

The Regulation of Non-Judicial Debt Collection and the Consumer's Choice Among Repayment, Bankruptcy and Informal Bankruptcy

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Most consumers who default on their debts do not file for bankruptcy. Rather, they simply stop making payments and preserve the option to repay later or file for bankruptcy if pressure from their creditors becomes too great. Creditors' ability to exert pressure on consumers varies considerably from state to state.

Prior literature has explored the effects of laws that restrict the ability of creditors to use state court proceedings to seize the debtor's property or garnish the debtor's wages. However, most consumer debt collection takes place outside of the courtroom, but not beyond the reach of the law. The Fair Debt Collections Practices Act prohibits collection techniques that are designed to harass the debtor or that are deemed abusive. However, this federal law applies only to third party debt collectors and creditors who purchased the debt after default; the original creditors are largely exempt from its provisions. About half of the states have tried to fill this gap by also prohibiting the original creditor from engaging in harassing or abusive behavior, enacting statutes that grant a consumer a private right of action against the original creditor.

This Article finds that states that have enacted one of these anti-harassment statutes have significantly lower bankruptcy filing rates. In addition, we find that borrowers living in these states are more likely to default without filing for bankruptcy. This suggests that these (or related) laws may reduce the ability of creditors to pressure their debtors to repay.

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Economists studying the law's effect on the rate of consumer bankruptcies generally look at statutes that provide protections in court. The focus is typically on exemptions of assets in bankruptcy court (e.g., the amounts of homestead exemptions and other property exemptions) or limitations on creditors' ability to seize property or garnish wages in state courts prior to bankruptcy. This Article will examine another set of laws that could play an equally important role: laws that regulate aggressive non-judicial debt collection.

Many creditors rely heavily on non-judicial debt collection techniques such as dunning letters and telephone calls and forego the legal process altogether. Bankruptcy rarely serves as a means of collection for general unsecured creditors; these creditors almost always receive nothing in the most common form of bankruptcy, Chapter 7.¹ Creditors do collect in state court, but the use of courts to collect consumer debt varies tremendously by state.² Moreover, even in the most litigious states many creditors choose not to sue. For example, Virginia has one of the highest civil filing rates in the country,³ and consumer debt collection accounts for a substantial majority of the civil filings in its courts.⁴ However, in 2005 Virginia payday lenders charged-off 76,546 checks as uncollectible but sued just 9,039 consumers for non-payment.⁵ Lawsuits may also be declining in importance as a means of collecting debts. The rate of civil litigation has remained fairly stable over the last thirty

¹ Only about 4% of Chapter 7 cases have any non-exempt assets.

http://www.usdoj.gov/ust/eo/public_affairs/articles/docs/abi_04_2003.htm

² See Richard M. Hynes, *Broke but Not Bankrupt: Consumer Debt Collection in State Court*, 60 FLA. L. REV. 1(2008).

³ In 2004 Virginia courts received 13,822 filings per 100,000 persons. The median filing rate for states that, like Virginia, had two-tiered courts was just 5,412 per 100,000 persons. See http://www.ncsconline.org/D_Research/csp/2004_Files/EWCivil_final_2.pdf

⁴ See Hynes, *supra* note 2.

⁵ *Payday Lender Licensees, Supplement to the 2005 Annual Report* (Bureau of Fin. Inst. State Corp/ Comm'n Common Wealth of Va.), 2005, at 8, <http://www.scc.virginia.gov/division/banking/forms/ar04-05.pdf>.

years, and the evidence suggests that the change in rate of consumer debt collection litigation has not matched the rapid rise of the bankruptcy filing rate.⁶

The fact that creditors do not sue does not mean that they do not try to collect. Either they or third party debt collectors will use telephone calls, dunning letters and variety of other non-judicial debt collection techniques to try to convince the debtor to pay. The pressure on the debtor may be severe, and may often be enough to cause a debtor to choose bankruptcy. Sullivan, Warren & Westbrook find that about two-thirds of bankrupt debtors file before they are sued,⁷ and Stanley & Girth found similar results a generation ago.⁸

At least some of the non-judicial collection techniques employed by creditors and their agents can be fairly described as harassing or abusive, and the law tries to limit this conduct. For example, the federal Fair Debt Collections Practices Act limits whom the creditor may contact and when the creditor may contact them,⁹ and it gives the consumer the right to sue the creditor for violations of this act.¹⁰ Significantly, however, the federal Fair Debt Collections Practices Act largely exempts the original creditors from its coverage; the Fair Debt Collection Practices Act targets third party debt collectors (including lawyers) and creditors who purchased the debt after default.¹¹

The original creditors are not entirely free from regulation, however. The Federal Trade Commission uses its power to police “unfair or deceptive acts or practices” to bring administrative actions against creditors for overly aggressive debt collection,¹² and state

⁶ See Hynes, *supra* note 2; Richard M. Hynes, *Bankruptcy and State Collections, The Case of the Missing Garnishments*, 91 CORNELL L. REV. 603 (2006).

