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Testing the Basis of Incumbency Advantage: Strategic Candidates and Term Limits in the California Legislature

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ABSTRACT

Conventional wisdom suggests that incumbent politicians use the resources of office to create an electoral advantage. But Cox and Katz (2002) argue that at least part of this incumbency advantage in the United States House of Representatives can be attributed to the strategic entry and exit decisions of incumbents. We test this claim by taking advantage of the natural experiment provided by state legislative term limits in California. By comparing different types of open seats, we identify the strategic component of the incumbency advantage that exists above and beyond the resource-based advantage. The vote loss suffered by the incumbent party is smaller in term-limited seats than in voluntary open seats, indicating that incumbents do sometimes leave when their electoral prospects look dim. Further evidence of this strategic component is that quality challengers run more often in voluntary open seats, while quality incumbent-party replacements run disproportionately in term-limited seats.

ONE OF THE MOST WIDELY ACCEPTED facts about American politics is that incumbent legislators enjoy a considerable electoral advantage over their nonincumbent challengers (Jacobson 2004). The main support for this conclusion is the larger victory margins for incumbent-defended seats than for open seats in legislative elections at both the state and congressional level. Conventional wisdom suggests that this disparity in election margins occurs because legislators are able to parlay the resources of office into an electoral advantage over their opponents (Cover 1977; Ferejohn 1977; Krehbiel and Wright 1983; Cain, Ferejohn, and Fiorina 1987; Fenno 1978; Fiorina 1977; Mayhew 1974).

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Recently, however, Cox and Katz (2002) have argued that at least a part of the incumbency advantage in United States House of Representatives elections can be attributed to the strategic entry and exit decisions of incumbents. They argue that previous research on incumbency advantage fails to account for the fact that incumbents choose whether to run or retire and that these decisions are sometimes conditioned by candidates' anticipated vote share. That is, incumbents may be more likely to choose to retire if they anticipate a tough race (Jacobson and Kernell 1983). Thus, some of the imbalance between races for incumbent-held seats and open seats may reflect the entry decisions of strategic candidates. Such a self-selection process may lead to an overestimation of the effect of office resources on incumbency advantage.

To test Cox and Katz's (2002) hypothesis, we take advantage of the natural experiment provided by state legislative term limits, comparing races for different types of open seats: term-limited seats and seats that are open due to the voluntary retirement of an incumbent.¹ Because term-limited seats become open for reasons independent of their incumbents' electoral prospects, there is no problem of endogenous entry into a race by the incumbent. Thus, we ask, does strategic entry lead to an overestimation of incumbency advantage in legislative elections? If so, we expect that the incumbent party will fare worse in races for voluntary open seats than in those for term-limited seats, all else equal.

Using data from California state legislative elections from 1996 to 2004, we find that the drop in the incumbent party's vote share in term-limited seat races is significantly less than that in those for voluntary open seats. We also find that quality challengers from the nonincumbent party are more likely to run for voluntary open seats, while quality incumbent-party replacement candidates disproportionately run in term-limited open seats. Finally, we also find that the probability of the out-party capturing a seat is substantially less in races for term-limited seats than in those for seats where the incumbent voluntarily decided not to run. Overall, our results support Cox and Katz's (2002) argument that strategic candidate decisions account for at least a portion of the long-observed legislative incumbent electoral advantage.

STRATEGIC ENTRY AND THE INCUMBENCY ADVANTAGE

Cox and Katz's (2002) hypothesis that potential legislative candidates' strategic decisions contribute to the observed incumbency advantage represents a challenge to the conventional wisdom about legislative elections. While the resources and perks of office may well contribute to incumbency advantage, this may be only part of the story.

Cox and Katz build on a long line of research arguing that incumbents weigh their electoral prospects strategically when deciding whether to run for re-election (Schlesinger 1966; Rohde 1979; Jacobson and Kernell 1983; Brace 1984; Kiewiet and Zeng 1993; Groseclose and Krehbiel 1994; Jacobson and Dimock 1994; Hall and Van Houweling 1995). Cox and Katz (2002) argue that these strategic entry decisions can create a self-selection bias in existing measures of incumbency advantage. This bias stems from the incumbent's presence in a race being the result, to some degree, of anticipated vote shares. As previous studies have shown, incumbents who expect to fare well in an upcoming election are more likely to seek re-election, while those whose prospects appear poor are less apt to run (Jacobson and Kernell 1983; Groseclose and Krehbiel 1994). Thus, when an incumbent decides to run, we can expect a larger margin of victory than what his or her party would likely receive if he or she had decided not to run. All else being equal, and regardless of the resources of legislative office (and the skill with which the incumbent uses them), we can expect a larger margin of victory in non-open seats than in open seats because incumbents make their candidacy decisions, in part, on their expectations of this margin.

