana, Texas, or Washington), totals are reported at the level of lobby firms, or only pay categories (i.e., not exact figures) are reported. With such reporting methods, it is impossible to determine the shares of firm revenue that each lobbyist personally received from each client, or the exact compensation amount that each lobbyist received. Nevertheless, for the few states that provide lobbyist income statistics in a usable format, differences in lobbyist incomes can help shed light onto revolver premiums.

Kentucky, Maine, Maryland, Massachusetts (previously), Mississippi, and South Carolina all provide lobbyist compensation figures on a per client basis and in readily usable formats. For these states, lists of lobbyist-client pairings include salary totals paid from each client to each lobbyist. Using these lists and salaries, and using the legislator lists produced by Klarner et al. (2013) to identify former legislators, I calculated the average total compensation that former legislators received, the average income they received per client, and the averages of these figures for all other lobbyists for all available years. Figure two presents the differences in revolver and non-revolver total income (solid lines), and income per client (dashed lines), for four states. Figure three presents the same differences in income, but only for Maryland

where income differences are significantly higher.[3] In both figures, positive values indicate that revolvers were paid more on average. Indeed, in all five states for all years examined, former legislators were paid more in total than other lobbyists. These differences fluctuate over time, with long-term declines in Kentucky, Maine, and South Carolina.[4] On a per client basis, these differences are much smaller. During some years in Maryland, Mississippi, and South Carolina, revolvers were even paid less than other lobbyists, on average, per client. All these trends suggest that former legislators in the states do enjoy income premiums, but primarily because they represent more clients than other lobbyists.

These trends persist even if one examines older data, including from Massachusetts. Figure four presents the difference in average total incomes and contract values for revolvers and non-revolvers in three states, at different points in time. Data on lobbyist incomes was obtained (all from archives or libraries) for Massachusetts for years 1984 and 2000, South Carolina for 1989, and Mississippi for 1992. In every state and year examined, former legislators received a lot more total compensation than non-revolvers, but the average value of their contracts was not much different from the average value of non-revolvers' contracts. These consistent differences over time and states reaffirm that revolvers generally obtain wealth by representing more clients than other lobbyists but bill them only somewhat more heavily.[5]

Using compensation data reported by lobbyists, I have shown that former legislators are paid more than other lobbyists because they represent larger numbers of clients, and less so because they are paid more by each client on average. While income data are not available

[3]These differences may be due to the overall size of Maryland's lobbying industry. Between 2013 and 2019, all lobbyists in Maryland were paid a total of between $46 and $53 million per year. In the other four states, this amount never exceeded $28 million.

[4]In Maine, legislative sessions that occur during odd-numbered years consider state budgets. The biennial jitters in revolver income in that state suggest either that revolvers are paid more relative to other lobbyists during non-budget sessions, or that other lobbyists are paid more relative to revolvers during budget sessions.

[5]It may be the case that revolving-door lobbyists are hired on a shorter basis than other lobbyists. This possibility would help to explain why they represent more clients per legislative session but receive only somewhat higher amounts of compensation per client. While data from the states generally do not include how much time each lobbyist spent representing each client, the possibility that revolvers serve their clients for shorter periods of time would not complicate my use of clientele size differences as a proxy for revolver premiums.