⁷ See TERESA A. SULLIVAN, ELIZABETH WARREN & JAY LAWRENCE WESTBROOK, AS WE FORGIVE OUR DEBTORS 305 (1989) [hereinafter AS WE FORGIVE].

⁸ See D. Stanley & M. Girth, *BANKRUPTCY: PROBLEM, PROCESS REFORM* 48 (1971).

⁹ Fair Debt Collections Practices Act, 15 U.S.C. § 1692 (2000).

¹⁰ *Id.* § 1692k

¹¹ Fair Debt Collections Practices Act, 15 U.S.C. § 1692a(6)(A) (2000).

¹² See NAT'L CONSUMER LAW CENTER, *FAIR DEBT COLLECTION* 337-54 (5th ed. 2004) [hereinafter NCLC].

unfair trade practice statutes and tort law provide further protection.¹³ In addition, many state legislatures have passed statutes specifically regulating non-judicial debt collection. These laws vary significantly. Some merely require licensing and others apply only to third party debt collectors.¹⁴ This Article focuses on those statutes that fill the gap created by the Fair Debt Collection Practices Act by giving the consumer a private right of action against an abusive or harassing creditor. About half of the states have such a statute.¹⁵

Section III uses the distribution of these anti-harassment statutes to reexamine one of the most commonly asked questions in the consumer finance literature: whether differences in the law affect the consumer's willingness to file for bankruptcy. Anti-harassment laws may reduce the pressure that creditors can exert on a consumer in default, and they may therefore reduce the cost of postponing or foregoing bankruptcy protection. We find that states that do not have an anti-harassment statute have an average bankruptcy filing rate that is almost thirty percent higher than those that do. This is true whether one looks at the bankruptcy filing rate in 2006 or the rate in 2004, the last full year before the Bankruptcy Reform Act of 2005. This effect remains statistically and economically significant in a wide variety of regressions using county level data.¹⁶

Regressions that use aggregate bankruptcy filing rates confound several effects as anti-harassment laws may have several indirect effects on the bankruptcy filing rate in addition to the direct effects discussed above. First, they may reduce the cost of default and thereby increase the number of defaults.¹⁷ Some of these additional defaults could ultimately

¹³ For a summary of these tort theories, *see* NCLC, *supra* note 12, at 391-434.

¹⁴ For a summary of these statutes, *see* NCLC, *supra* note 12, at

¹⁵ *Id.* For a listing of these states, *see infra* Table 2.

¹⁶ A previous version of this article found statistically significant results using state level data.

¹⁷ Two prior articles have examined informal bankruptcy using proprietary data from credit card issuers. Amanda E. Dawsey & Lawrence M. Ausubel, *Informal Bankruptcy* (2001) (unpublished manuscript, 2004 revision available at <http://www.ausubel.com/creditcard-papers/informal-bankruptcy.pdf>) studied the

lead to bankruptcy. Finally, to the extent that these laws reduce the ability of a creditor to collect, they may reduce the supply of credit. If this results in lower debt burdens, it may ultimately lead to fewer bankruptcies. Ideally one would use individual repayment records to separate these three effects, and Section IV uses data from individual credit card accounts to do just this. Section IV finds that defaulting credit-card holders who live in a state with an anti-harassment law are more likely to become “informally bankrupt.” “Informal bankruptcy” is a term that describes borrowers who have defaulted, but who have not filed for legal bankruptcy protection.¹⁸ At the same time, borrowers in these states are less likely to file for bankruptcy. We find that moving a borrower from a state without a anti-harassment law to a state that has one increases the likelihood of informal bankruptcy by up to 28%, and decreases the likelihood of filing a formal bankruptcy by up to 17.8%. These results, taken together, strongly suggest that anti-harassment laws significantly decrease the cost of resisting creditors’ collection activities.