The Cox and Katz hypothesis does not require the assumption that the only reason for legislative retirement is the expectation of a poor showing in the upcoming election. Even if those incumbents who anticipate doing well are only slightly more likely to run than those with poorer prospects, there will be a bias in the inferences drawn from traditional measures of the incumbency advantage. That is, seats are more likely to become open because they are more competitive; the retirement did not cause the seat to be competitive, but rather, it resulted from the seat's competitiveness. Once these most endangered incumbents are removed from consideration, an illusory incumbency advantage, caused by this self-selection bias, is added to the actual incumbency advantage caused by other factors. Thus, we observe that legislative incumbents routinely outperform nonincumbents, not only because they use their resources of office effectively to gain support, but also because the strategic exit decisions of weak incumbents leave only those who are likely to do well.

TERM-LIMITED SEATS AS A TEST OF THE STRATEGIC ENTRY HYPOTHESIS

The conventional method of estimating legislative incumbency advantage is a comparison of a party's vote share in incumbent-defended seat races to that in open seat races (Gelman and King 1990). The average difference

between these two types of races estimates the size of the incumbency advantage. Unfortunately, this approach does not allow us to distinguish between the standard explanation that the resources of office cause the incumbency advantage and the Cox and Katz strategic entry explanation. Both a strictly resource-based explanation and an explanation that adds a strategic entry component predict that a party should receive a larger vote share in incumbent-defended seats.

The ideal solution to this problem would be to force incumbents to retire randomly and then to assess the difference between open seat race and non-open seat race vote margins. By taking away the incumbents' choice to enter or exit the race, the effect of any endogenous strategic decisions would be removed from the comparison. If incumbency advantage stems solely from office resources, then the incumbent's party's vote margin should drop (just as in previous studies) when he or she is forced to exit, since those resources would only benefit the incumbent. On the other hand, if the incumbent's party's vote margin stayed the same regardless of whether he or she ran, it would indicate that the resources of office are less important and that strategic entry decisions have inflated traditional measures of incumbency advantage. However, since few politicians would likely give up their careers for the sake of advancing our understanding of the electoral process, we must find an alternative approach.

One practical option to test the Cox and Katz hypothesis is to compare the results of races for seats that are voluntarily open and seats that are open due to involuntary exits. Cox and Katz (2002) pursue such an approach, using as voluntary open seats those where the incumbent either retired or sought higher office and involuntary open seats as those where the incumbent either died or lost the primary. In these involuntary open seats, Cox and Katz assumed that "the incumbent's vote expectations either played no role . . . or should have been favorable" (2002, 145), while in these voluntary open seats, the reason for withdrawal was likely the anticipation of a rough campaign. Using this comparison, they found that in United States House elections the incumbent's party's vote share declined more sharply in voluntary open seats, thus supporting their strategic entry hypothesis.

We adopt a related approach to testing the Cox and Katz hypothesis; one that takes advantage of the opportunity presented by state legislative term limits.² Seats opened up by term limits are certainly involuntary open seats. Term limits force incumbents to retire, independent of their electoral prospects. Hence, they remove the potential bias of strategic entry decisions and provide a means to observe the non-strategic electoral value of incumbency.³

Our strategy is to compare the vote margins in term-limited open seat

aces and those in voluntary open seat races.⁴ The logic of our test is as follows. First, consider the resource hypothesis. Conventional wisdom holds that the presence of an incumbent causes a higher victory margin due to the resource advantage. Conversely, if the incumbent does not run, the resources attached to incumbency do not help any candidate in the race regardless of party or the incumbent's reason for exiting.⁵ Therefore, the potential benefits of the incumbent's official resources would be lost to his or her party in both voluntary open seat and term-limited seat races. Thus, if incumbency advantage is driven solely by office resources, then the incumbent party's vote share should decline by the same amount in races for term-limited seats and voluntary open seats.

Next, consider the strategic entry hypothesis. Here, the theory predicts that the anticipation of a favorable vote margin will increase the chances of an incumbent running for re-election, and when an incumbent faces poor electoral prospects, he or she is more likely to retire. But in term-limited seats, the fear of a poor showing is not the reason incumbents leave office—indeed, they are forced out of office.⁶ In short, the effect of the anticipation of electoral prospects is removed from the incumbent's decisionmaking calculus. Thus, if strategic entry affects incumbency advantage, the incumbent party should suffer a smaller vote drop-off in term-limited seats than in voluntary open seats. Of course, this premise assumes that the replacement candidate benefits from any district-level partisan tides (Alford and Brady 1993). While an incumbent's poor electoral prospects may be specific to him or her (e.g., a personal scandal), partisan swings and strong challengers are much more likely to be the systematic culprits in poor projected vote shares for incumbent candidates (Jacobson 2004).