Figure 2: Revolver Income Premiums in Four States

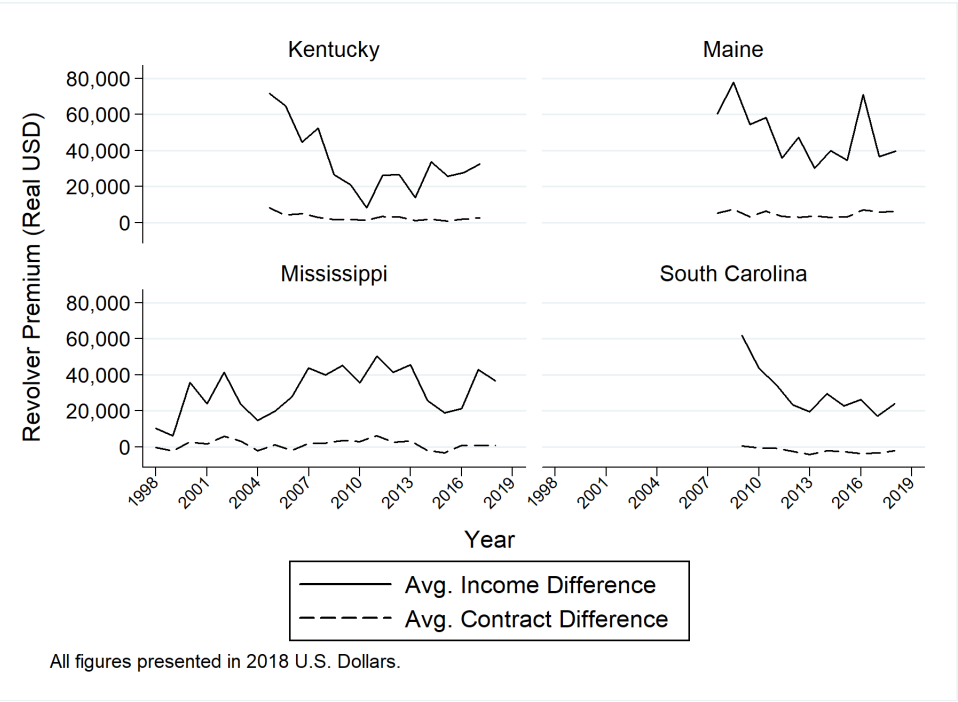


Figure 3: Revolver Income Premiums in Maryland

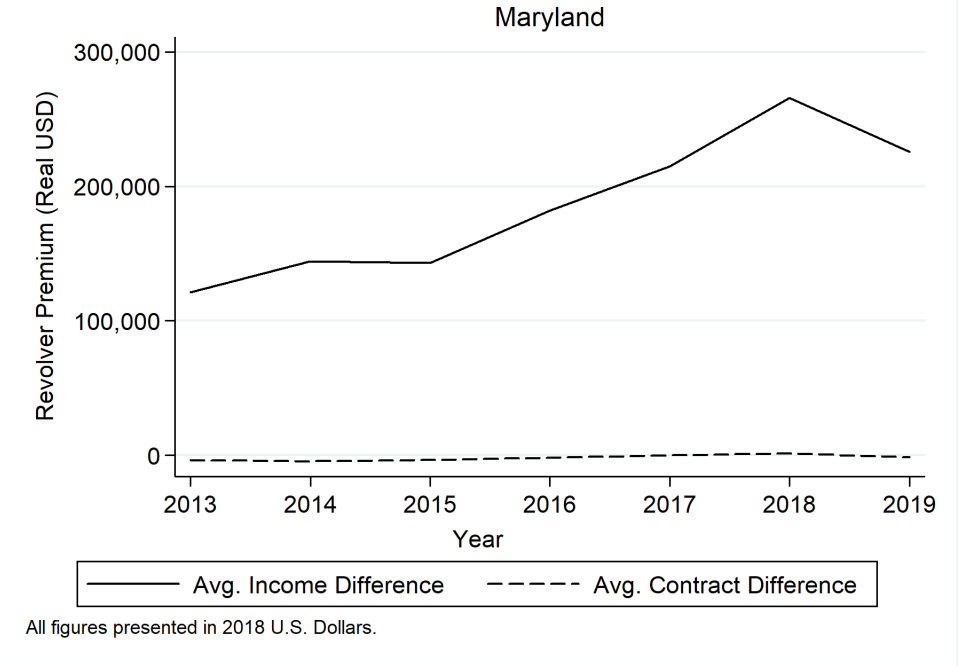
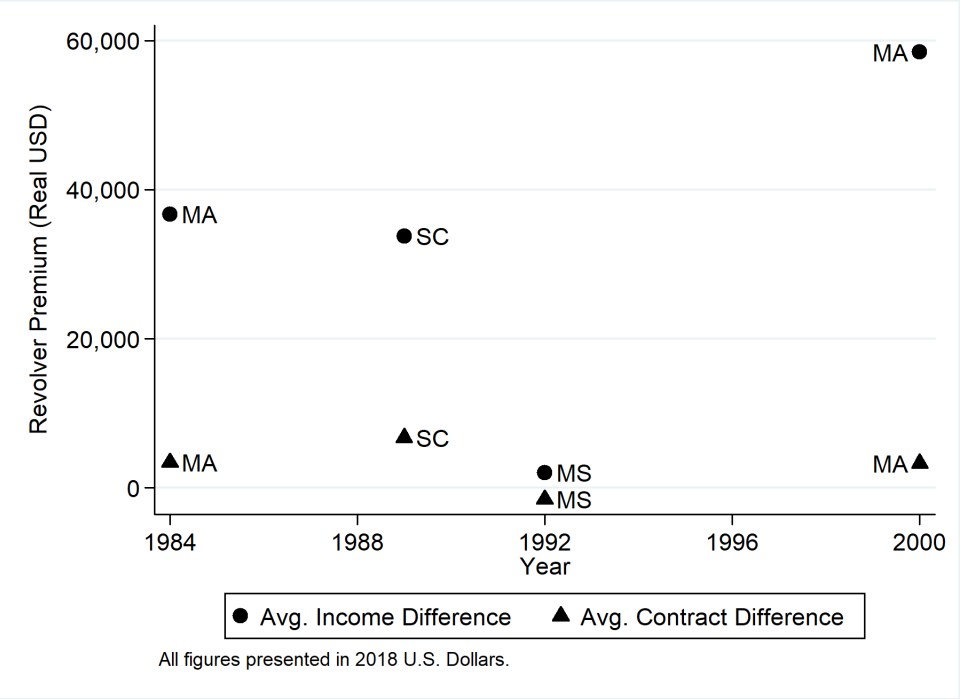