The results suggest that these anti-harassment laws may affect the behavior of debtors and creditors, and they remind us that bankruptcy presents just a small window into the world of consumer insolvency. The results do not, however, provide a clear normative prescription. First, the measured effects could be due to omitted variables that are correlated with the laws that we study. Second, even if these laws do have a direct effect on bankruptcy and repayment, it is unclear how they should be changed. These laws could deter legitimate collection efforts and make it too easy for a consumer to avoid paying debts without

phenomenon of consumer default without any accompanying bankruptcy filing and coined the term “informal bankruptcy.” They documented its occurrence and explained its frequency using proprietary data of a national credit card issuer. Sumit Agarwal, et al, *Exemption Laws and Consumer Delinquency and Bankruptcy Behavior: An Empirical Analysis of Credit Card Data*, 43 Q. REV. ECON. & FIN. 273 (2003) find the same results as Dawsey and Ausubel using proprietary data from another national credit card issuer.

¹⁸ See Dawsey and Ausubel, *supra*, note 17.

incurring the costs of bankruptcy or the scrutiny of the courts. On the other hand, these laws may allow defaulting consumers to wait longer before filing for bankruptcy, and some of these consumers may recover financially and be able to repay their debts in full. In addition, society may want to allow some consumers to default without filing for bankruptcy because of the expense of the process. Finally, society may want to force creditors to go to court to prove their claims to minimize collection activity against consumers who do not actually owe the debt.

Section I reviews the bankruptcy filing debate. Section II provides an overview of the regulation of non-judicial debt collection. Section III tests whether states and counties that grant debtors a private right of action against an abusive creditor have lower aggregate filing rates. Section IV uses data from individual credit-card accounts to show that individuals who live in a state with an anti-harassment law are less likely to repay their credit card obligations and less likely to file for bankruptcy. Section V concludes.

I. The Bankruptcy Filing Debate

In 1954 Americans filed thirty-two bankruptcies for every 100,000 persons.¹⁹ Despite a change in law that allowed married couples to file one bankruptcy filing instead of two, Americans filed 149 bankruptcies for every 100,000 persons in 1984.²⁰ By 2004 this rate had risen to 545 for every 100,000 persons.²¹ This rise in the filing rate led to prolonged

¹⁹ See U.S. CENSUS BUREAU, 1961 STAT. ABSTRACT OF THE U.S. 500 *available at* <http://www2.census.gov/prod2/statcomp/documents/1961-08.pdf> (Edwin D. Goldfield et al. eds., 82d ed. 1961) (reporting 53,136 total bankruptcy filings in 1954). @RA: please get me the population in 1954. I averaged the 1950 and 1960 totals. – for July 1, 1954 the population including overseas armed forces was 163,025,854 from www.census.gov/popest/archives/pre-1980/PE-11-1954.xls

²⁰ *U.S. Bankruptcy Filings 1980-2006* (Amer. Bankr. Institution), <http://www.abiworld.org/AM/AMTemplate.cfm?Section=Home&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=46621> (reporting 348,521 bankruptcies); *The 2007 Statistical Abstract* (Nat. Data Book), <http://www.census.gov/compendia/statab/population/> (reporting a total population of 234,307,000).

²¹ *Bankruptcy Filings Down for Fiscal Year 2007, Up for Quarter* (Administrative Office of the U.S. Courts, News Release, Nov. 19, 2007), *available at*

debates in both Congress and academia. The Congressional debate ultimately resulted in the Bankruptcy Reform Act of 2005 and a sharply reduced the bankruptcy filing rate. In the first three quarters of 2007, Americans filed at the rate of just 275 bankruptcies per 100,000.²²

The result of the academic debate is less clear. Three explanations for the rise in bankruptcy filings achieved some level of acceptance. Perhaps the most plausible explanation for the rise in bankruptcy filings is the rise in consumer debt which in turn was probably caused by technological changes in the lending industry.²³ Some scholars argue that at least some of the rise in bankruptcy filings should be attributed to a decline in the social cost or “stigma” of filing for bankruptcy,²⁴ and others argue that an increase in the risks that consumers face is responsible for much of the increase.²⁵ We do not need to revisit this debate for the purposes of this paper. It is sufficient to note that few, if any, scholars would attribute much of the rise in bankruptcy filings to a change in the law.

