In This work we combine data from 3 sources.

This paper contributes to 2 different areas.

- Provide further evidence on the link between welfare and financial wellbeing.
  - To our knowledge, aside from Argy et al. (2020) [1], this is the only work to focus on the side of reducing access to welfare instead of increasing welfare access [2,5,7,9].
  - The policy we evaluate curtailed access to all 3 state social welfare programs (TANF SNAP and Medicaid). Relying on the first stage outlined in Wu and Meyer (2021) [11], we focus on investigating if reduced access has effects on the real dimensions of financial distress and crime.
- Provide further evidence on link between welfare and local crime
  - Previous research has shown this link for different welfare programs [3,6,10].
  - Here our contribution comes from showing that the link is present even for short term shocks to access and that it also shows significant persistence.

We use the timing of the policy change for different groups of counties in Indiana to define treatment.

Here our observations (treatment) correspond to the period following the first quarter in which the policy change was implemented.

Data comes from Uniform crime reporting program.

- Compilation of crime statistics reported by local law enforcement agencies across the United States to the FBI
- We use yearly totals at the Agency level.
- For the link to the variation (at the county level), we rely on 2 sources:
  - Public record of the lawsuit of Indiana vs. International Business Machines corporation (IBM).

We use the timing of the policy change for different groups of counties in Indiana to define treatment.

We focus only on Indiana counties where our main results rely on a differences-in-differences specification (For Financial data, which has individual level observations).

\[ Y_{it} = \delta_{it}(Treat_{t} \times Post) + \gamma X_{i} + \theta_{t} + \psi_{c} + \epsilon_{it}. \]

- Here \( \delta_{it} \) is the differences in differences parameter of interest.
- \( \theta_{t} \) are year fixed effects and \( \psi_{c} \) are county fixed effects.
- Additionally, all results include time varying county level per capita income and employment rate.
- For the dynamic impact of the policy, and to check for pre trends we use the following specification

\[ Y_{it} = \sum_{l=-\infty}^{n} \delta_{lt}(Treat_{t} \times year_{l}) + \gamma X_{i} + \theta_{t} + \psi_{c} + \epsilon_{it}. \]

- For crime data since our observations are at the reporting agency level we adapt this accordingly. All results show Standard errors clustered at county level.

References