Figure 4: Revolver Income Premiums in Three States



for all states and years, comparing the clientele sizes of revolvers to those of non-revolvers provides a good proxy for the value of legislative experience (or revolver premiums) given the consistent findings from the six states regarding incomes, and assuming that revolvers in other states do not behave differently systematically. Acquiring clientele size information is significantly more easy than acquiring compensation totals since all modern registration laws require that lobbyists name the clients they represent, or name the firms they work for, which in turn name the clients the firms represent.

Table one presents average clientele totals for both revolvers and non-revolvers in all available states for each of the five periods under observation in my larger sample. The table also reports the results of simple difference-of-means tests. During all five periods, revolvers across the nation represented more clients than non-revolvers, on average. Over time, this difference grew from 0.212 clients in 1949 to 4.06 clients in 2009. In 1949, revolvers represented fewer clients than non-revolvers on average in more than a third of the examined states. By 2009, the same could be said of only one tenth of the states. Growth in revolver

Table 1: Average Clientele Sizes Across Lobbyist Types

Period	Total States	Avg. Clientele Revolvers	Avg. Clientele Non-Revolvers	Difference
c.1949	17	1.500	1.288	0.212*
c.1959	24	1.541	1.324	0.217**
c.1973	49	1.848	1.296	0.552***
c.1989	49	4.010	1.670	2.340***
c.2009	50	7.241	3.182	4.060***

Note: Averages are aggregated across U.S. states.
*p<0.1; **p<0.05; ***p<0.01 on two-tailed tests.

