

Online Appendix

Table A.1: Logistic Regression on Filing for Bankruptcy

	<u>Dependent Variable:</u> <i>Bankruptcy Filing</i>
Net Asset Ratio	-4.046** (1.832)
Pop. Density (1000 people/sq mile)	0.244* (0.144)
Unemployment Rate	0.312 (0.321)
% Population Black	-0.02 (0.038)
Operating Ratio	-6.994* (4.045)
Population (000s)	0.009*** (0.003)
Expenditures per Capita (000s)	-0.44 (0.357)
Median Household Income (000s)	-0.24 (0.066)
% w/ Bachelors or Higher	-0.169 (0.200)
Wages per Capita	-3.59 (2.995)
Fire Services Exp. per Capita	9.474 (7.025)
Police Services Exp. per Capita	0.599 (6.213)
Parks and Rec. Exp. per Capita	-8.389 (10.620)
Constant	-0.643 (5.138)
Observations	11,211
Akaike Inf. Criteria	66.276

Note: Treated observations exit the sample in the year of bankruptcy filing *p<0.1; **p<0.05; ***p<0.01

Table A.2: Falsification Test with Treatment Date $t = -3$

<i>Outcome Variable</i>	
General Fund Expenses	-82.21*** (29.35)
Total Expenses	-250.84 (183.12)
Public Safety	-40.11 (39.10)
Parks & Rec	15.23 (22.59)
Public Works	-27.19 (22.21)
Sanitation	-123.75** (56.45)
Libraries	-15.06*** (2.31)
Capital Outlay	-109.02 (99.45)
Total Crime Clearance Rate	0.15 (0.10)
Violent Crime Clearance Rate	0.01 (0.08)
Property Crime Clearance Rate	-0.02 (0.02)
Year Fixed Effects	Yes
Municipal Fixed Effects	Yes
Clustered & Robust Std. Errors	Yes
Controls	Yes

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table A.3: Placebo Test with Reassignment of Treatment to Second Control Group

<i>Placebo Effect</i>	
General Fund Expenses	96.98 (59.87)
Total Expenses	83.94 (97.39)
Public Safety	13.44 (12.45)
Parks & Rec	1.74 (6.58)
Public Works	6.78 (10.60)
Sanitation	-58.11 (79.65)
Libraries	0.65 (0.80)
Capital Outlay	37.52 (26.40)
Total Crime Clearance Rate	0.01 (0.04)
Violent Crime Clearance Rate	0.02 (0.05)
Property Crime Clearance Rate	0.03 (0.04)
Year Fixed Effects	Yes
Municipal Fixed Effects	Yes
Clustered & Robust Std. Errors	Yes
Controls	Yes

Note: Actual treated observations have been removed from the sample. A second cohort of matched controls that were drawn from a sample that was not restricted to being within the same state as the bankrupt municipalities have been reassigned to treatment status, centered around date of acute fiscal stress. The control group remains the same within-state municipalities used for the analysis in the main text. *p<0.1; **p<0.05; ***p<0.01

Table A.4: Robustness Test for the Effect of Filing for Bankruptcy
with Treatment Date $t = +1$

<i>Outcome Variable</i>	
General Fund Expenses	−83.16*** (28.26)
Total Expenses	−728.53*** (261.16)
Public Safety	−85.89*** (29.03)
Parks & Rec	124.19 (103.68)
Public Works	14.00 (18.82)
Sanitation	−4.78 (49.15)
Libraries	−6.07*** (0.98)
Capital Outlay	−19.38 (41.35)
Total Crime Clearance Rate	0.03 (0.02)
Violent Crime Clearance Rate	0.03 (0.04)
Property Crime Clearance Rate	0.01 (0.02)
Year Fixed Effects	Yes
Municipal Fixed Effects	Yes
Clustered & Robust Std. Errors	Yes
Controls	Yes

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table A.5: Robustness Test for the Effect of Filing for Bankruptcy,
Excludes Detroit and Matches

<i>Outcome Variable</i>	
General Fund Expenses	−81.06*** (23.76)
Total Expenses	−496.43 (323.84)
Public Safety	−75.92*** (24.08)
Parks & Rec	122.07 (101.07)
Public Works	12.68 (28.86)
Sanitation	−71.40 (48.67)
Libraries	−7.04*** (1.34)
Capital Outlay	−50.34 (44.15)
Total Crime Clearance Rate	0.09** (0.04)
Violent Crime Clearance Rate	0.14* (0.07)
Property Crime Clearance Rate	0.04 (0.03)
Year Fixed Effects	Yes
Municipal Fixed Effects	Yes
Clustered & Robust Std. Errors	Yes
Controls	Yes

Note: *p<0.1; **p<0.05; ***p<0.01