Prior to 2005, the last major change in consumer bankruptcy law occurred in 1978, and a number of scholars tested whether this change increased the number of bankruptcy filings. In reality they were testing whether one of a number of legal changes that occurred at roughly the same time increased the filing rate. Also, in 1978 the Supreme Court ruled that a bank could charge an interest rate permitted by the state where it is chartered even though

http://www.uscourts.gov/Press_Releases/bankruptcyfilings111907.html (reporting 1,596,788 bankruptcies); *Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2007 (NST-EST2007-01)* (U.S. Census Bureau, release date Dec. 27, 2007),

<http://www.census.gov/popest/states/tables/NST-EST2007-01.xls> (reporting a population of 293,191,511).

²² *Bankruptcy Filings Down for Fiscal Year 2007, Up for Quarter* (Administrative Office of the U.S. Courts, News Release, Nov. 19, 2007), available at

http://www.uscourts.gov/Press_Releases/bankruptcyfilings111907.html (reporting 622,699 bankruptcies); *Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2000 to July 1, 2007 (NST-EST2007-01)* (U.S. Census Bureau, release date Dec. 27, 2007),

<http://www.census.gov/popest/states/tables/NST-EST2007-01.xls> (reporting a population of 301,621,157).

²³ For an overview of this debate, see Kim Kowalewski, *Personal Bankruptcy: A Literature Review* (Congressional Budget Office Paper No. 2421, Sept. 2000) available at

<http://www.cbo.gov/showdoc.cfm?index=2421&sequence=0>

²⁴ *Id.*

²⁵ *Id.*

that rate would be prohibited in the state of the borrower.²⁶ In 1977 the Supreme Court issued another opinion that prohibited many limits on attorney advertising.²⁷ The literature fails to clearly establish that any of these changes increased the bankruptcy filing rate. Some studies found a statistically significant break in the filing rate around 1978,²⁸ while others did not.²⁹ Perhaps the most careful study estimated that the changes led to a twenty-two percent increase in the filing rate, though this estimate was not statistically significant.³⁰ In any case, it would be difficult to attribute the continued rise in bankruptcy filings to legal changes that occurred a generation ago.

One of the main reasons that the 1978 Act was thought to have increased the incentive for consumers to file for bankruptcy was that it introduced new federal, bankruptcy-only exemptions that were more generous than the exemptions previously available in many states.³¹ Prior to 1978 property exemptions were determined solely by state law; the 1978 Act gave the consumer the choice between the exemptions available under state law and the new bankruptcy-only exemptions.³² The 1978 Act also gave each state the right to “opt-out” of these federal exemptions and thereby deny its residents the

²⁶ *Marquette vs. First Omaha Services*, 439 U.S. 239 (1978).

²⁷ *Bates v. State Bar*, 433 U.S. 350 (1977).

²⁸ See Lawrence Shepard, *Personal Failures and the Bankruptcy Reform Act of 1978*, 27 J. LAW & ECON. 419 (1984); Richard L. Peterson & Kyomi Aoki, *Bankruptcy Filings Before and After Implementation of the Bankruptcy Reform Act*, 36 J. Econ. & Bus. 95 (1984); William J. Boyes & Roger L. Faith, *Some Effects of the Bankruptcy Reform Act of 1978*, 29 J. Law & Econ. 139 (1986).

²⁹ Jagdeep S. Bhandari & Lawrence A. Weiss *The Increasing Bankruptcy Filing Rate, An Historical Analysis*, 67 AMER. BANKR. L. J. 1 (1993).

³⁰ Ian Domowitz & Thomas Eovaldi, *The Impact of the Bankruptcy Reform Act of 1978 on Consumer Bankruptcy*, 36 J. L. & ECON. 803 (1993).

³¹ *Id.*

³² 11 U.S.C. § 522 (2007).

right to choose these exemptions.³³ About two-thirds of the states did so within four or five years,³⁴ and so it is unclear if this change had much practical significance.

This change may, however, have increased academic interest in property exemptions. These exemptions vary dramatically from state to state. Some states allow homeowners to exempt their home regardless of the home's value, and others provide no homestead exemptions.³⁵ A number of scholars have asked whether differences in these exemptions help explain differences in the filing rate across states; in 2004 the bankruptcy filing rate of the highest state (Tennessee) was about four and a half times that of the lowest state (Alaska).