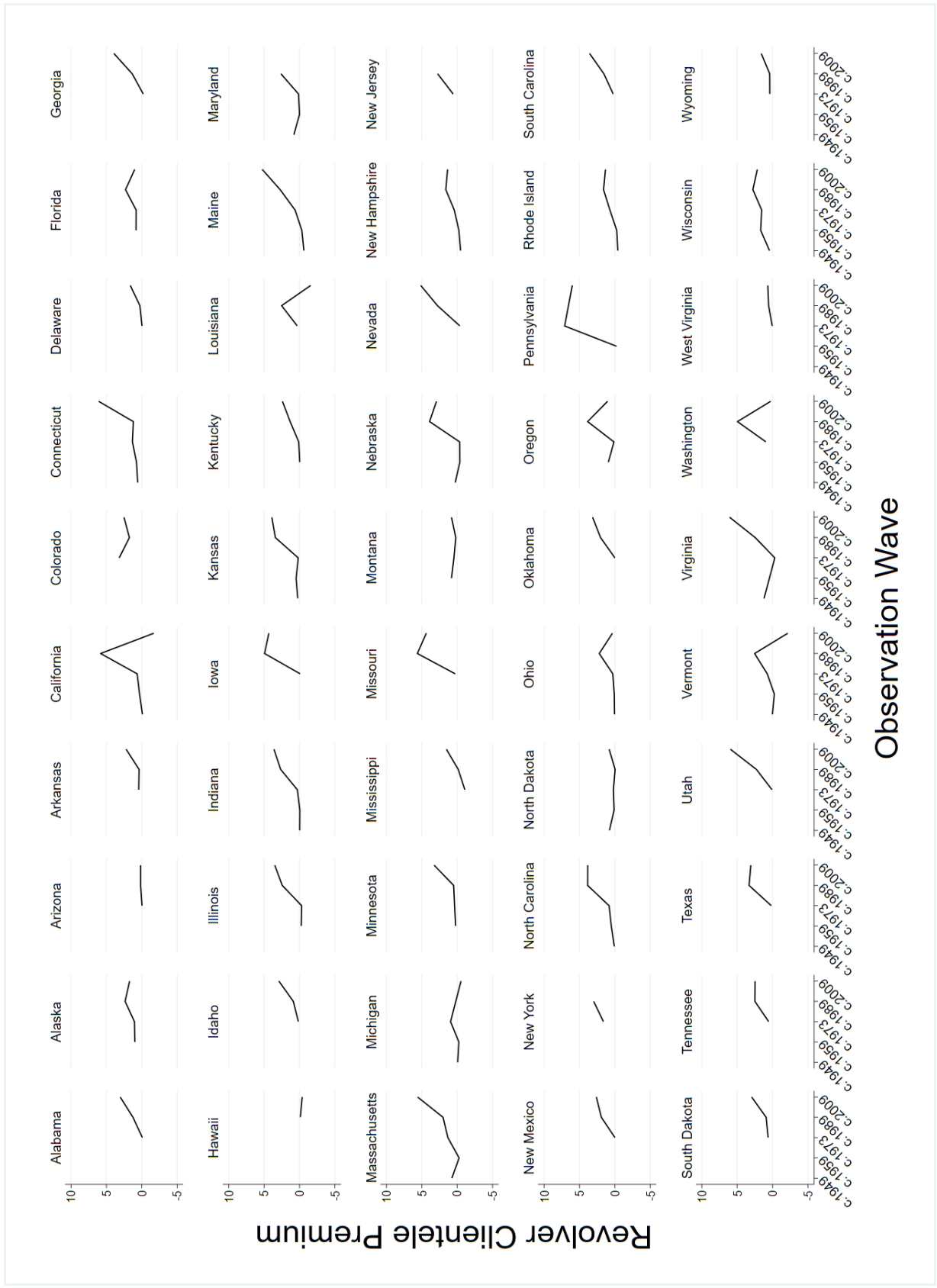
clienteles truly increased during the 1980s, with revolvers representing twice as many clients as non-revolvers then. The paired t-test results indicate that the chances of any clientele differences over time being due to randomness are exceptionally low. These findings reflect trends in Congress (LaPira and Thomas 2017, 112) but, of course, mask differences in revolver premiums across states.