In summary, if strategic entry has affected our observations of incumbency advantage, then there should be a difference between victory margins in term-limited and voluntary open seat races; if not, then there should be no difference between the margins for those two types of races.⁷

TERM-LIMITED SEATS VERSUS VOLUNTARY OPEN SEATS

To conduct our analysis, we collected data on elections to the California State Assembly and Senate from 1996 to 2004. These elections provide a good case for testing the strategic entry hypothesis for two reasons. First, California was one of the first states to implement legislative term limits.⁸ Since this implementation in 1996, 144 members have been forced from office by term limits (Table 1). To date, California is one of only a handful of states with sufficient term limits experience to allow for meaningful testing

Table 1. The Numbers of Open and Incumbent-Defended Seats in California State Legislative Elections, 1996–2004

	1996	1998	2000	2002	2004
Voluntary open seats	8	9	8	14	7
Term-limited seats	33	26	32	27	26
Incumbent defended seats	59	65	60	59	67

Note: Data compiled by the authors from the California Elections Calendar, published by the California Secretary of State, and from the California Secretary of State Elections website (http://www.ss.ca.gov/elections/elections_elections.htm).

of our hypothesis. Second, California has one of the most professional state legislatures in the United States. On every measure associated with legislative professionalism (e.g., staff resources, legislative operating budget, percentage of full-time legislators), California ranks at or near the top (Berry, Berkman, and Schneiderman 2000; Squire 1992). Since professionalism is associated with greater incumbent victory margins, it is not surprising that estimates of California's state legislative incumbency advantage have been high, ranging from 7 to 10 percent (King 1991; Cox and Morgenstern 1993). These estimates are some of the highest in the country and are on par with those of the United States House. Thus, if any state legislature is going to have a strong, resource-based incumbency advantage, it should be the California legislature.⁹ As a result, these elections provide a strong test of the Cox and Katz strategic entry hypothesis and one that should parallel the process in Congress more than in any other state.¹⁰

To test our hypothesis, we follow the Cox and Katz (2002) model closely (which is a modification of Gelman and King's (1990) model) but instead of a single independent variable indicating the presence of an incumbent candidate, we include separate variables for term-limited and voluntary open seats. Our dependent variable, *vote share*, is the two-party vote share earned by the candidate of the incumbent party in district *i* at time *t*.¹¹ Our key independent variables are dummy variables, *voluntary open* and *term limit*, indicating why the seat became open. Incumbent-defended seats serve as the reference category. If incumbents are more likely to retire strategically when their electoral prospects are poor relative to those with brighter prospects, then the estimated coefficient for term limit should be significantly less than the estimated coefficient for voluntary open. The basic model we estimate, using ordinary least squares, is:

$$\begin{aligned}
 \text{vote share}_{it} = & a + \beta_1 \text{term limit}_{it} + \beta_2 \text{voluntary open}_{it} + \beta_3 P_{it-1} \\
 & + \beta_4 \text{vote share}_{it-1} + \theta_t + \varepsilon_{it}
 \end{aligned} \tag{1}$$

In this basic model, we include standard controls for the incumbent's party's previous vote share in the district, lagged party control of the district (P_{it-1} , scored 1 for Republicans and 0 for Democrats), and year fixed effects to capture any statewide partisan swings (Gelman and King 1990). Because there is some disagreement in the literature (Gelman and King 1990; Cox and Katz 2002) over whether it is best to include a variable indicating lagged party control of the district or the party that won the district in the current election (i.e., the party that won the district at $t-1$ versus the party that won at time t), we also estimate our model using current partisan control. Finally, we estimate versions of the model with an interaction between the year dummies and either lagged or current party control.

While Gelman and King (1990) and Cox and Katz (2002) use lagged legislative vote share to control for the normal vote in the district, Ansolabehere and Snyder (2004) argue that doing so is a potentially biased proxy. To check for this possibility, we also estimate our model using the most recent presidential or gubernatorial vote, broken down by district, in place of the lagged legislative vote (Appendix, Table A2). The pattern of relationships and our substantive conclusions do not differ substantially between models using these different lagged votes. Finally, we also exclude from our analysis the elections directly following redistricting since the shuffling of district boundaries introduces a confounding variable affecting the strategic calculations of politicians and complicates matching up districts across redistricting regimes.