On balance, the literature does not suggest a strong link between property exemptions and the bankruptcy filing rate. One early study found that exemptions increase the filing rate, but the estimated effect was small.³⁶ A number of other studies found either no statistically significant effect or even a negative effect.³⁷ Later articles examined aggregate panel data³⁸ and even individual level data,³⁹ but the results did not really change. The

³³ *Id.*

³⁴ See Richard M. Hynes, Anup Malani & Eric Posner, *The Political Economy of Property Exemption Laws*, 47 J. L. & ECON. 19 (2004)

³⁵ See *infra* Table 2.

³⁶ Michelle J. White, *Personal Bankruptcy Under the 1978 Bankruptcy Code: An Economic Analysis*, 63 IND LJ. 1, 1-53 (1987).

³⁷ See Vincent P. Apilado, Joel J. Dauten, & Douglas E. Smith, *Personal Bankruptcies*, 7 J. LEGAL STUD. 371, 371-92 (1978); Richard L. Peterson & Kyomi Aoki, *Bankruptcy Filings Before and After Implementation of the Bankruptcy Reform Act*, 36 J. ECON. & BUS. 95, 95-105 (1984); Alden F. Shiers & Daniel P. Williamson, *Nonbusiness Bankruptcies and the Law: Some Empirical Results*, 21(2) J. CONSUMER AFF. 277, 277-92 (1987).

³⁸ See F.H. Buckley & Margaret F. Brinig, *The Bankruptcy Puzzle*, 27 J. LEGAL STUD. 187, 187-207 (1998); Lawrence A. Weiss, J.S. Bhandari & Russell P. Robins, *An Analysis of State-Wide Variation in Bankruptcy Rates in the United States* (Working Paper, INSEAD, No. 96/56/AC, 1996). Fontainebleau, France: INSEAD. (PUBLISHED IN 2000-2001 ? AMERICAN BANKRUPTCY INSTITUTE ?) ; Joseph Pomykala, *Bankruptcy Reform, Principles and Guidelines*, 20(4) REG. 41, 41-8 (1997); Richard Hynes, *Three Essays on Consumer Bankruptcy and Exemptions* (1998) (unpublished dissertation, University of Pennsylvania) (on file with UMI Dissertation Services).

³⁹ Scott Fay, Erik Hurst & Michelle J. White, *The Household Bankruptcy Decision*, 92 Amer. Econ. Rev. 706 (2002).

literature has largely failed to establish a clear link between property exemptions and the bankruptcy filing rate.

There are a number of possible explanations for the results. First, the studies measured the effect of marginal differences in exemptions, and the marginal differences may have been relevant for very few debtors. In 2004 a married couple could exempt at least \$100,000 of home equity in almost half of the states.⁴⁰ For a consumer with no home or no home equity the difference between a \$100,000 or even \$10,000 homestead exemption and an “unlimited” exemption is meaningless. Second, these studies suffer from the standard problem of omitted variable bias. For example, most prior studies were unable to control for the amount of consumer debt in each state. If the exemptions reduce the ability of a creditor to collect, they may have made creditors less willing to lend.⁴¹ Consumers with less debt should be less likely to file for bankruptcy.

A third, and more serious, problem is that most exemptions protect the debtor both inside bankruptcy and in state court, and thus they do not necessarily make bankruptcy relatively more attractive. We should model the consumer’s decision as between three choices: repayment, bankruptcy and simply refusing to pay (“informal bankruptcy.”) Two existing papers use proprietary credit card repayment data to model this decision.⁴² Each finds that generous exemptions increase the willingness of consumers to file for bankruptcy.

These two papers also find that restrictions on non-bankruptcy collections affect the bankruptcy filing rate. Specifically, they find that laws that limit the amount of wages that a

⁴⁰ See *infra* Table 2.

⁴¹ See Reint Gropp, John Karl Scholz & Michelle J. White, *Personal Bankruptcy and Credit Supply and Demand*, 112 Q.J. ECON. 217 (1997) (finding that consumers who live in states with generous exemptions have reduced access to credit).