For additional clarity, figure five presents the revolver clientele premiums across states and observation waves. For most observations, revolving-door lobbyists represented more clients than other lobbyists (i.e., the premium is above zero). The figure excludes two observations with values greater than ten. In general, the clientele premium of former legislators has grown over time. Trends in California, Vermont, and Washington are prominent exceptions.

Explanatory Variables

Turnover in state legislatures occurs whenever there is member replacement, whether due to voluntary retirements, term limits, reëlection loses, or even deaths. One of the biggest changes in state legislatures during the twentieth century was reduced turnover among members. At the beginning of the century, memberships were "shockingly unstable" (Squire 2012, 231). The legislative professionalization movement of the 1960s and 1970s sought partially to lower turnover by paying legislators more (Squire 2012). Today, the

Figure 5: Revolver Clientele Premiums



most professionalized legislatures have lower member turnover (Moncrief, Niemi, and Powell 2004). To estimate the effects of turnover, I turn to measures provided by Shin and Jackson (1979) and Moncrief, Niemi, and Powell (2004).[6] These authors provided turnover rates either for decadal or biennial periods. Biennial rates are averaged for each decade where needed. House and senate assemblies often display different turnover rates but lobbyist lists do not indicate which individuals lobby representatives, senators, or both. I weighted the turnover rates of houses and senates based on their membership sizes to generate single turnover measures for each legislature. This variable therefore captures the percentage of new members who entered assemblies every two years, averaged over the ten-year periods preceding each wave of observations. Since I expect turnover to effect negatively revolver premiums with declining marginal returns, the logged values of turnover rates were employed in regression models. According to my expectations, the coefficient for this variable should have a negative value.

Throughout the latter decades of the twentieth century, state legislatures began to impose restrictions on the PGE of former members. This variable is measured in numbers of months that former members had to wait before registering to lobby. Cooling-off period lengths were collected from Strickland (2020a) for my fourth and fifth waves of observations. For earlier waves, I reviewed the lobby statutes of all states, included in Marquis Academic Media (1975). No state had enacted any PGE restriction by then. Since Strickland (2020a) found that states never eliminated or shortened their cooling-off periods once enacted, no restrictions were assumed to be in effect in any state during my first three waves of observations. This coefficient should be negative in value.

Measuring legislative staff is challenging given the age of some of my observations. Measures of legislative staff are available from Bowen and Greene (2014) and the National Conference of State Legislatures (2016), but those observations date back only to the early 1970s. To test my second hypothesis, I include a less precise measure of legislative staff support:

[6] I thank Gary Moncrief for providing updated turnover data for the states.

total spending on the legislature (in millions of real dollars), divided by numbers of incumbent legislators. This measure is imperfect since it also captures legislator salaries, but such salaries tend to be a small portion of total spending. These spending statistics were produced by the Census Bureau's Governments Division and provided by Klarner (2015). This coefficient should also have a negative value.

As for my final two explanatory variables, measurement is more straightforward. For interest group density, I divided the total number of unique interests that hired lobbyists in the given state and year by the number of incumbent legislators in the state. The idiosyncratic registration procedure is measured using a simple dichotomous indicator for observations in my last wave from California, New Jersey, and New York. These coefficients should both have positive values.

Estimation Method and Results

I test my various hypotheses using the revolver clientele premiums and explanatory variables described in the previous sections. The dependent variable is differences between average clientele sizes for revolver and non-revolvers. The variable may assume positive or negative, and non-integer, values. To determine if my explanatory variables predict revolver premiums, I estimate a series of least-squares regression models. Since I am working with repeated observations of states, each state has various contextual factors that may influence revolver premiums. These omitted variables would violate the assumption, required for least-squares regression, that errors among observations be independently distributed. To correct for this, I estimate an initial set of models where the standard errors are clustered by state (Primo, Jacobsmeier, and Milyo 2007). While these models estimate coefficients using all available variation, I also estimate the same models using fixed effects for states and waves of observations.[7] The fixed effects help to ensure that the coefficients produce estimates based only on changes that occured within individual states over time (Mummolo

[7]The results remain substantively unchanged if I use effects for states and years, or effects only for states.

and Peterson 2018). The estimates for this latter set of models are more conservative than those produced by models with clustered errors. I also estimate different specifications of my initial models to test the robustness of the hypothesized relationships. Among the six models presented in table two, the first and fourth models use all available observations, the second and fifth models exclude observations generated with the idiosyncratic registration procedure, and the third and final models examine only observations from the last three waves of observations, thereby ensuring a more equal balance of influence among the states in these models.