Our results are presented in Table 2. In every specification the coefficient for the term limit variable is smaller than that for the voluntary open variable. Furthermore, in each specification this difference is statistically significant.¹² For example, the specification in the first column yields an estimate that when an incumbent leaves office as a result of term limits, his or her party's vote declines by an estimated 4.20 percentage points, but when an incumbent leaves voluntarily, the drop is a more precipitous 6.65 percentage points. The estimated differences are larger in the third and fourth columns where, following the original Gelman and King (1990) specification, we use party control of the district at time t , rather than the lagged control Cox and Katz (2002) use. Overall, these results provide strong empirical support for the Cox and Katz strategic entry hypothesis.

STRATEGIC BEHAVIOR OF CHALLENGERS AND REPLACEMENT CANDIDATES

We have shown that term-limited open seat races are less competitive than voluntary open seat races. This result is consistent with the argument that

Table 2. The Effect of Term-Limited and Voluntary Open Seats on the Incumbent Party's Vote Share in California State Legislative Elections, 1996–2004

Independent Variables	(1)	(2)	(3)	(4)
Term limit	-4.20*** (.63)	-4.42*** (.63)	-4.19*** (.66)	-4.44*** (.67)
Voluntary open	-6.65*** (1.03)	-6.27*** (1.02)	-7.36*** (1.09)	-7.29*** (1.08)
Vote share ($t - 1$)	.81*** (.03)	.81*** (.03)	.84*** (.03)	.86*** (.03)
Constant	18.68*** (.84)	19.79*** (2.21)	15.61*** (2.22)	15.61*** (2.25)
F-test of difference between term limit and voluntary open coefficients	4.91**	2.74*	7.50***	6.03**
Model also includes:	Year effects Lagged party control of district	Year effects X Lagged party control of district	Year effects Current party control of district	Year effects X Current party control of district
Adj. R ²	.73	.74	.70	.70
N	328	328	328	328

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

Note: The table contains ordinary least squares coefficient estimates, with standard errors in parentheses.

incumbents who anticipate a poor electoral showing are less likely to run for re-election. But are there other processes that would result in this same observed pattern of electoral behavior? Is it poor electoral prospects or some other strategic motivation that induces these incumbents to leave office?

One alternative explanation for our findings is that legislators who exit voluntarily are strong candidates moving up the political career ladder, while those who are termed out are weaker candidates with neither the ability nor the opportunity to move up (Schlesinger 1966). In other words, our data might be reflecting a quality differential where candidates more adept at electioneering (or are better at using their official resources) leave to run for higher office before they are termed out, while less skilled politicians serve out their full allotment of terms. Although this scenario is still driven by strategic behavior, it challenges the Cox and Katz hypothesis that incumbents with poor electoral prospects are especially prone to exit voluntarily.¹³

To assess this alternative explanation for our results, we examine the behavior of two types of candidates: out-party challengers and incumbent-party replacement candidates. If this alternative explanation is valid, then quality out-party challengers should be just as likely to enter a term-limited open seat race as they would a race where the incumbent exits voluntarily,

and the incumbent party should have no trouble fielding a quality candidate to replace a voluntarily departing incumbent. However, as our results will show, neither of these predictions is borne out, further supporting our original interpretation of our results.¹⁴

First, consider the entry patterns of out-party challengers. Just as we expect incumbents to be strategic in their re-election decisions, we also expect strategic behavior from potential challengers. We know that potential challengers weigh their prospects for success when deciding whether to run (Jacobson and Kernell 1983; Bond, Covington, and Fleisher 1985; Jacobson 1989; Banks and Kiewiet 1989; Squire 1989; Canon 1990; Kiewiet and Zeng 1993; Carson and Roberts 2005). If incumbents are less likely to run for re-election when their prospects appear dim, many of these seats may well be ripe for the taking by the other party. One indicator of such ripeness is the entry decisionmaking of out-party challengers. If the tide has turned against the incumbent party, quality out-party challengers should jump at the opportunity to run in these promising districts.¹⁵ Hence, we should see more quality challengers in races where the incumbent leaves voluntarily than in term-limited open seats.