The coefficients listed in table two show strong support for the contingent value of revolver assets. The coefficients for logged turnover have negative values in every model. According to Model 1, every one-percent increase in legislative turnover is associated with a decrease of about 0.033 clients in the revolver premium on average, ceterius paribus. The most conservative results, presented in Model 5, place this effect at 0.015 clients. Given that turnover rates range from 13 to more than 71 percent, the predicted effect from all models are substantively meaningful.[8]

Regarding my second hypothesis, I find mixed support. While restrictions on PGE are correlated with premiums in two models with clustered standard errors, the implementation of new restrictions was not correlated with reduced revolver premiums in models with fixed effects. What might explain the incongruity between these findings and those presented elsewhere (i.e., Cain and Drutman 2014; Strickland 2020a)? Some former legislators may simply not follow the laws. Former legislators may not register yet lobby during their cooling-

[8]The negative effects of legislative turnover on revolver clientele premiums persist in models with alternative model specifications that are not reported here. The results remain substantively similar, albeit statistically weaker, when I estimate linear (i.e., non-logged) coefficients for turnover. The results remain substantively similar when I estimate models that predict average client counts for revolvers while also controlling for the average client counts of all other lobbyists. Even when breaking turnover down into two separate variables—one for house rates and another for senate rates—I find results: turnover in house chambers are driving much of the results since senate turnover rates are weak predictors of revolver premiums. The results also remain practically unchanged even if additional confounding variables are included in the models, including numbers of legislators, session lengths, and inter-party competition. These variables do not display direct effects on revolver premiums. They also do not temper or enhance the effects of turnover on revolver premiums, either (i.e., there are no statistically discernible interactive effects).

off periods, or serve as consultants in lobby firms as did former senators Tom Daschle and Newt Gingrich (LaPira 2015). If some state revolvers are failing to register while lobbying, then PGE laws may be correlated with depressed revolver numbers but not with revolver premiums since the clients would also not be registered under those revolver names. Such shadow lobbying is difficult to detect, particularly in the state legislatures where research on registered revolvers is limited.

I find support for my third hypothesis: namely, that increases in legislative staff support are associated with depressed revolver premiums. The coefficients for this variable are quite large since most states did not spend large amounts of money per legislator. According to the coefficient in Model 1, every increase in legislature spending by $1 million per legislator decreases the revolver premium by more than seven clients. This result disappears completely, however, if I employ the sheer numbers of permanent or total staff provided by National Conference of State Legislatures (2016). Those results, which are not reported, are esimated using only data from the 1970s and later. In all those models, turnover remains a negative and discernible predictor of revolver clienteles.