To test this hypothesis, we estimate a probit model of the probability of a quality challenger entering a race in our dataset. The dependent variable, *quality challenger*, is coded 1 if the out-party candidate has held previous elected office and 0 otherwise (Jacobson and Kernell 1983). We coded this variable using the issues of the *California Political Almanac* and *California Journal*, which are published in October prior to each general election and survey the upcoming races. We also conducted a *Google* internet search on each candidate name and district to verify his or her status for this variable. Because of redistricting, we eliminated the 2002 elections from our analysis. We also eliminated 2004 since the *California Journal* did not publish a list of candidates' previous political offices that year. Thus, we confine this analysis to elections held between 1996 and 2000.

Our key independent variables, *term limit* and *voluntary open*, are coded as before, with the reference category again being incumbent-defended seats. The strategic entry hypothesis predicts that the coefficient for voluntary open will be greater than for term limit. We also include the lagged vote share for the incumbent party to control for the normal vote in the district, and we add party-year dummies to control for statewide partisan tides.

Our results in Table 3 demonstrate a difference in out-party challenger quality between term-limited and voluntary open seats, supporting the strategic entry hypothesis.¹⁶ The coefficient for voluntary open (1.07) is well over twice the size of the coefficient for term limit (.39), and this difference is statistically significant. Converting these estimated coefficients to probabilities,

Table 3. The Effects of Term-Limited and Voluntary Open Seats on Quality Challenger Entry in California State Legislative Elections, 1996–2004

Independent Variables	Estimated Coefficients
Term limit	.39* (.20)
Voluntary open	1.07*** (.30)
Vote share ($t - 1$)	-.06*** (.01)
Republican seat	-.54*** (.19)
Constant	2.95*** (.72)
<hr/>	
Wald test of difference between term limit and voluntary open coefficients	4.83**
<hr/>	
Log-likelihood	-121.84
Proportional reduction in error	3.51%
N	299

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

Note: The table contains maximum likelihood estimate (probit) coefficients, with standard errors in parentheses. Year fixed effects are also included but not reported.

the likelihood of a quality challenger entering a voluntary open seat race is .31, while it is only .12 for term-limited seats.¹⁷ However, it is important to note that the term limit coefficient is positive and statistically significant, indicating that the probability of a quality challenger entering a term-limited open seat race is higher than for entering a race for an incumbent-defended seat.

Next, we examine the candidates of the incumbent party who run when the incumbent does not. Here, the strategic entry hypothesis suggests that politically experienced candidates of the incumbent's party—which we call “quality replacements”—will be reluctant to enter a race when their party's electoral prospects are poor. If voluntary exits indicate that the incumbent party is in trouble, we should see fewer quality replacements in these races than in term-limited open seats, where no such systematic indicator exists. The strategic entry hypothesis predicts that the probability of a quality replacement entering a term-limited open seat race will be higher than for voluntary open seat races.

We test this prediction using the same model specification and technique used with quality challengers in Table 3, with two exceptions. First, in this model, the dependent variable is *quality replacement*, a dummy variable coded 1 if the incumbent party's replacement candidate held previous elected office and 0 otherwise. Second, because incumbent-party replacements exist only

in open seat races in our dataset, we exclude all incumbent-defended seat elections from the analysis. Therefore, we make voluntary open seats the reference category and include only term limit as the key independent variable. Again, our results (Table 4) lend support to the strategic entry hypothesis.¹⁸ The term limit coefficient estimate is positive and statistically significant.¹⁹ The probability of a quality incumbent-party replacement entering a term-limited seat race is .80, whereas it is only .60 in voluntary open seat races.

Consequently, we find that quality out-party challengers enter races at a higher rate when the incumbent has exited the race voluntarily, and quality incumbent-party replacements enter races at a higher rate when the seat came open due to term limits.²⁰ These supplementary findings are consistent with the explanation that both incumbents and challengers calculate their future electoral success strategically when making entry decisions. Furthermore, our findings cast doubt on the alternative explanation laid out at the beginning of this section. If incumbents voluntarily choose not to run because they are high quality candidates themselves, then there should be no difference in the patterns of quality replacement candidates running for voluntary and term-limited open seats. As our results show, this is not the case.

IMPLICATIONS FOR TERM LIMITS

In addition to contributing to our understanding of legislative incumbency advantage, our results have important implications for the debate over the

Table 4. The Effects of Term-Limited and Voluntary Open Seats on Quality Incumbent Party Replacement Candidates in California State Legislative Elections, 1996–2004

Independent Variables	Estimated Coefficients
Term limit	.57* (.31)
Vote share ($t - 1$)	-.01 (.01)
Republican seat	-.64** (.29)
Constant	1.51* (.82)
Log-likelihood	-57.26
Proportional reduction in error	10.3%
N	115

*p < .10; **p < .05, two-tailed tests

Note: The table contains maximum likelihood estimate (probit) coefficients, with standard errors in parentheses. Year fixed effects are also included but not reported.

impact of legislative term limits. One of the central arguments advanced by term limits advocates is that “limiting terms will create more competitive elections.”²¹ The basic logic underpinning this claim follows directly from the conventional wisdom regarding the resource basis for the legislative incumbency advantage: Term limits create more open seats, eliminating the bias of incumbent’s official resources and, in turn, render elections more competitive (Doran and Harris 2001; Petracca 1996; Will 1992). However, if the anticipation of competitive races is what led to open seats in the past (as suggested by the strategic entry hypothesis), then forcing incumbents to leave through term limits is unlikely to increase competition to the extent expected. Thus, in light of the strategic entry effect on incumbency advantage, the premise that term-limited seats will be just as competitive as voluntary open seats (Daniel and Lott 1997) is undermined.

Of course, the results in Table 2 demonstrate that term-limited seats are more competitive than incumbent-defended seats. In every variant of our model, the estimated coefficient for the term limit variable is negative and statistically significant. Thus, term limits increase competition, if only moderately; the out-party performs better in a term-limited open seat race than in one for an incumbent-defended seat. However, the competition in term-limited open seat races does not reach the level found in open seat races where the incumbent decided not to run voluntarily.

Beyond vote margins, what is the prospect that term limits help the out-party actually capture a seat? To address this question, we estimated a probit model with our dataset where *incumbent-party victory* is the dependent variable. Our independent variables are the same as in Table 3: the dummy variables indicating why the seat is open, the lagged vote for the incumbent party, and the party of the incumbent. The results (Table 5) confirm that term-limited seat races are less likely to see a change in party than those for voluntary open seats.²² The probability of party turnover in a term-limited seat is .13, which is a discernable increase over the .05 probability of turnover in an incumbent-defended seat. However, the largest chance of party turnover is in voluntary open seats, with an estimated probability of an out-party takeover of .28. However, the difference between the coefficients for term limit and voluntary open does not reach standard levels of statistical significance. Given that the overall number of party switches is quite low, this finding is not surprising. So, while we find that term limits increased electoral competition, it is clear that this reform has not led to a competitive revolution in California’s state legislative elections.

Table 5. The Effects of Term-Limited and Voluntary Open Seats on Switch in Party Control of Seats in California State Legislative Elections, 1996–2004

Independent Variables	Estimated Coefficients
Term limit	.59** (.27)
Voluntary open	1.03*** (.35)
Vote share ($t - 1$)	-.01 (.01)
Republican seat	.77*** (.28)
Constant	-1.78** (.85)
<hr/>	
Wald test of difference between term limit and voluntary open coefficients	1.43
<hr/>	
Log-likelihood	-63.86
Proportional reduction in error	13.64%
N	299

p<.05; *p<.01, two-tailed tests

Note: The table contains maximum likelihood estimate (probit) coefficients, with standard errors in parentheses. Year fixed effects are also included but not reported. The year 2004 predicts failure perfectly, hence those 80 observations were dropped.

CONCLUSION

We have examined the bases of legislative incumbency advantage by asking the question, are all open seats equally competitive? The evidence from California state legislative races suggests that they are not. Conventional wisdom holds that the incumbency advantage is rooted in incumbents translating the perks of office into high vote shares. But Cox and Katz (2002) argue that strategic decisions about running for office may have led scholars to overstate the true size of the incumbency advantage. By taking advantage of the natural experiment provided by state legislative term limits and comparing different types of open seats, we have been able to test this hypothesis, isolating the strategic component of the incumbency advantage.

The results of our study support the Cox and Katz hypothesis. In California in 1996–2004, the vote loss suffered by the incumbent party in state legislative races was significantly smaller in term-limited seat races than in those for voluntary open seats. We estimate that the competitiveness of a term-limited seat race in California in the study period was roughly 30 percent of that for a voluntary open seat. Our conclusion is further supported by the finding that quality out-party challengers are more likely to run for

seats opened voluntarily, while quality incumbent-party replacements are seen more often in races for term-limited open seats.

Our results also have implications for the impact of term limits themselves. Just as advocates had hoped, term-limited open seat races are more competitive than those for incumbent-defended seats. The incumbent party vote share in a term-limited open seat race is significantly less than in an incumbent-defended seat race, and the probability of a quality out-party challenger entering a race is greater than for an incumbent-defended seat race. But if the goal of term limits was to generate elections as competitive as voluntary open seat elections, our findings show that the reform disappoints. Term limits increase competitiveness in open seat state legislative elections, but only moderately so.