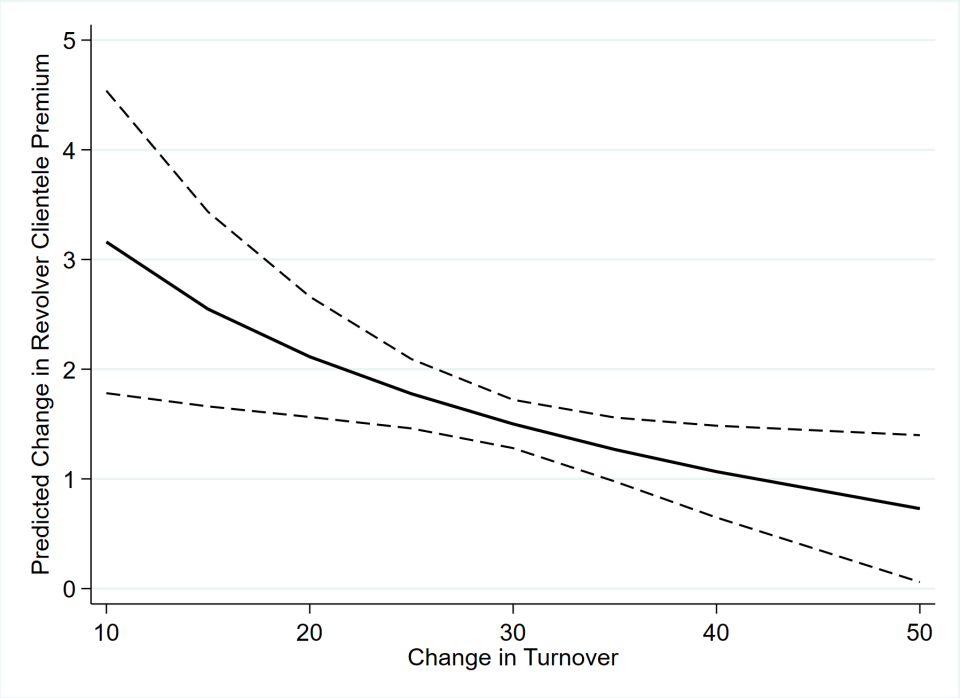
As for interest density and firm registration, I find supportive evidence of my fourth and fifth hypotheses. The positive relationship between density and premiums is likely due to the influence of three observations excluded from Models 2 and 4, however. In those models, density does not achieve significance. These mixed results become even weaker if I instead use sheer group numbers instead of density as an explanatory variable. Unsurprisingly, my final hypothesis is confirmed by all models.

Table 2: Predicting Revolver Clientele Premiums

	Dependent variable:					
	Revolver Clientele Premium					
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Ln(Turnover)	-3.271***	-1.892***	-3.856***	-3.663***	-1.511**	-4.525***
	(0.871)	(0.462)	(1.156)	(1.053)	(0.626)	(1.300)
PGE Restrictions	0.074**	0.021	0.064**	-0.044	-0.003	-0.057
	(0.028)	(0.021)	(0.026)	(0.047)	(0.027)	(0.053)
Legislative Support	-7.708*	1.869**	-8.084**	-8.912***	0.269	-10.759***
	(3.994)	(0.887)	(4.019)	(1.379)	(1.044)	(1.742)
Interest Group Density	0.330*	0.043	0.333*	0.442***	0.057	0.571***
	(0.180)	(0.071)	(0.182)	(0.134)	(0.082)	(0.165)
Firm Registration	28.108***	-	28.527***	26.044***	-	26.676***
	(9.967)		(9.844)	(2.249)		(2.498)
Constant	12.320***	7.433***	14.449***	15.074***	5.940**	18.019***
	(3.154)	(1.750)	(4.099)	(4.810)	(2.849)	(5.519)
Fixed Effects?	-	-	-	✓	✓	✓
R^2	0.600	0.324	0.602	0.765	0.613	0.800
Observations	188	185	148	188	185	148
Years Covered	1947-2011	1947-2011	1971-2011	1947-2011	1947-2011	1971-2011

Note: standard errors in parentheses.
*p<0.1; **p<0.05; ***p<0.01 on two-tailed tests.

Figure 6: Predicted Revolver Clientele Premiums



To illustrate the negative effect of legislative turnover on the value of revolving-door lobbyists, figure six plots the predicted clientele premium for revolvers under different turnover conditions, while holding all other variables at their means except for firm reporting. The estimates are based on results presented in Model 5, which presents the smallest substantive effect or most conservative results. The solid lines provide the different estimates for how the revolver premium is predicted to change given various increases in turnover, and the dashed lines provide the upper and lower boundaries for 95-percent confidence intervals. The figure shows the negative effect of turnover: with turnover increasing only by 10 percentage points over time, the revolver premium is predicted to grow by more than three clients over the same time period. The maximum movement in turnover detected within my data, around fifty percent, suppresses growth in the revolver premium.