APPENDIX: ALTERNATIVE SPECIFICATIONS OF ANALYSIS IN TABLE 2

In these tables, we replicate the analysis of Table 2 of the effects on vote share in California state legislative races using two different measures of the districts' partisan predisposition as controls.

Table A1. Including Uncontested Races and District-Level Partisan Predisposition in the Estimation of the Models in Table 2

Independent Variables	(1)	(2)	(3)	(4)
Term limit	-6.24*** (1.25)	-5.94*** (1.28)	-6.21*** (1.26)	-6.11*** (1.28)
Voluntary open	-9.52*** (2.07)	-9.76*** (2.09)	-10.27*** (2.10)	-10.40*** (2.10)
Vote share ($t - 1$)	.46** (.05)	.46*** (.04)	.49** (.04)	.49*** (.05)
Constant	40.53*** (3.58)	39.26*** (3.74)	37.92*** (3.51)	37.31*** (3.72)
F-test of difference between term limit and voluntary open coefficients	2.19	2.83*	3.29*	3.61*
Model also includes:	Year effects Lagged party control of district	Year effects X Lagged party control of district	Year effects Current party control of district	Year effects X Current party control of district
Adj. R ²	.32	.33	.31	.32
N	379	379	379	379

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

Note: The table contains ordinary least squares coefficient estimates, with standard errors in parentheses. The statewide vote is the most recent district-level presidential or gubernatorial vote for the incumbent party. These models include more observations than those in Table 2 because we also include elections uncontested at time t and $t - 1$.

Table A2. Using District-Level Vote for Statewide Offices as the Measure of District Partisan Predisposition in the Estimation of the Models in Table 2

Independent Variables	(1)	(2)	(3)	(4)
Term limit	-2.23** (.99)	-2.67*** (.99)	-2.03** (1.03)	-2.43** (1.03)
Voluntary open	-5.32*** (1.59)	-4.78*** (1.58)	-6.29*** (1.67)	-6.31*** (1.65)
Statewide vote by district	.30** (.03)	.32*** (.03)	.33*** (.03)	.38*** (.04)
Constant	50.80*** (2.38)	51.15*** (2.36)	47.39*** (2.40)	47.26*** (2.39)
F-test of difference between term limit and voluntary open coefficients	3.11*	1.50	5.73**	4.83**
Model also includes:	Year effects Lagged party control of district	Year effects X Lagged party control of district	Year effects Current party control of district	Year effects X Current party control of district
Adj. R ²	.36	.38	.30	.32
N	354	354	354	354

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

Note: The table contains ordinary least squares coefficient estimates with standard errors in parentheses. The statewide vote is the most recent district-level presidential or gubernatorial vote for the incumbent party. These models include more observations than in Table 2 because we also include elections uncontested at $t - 1$, but not for time t .

ENDNOTES

1. By “retirement,” we simply mean that the incumbent chooses not to defend his or her current seat. We do not mean that he or she retires from public life altogether.

2. Ansolabehere and Snyder (2004) also use term limits as a natural experiment to examine incumbent electoral advantage. While their main effort was to use term limits to provide an unbiased measure of incumbency advantage, we test a hypothesis about the effect of strategic retirement on incumbency advantage.

3. A potential objection to using term limits as a natural experiment is that term-limited legislators may act differently in their last term than legislators leaving voluntarily. For example, term-limited legislators have been found to be less likely to use their office resources to foster electoral support than non-term-limited legislators (Carey, Niemi, and Powell 2000, 51–63). This finding does not bias our test because a critical assumption of the resource hypothesis is that the electoral return on resource use is candidate specific. That is, a candidate who uses resources to garner electoral support and then decides not to enter the race, does not confer that support on his or her replacement candidate. Similarly, a candidate in his or her last term, who forgoes the use of resources altogether, does not pass along any electoral deficit to his or her replacement. In short, neither the strategic entry nor resource hypothesis predicts that the use of resources by the incumbent should have any impact on the expected vote returns in an open seat race.

4. There are no cases in our dataset of a seat being open because of some other form of involuntary exit (e.g., death or losing in the primary).

5. That is, we assume that incumbents use the resources of the office solely to benefit their own re-election and that, at least in large part, these resources do not have an impact on the campaigns of future candidates.

6. It is possible that term limits push some incumbents out of office just in time to avoid electoral defeat, but such a situation would only lead to an even more conservative test for the strategic entry hypothesis.

7. The strategic entry hypothesis does not require that the drop in incumbent party vote share produced by term-limited open seats be zero. Rather, the contention is only that the incumbency advantage is overestimated when incumbents' strategic decisions are ignored.