Implications and Extensions

Former legislators who lobby, also known as revolving-door lobbyists, are regarded as well-paid agents who exacerbate the effects of differences in resources between organized interests. Interests differ in their ability to corral monetary resources to influence policy (Gerber 1999). At the same time, former members of Congress are among the best paid lobbyists, represent the highest numbers of clients, and achieve results for their high-paying clients (LaPira and Thomas 2017; Makse 2017). For decades, social scientists have lamented the effects of differences in material resources among organized interests, with many raising normative questions over implications for representation, but only recently have social scientists framed revolving-door lobbyists as corroborators in jeopardizing the equal influence of organized interests. As Strickland (2020a) argues: "[i]f one accepts that the merits of policy positions are independent of the resources of their advocates," then the influence of revolving-door lobbyists should be cause for concern among democratic reformers.

The findings presented in this study provide insight into how institutional reforms may ensure that various interests achieve more equal representation and political influence. If low turnover among incumbent legislators contributes to the value of revolvers' assets, then it should be no surprise that former members of Congress are particularly valuable lobbyists. Turnover in Congress in quite low when compared to turnover in the state legislatures. In the states, different levels of turnover, some of which are affected by legislative term limits, affect local revolver clientele premiums. Former legislators represent fewer clients relative to other lobbyists as legislative turnover increases. Other factors have generally inconsistent effects, although spending on legislatures may also reduce revolver premiums. These findings suggest that factors that increase turnover, including term limitations, help to reduce the value of exclusive revolver assets and equalize the political influence of diverse organized interests.

The findings presented align well with the conclusions of recently published studies of revolving-door or multi-client lobbying. The earlier studies found that legislative turnover

hurts the value of revolver assets, or that having connections with current staff persons helps. Blanes i Vidal, Draca, and Fons-Rosen (2012) examined the effect of turnover directly by exploring the salaries of former staffers, and how their salaries changed when former bosses retired from the Senate. Similarly, proportionally fewer former legislators become lobbyists in states with high turnover (Strickland 2020a). McCrain (2018) found that knowing more staffers helped former staffers who had become lobbyists. Finally, Strickland and Crosson (nd) found that higher turnover depresses rates of multi-client lobbying in general. All these studies, like the present one, rely on access-driven perspectives of lobbyist value. Given all these findings, it is unsurprising that former mega-lobbyist Jack Abramoff once exclaimed that lobbyists hate turnover: "When I was a lobbyist, I hated the idea that a congressman who I had bought with years of contributions would decide to retire. That meant I had to start all over again with a new member, losing all the control I bought with years of checks" (U.S. Term Limits 2016). Membership stability allows for some lobbyists and interests to become entrenched political players, and benefits former legislators who become lobbyists especially.

Additional research questions may be answered using the data examined in this paper, and the related findings may provide new insight into revolving-door lobbying in general. The present study examines data aggregated at the level of states and years. More granular data may provide more insight. For example, with legislator-level data, it would be possible to measure the value of a former legislator's partisan membership on his value as a lobbyist. Legislators likely form relationships particularly within their caucuses, and connections to members of partisan majorities should be particularly valuable. It also remains to be seen if state senators are more valuable revolvers than representatives. Although some findings from this study (which were not presented) suggest that house turnover matters more for overall revolver premiums, former senators may yet be more valuable given their smaller numbers. Other traits likely do matter, such as whether legislators served in leadership positions (see LaPira and Thomas 2017). The varied institutional environments of the states should provide

unprecedented variation for measuring the value of all these revolver assets concurrently in a single study.[9]

[9]Of course, challenges remain with a legislator-level study. Given that some states have substantially greater numbers of lobbyists and revolvers than others, the more numerous observations from those states would produce regression coefficients that reflect trends from those states more so than trends from the others. The present study adopted a state-level approach given that all of the explanatory variables may be measured only at the level of states, and since I was interested primarily in questions of institutional (state-level) reform.

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