8. Maine also implemented term limits in 1996.

9. One might argue that the decision to run for a term-limited legislature is fundamentally different from that for a non-term-limited legislature since the value of a seat is lessened in the former, increasing the likelihood that members will leave voluntarily for reasons other than their future electoral prospects. We found no evidence supporting this hypothesis in California. The probability of a member leaving the California legislature voluntarily from 1968 to 1990, before term limits, was .13. From 1996 to 2004, with term limits in effect, this probability was .12 (excluding years following redistricting in both cases). Thus, term limits, in isolation, have not prompted more voluntary exits in California.

10. On the other hand, California's high degree of legislative professionalism may limit the generalizability of our results to other states. In future work, we plan to extend our analysis to other term-limits states, thereby testing further the generalizability of our findings.

11. Following standard practice, we exclude races that were uncontested at either time t or $t - 1$ (Cox and Katz 2002). The logic of this convention holds that including uncontested races can produce biased estimates because the true share of the vote that an uncontested candidate would have received in a contested race would not have been 100 percent. To check that this approach did not invalidate our conclusions, we also estimated the model including these uncontested races in the dataset. These results are presented in Table A1 of the Appendix. The overall pattern of results does not change when these uncontested races are included, although in one specification (column 1) the difference between the term limit and voluntary open variables fails to reach standard levels of statistical significance ($p = .14$).

12. For the specification in column 2, the difference is not statistically significant at the .05 level using a two-tailed test, but because our hypothesis is directional, a one-tailed test is appropriate. Thus, the difference is statistically significant at .05.

13. We also considered the possibility that competitive districts foster upward mobility for politicians; by winning in competitive districts, candidates prove their political worth and use these victories as springboards to higher office (Schlesinger 1966). However, we found no difference in our data between the competitiveness (as measured by the district normal vote) of term-limited and voluntary open seat races. Thus, this hypothesis could not be tested with these data.

14. We also tested for a quality differential between legislators who leave voluntarily and those who are termed out by estimating their incumbency advantage in the elections

prior to their departure. Specifically, we ran a modified version of the Gelman and King (1990) model, regressing incumbent vote percentage on controls for normal vote and party control of district and two candidate-specific independent variables, whether the legislator leaves via term limits at $t + 1$ and whether the candidate leaves via voluntary exit at $t + 1$. The coefficients for the candidate-specific variables were not statistically different from each other and they were even in the wrong direction, with the coefficient for the term-limited incumbents being slightly greater than for those exiting voluntarily. Thus, we found no evidence that legislators who ended up leaving voluntarily were of better quality than those who ended up being termed out. This also implies that there is no difference between these two types of incumbents' abilities to translate legislative resources into votes.

15. Another possibility, which we do not pursue in this article, is that the presence of strong challengers in a race may actually push out a weak incumbent (Cox and Katz 2002, 167).

16. We also ran the model using the alternative specifications seen in Table 2. The results were not sensitive to these alterations, and to prevent clutter, we chose not to report them.

17. We calculated these probabilities using CLARIFY (Tomz, Wittenberg, and King 1999) for a Republican district where the incumbent party's lagged vote is at the mean value.

18. Again, we ran this model using the alternative specification employed in Table 2. The results were not sensitive to these changes in the model.

19. Because our hypothesis is directional, the appropriate statistical test is one-tailed, and the estimated coefficient is statistically significant at the .05 level.

20. Given that quality challengers are attracted to voluntary open seats and quality replacements are attracted to term-limited open seats, one might argue that the lower vote shares we find in voluntary open seats are the result, rather than the cause, of quality candidate choices. However, candidate entry decisions are made long before the general election, making that causal argument less plausible than the reverse (Jacobson 1989; Jacobson and Kernell 1983). Our results indicate that both challengers and incumbent-party replacements behave as if there is a difference between voluntary and term-limited open seat races *ex ante*.

21. California Secretary of State's Office, "1990 General Election Ballot: Argument in Favor of Proposition 140." http://holmes.uchastings.edu/ballot_pdf/ (September 19, 2005).

22. We tried estimating this model with year-fixed effects, but 2004 predicts the outcome perfectly, forcing us to lose 80 observations. Thus, we chose to exclude these fixed effects from this model. In addition, we estimated the model using the most recent presidential or gubernatorial vote in the district to test the robustness of our measure of district partisan predisposition. Our substantive conclusions drawn from these results are the same as those drawn from Table 5. The full results of the auxiliary analyses are available from the authors.

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