⁴² See Dawsey & Ausubel, *supra* note **Error! Bookmark not defined.**; Agarwal, *et al.*, *supra* note **Error! Bookmark not defined.**

creditor can garnish in state court reduce the bankruptcy filing rate.⁴³ These laws reduce the cost of “informal bankruptcy” – simply refusing to pay – and thus make bankruptcy relatively less attractive. A number of prior studies that use aggregate level data also find that laws that restrict wage garnishment reduce bankruptcy filings.⁴⁴

When evaluating “informal bankruptcy” we should not, however, confine ourselves to laws that determine the amount that a creditor can collect in state court. Despite the growth in consumer indebtedness and bankruptcy, the civil filing rate is roughly the same today as it was a generation ago, and there is no evidence that suggests that the amount of consumer debt collection in state courts has grown appreciably. Despite the stable civil litigation rate, consumer debt collection may have increased substantially as creditors may have turned to non-judicial debt collection techniques such as dunning letters and telephone calls. The laws that regulate this conduct are described in the next section.

II. The Regulation of Non-Judicial Debt Collection

This Article tries to measure the impact of differences in state statutes that regulate non-judicial debt collection. However, these statutes comprise just a portion of the law regulating this conduct. Any discussion of the regulation of non-judicial debt collection should begin with the federal Fair Debt Collection Practices Act (FDCPA). Some provisions of the FDCPA regulate collection in state courts (judicial debt collection),⁴⁵ but this article focuses on those provisions that limit non-judicial collection efforts. The FDCPA gives the

⁴³ *Id.*

⁴⁴ See Apilado, et al, *supra* note 37; Dianne Ellis, *The Influence of Legal Factors on Personal Bankruptcy Filings*, 98-03 *Bank Trends* (1998); Romona K. Z. Heck *An Econometric Analysis of Interstate Differences in Non-business Bankruptcy and Chapter Thirteen Rates*, 15 *J CONSUMER AFF.* 13, 13-31 (1981). *But see* Bhandari & Weiss, *supra* note 27.

⁴⁵ For example, the FDCPA restricts the venue in which a debt collector may sue the consumer. 15 U.S.C. § 1692i (1977).

consumer the right to demand that the collector stop non-judicial collection efforts entirely.⁴⁶ Even absent such a consumer request, the FDCPA prohibits communications at an unusual time or place such as after 9 p.m. at night or at the consumer's place of employment if the collector has reason to know that the employer prohibits these contacts.⁴⁷ In addition, the FDCPA limits contacts with third parties and prohibits "harassment or abuse,"⁴⁸ "false or misleading misrepresentations,"⁴⁹ and "unfair practices."⁵⁰ The FDCPA provides for both administrative enforcement⁵¹ and private rights of action to enforce these provisions.⁵²

The Fair Debt Collections Practices Act does, however, contain a very significant limitation. Its provisions regulate "debt collector[s]", and this term does not include a creditor who originated the debt or purchased the debt before a default unless such creditor makes it appear that a third party is collecting the debt.⁵³ The Federal Trade Commission uses its power to police "unfair or deceptive acts or practices"⁵⁴ to regulate much of the conduct prohibited by the Fair Debt Collections Practices Act, and the FTC's authority extends to the original creditor as well. In fact, the FTC has explicitly stated that it relies on the FDCPA as model of appropriate conduct for creditors when deciding whether to bring an action.⁵⁵ However, the FTC Act does not give consumers the right to sue abusive creditors.

If a consumer wishes to sue an abusive creditor, she must rely on state law. State tort law provides a number of possible causes of actions that a consumer may bring against a creditor for overly aggressive non-judicial debt collection including: intentional or negligent

⁴⁶ *Id.* § 1692c(c).

⁴⁷ *Id.* § 1692c.

⁴⁸ *Id.* § 1692d.

⁴⁹ *Id.* § 1692e.

⁵⁰ *Id.* § 1692f.

⁵¹ *Id.* § 1692l.

⁵² *Id.* § 1692k.

⁵³ *Id.* § 1692a.

⁵⁴ *Id.* § 45(a)(1).

⁵⁵ 60 Fed. Reg. §§ 40263, 40264 (Aug. 8, 1995).

infliction of emotional distress, interference with contractual relationships (usually employment), and invasion of the right of privacy.⁵⁶ Nearly every state has a consumer protection statute that prohibits deceptive sales practices, and many of these statutes extend to “unfair” practices as well. These statutes almost always provide a private right of action.⁵⁷ A number of state courts have interpreted their states’ statutes to apply to aggressive debt collection, though some states either faced statutes with more limiting language or have read the language more narrowly. To the extent that these statutes apply to debt collection at all, they apply to both third party debt collectors and the original creditor.

Finally we consider the statutes that are the subject of the empirical test presented below: state statutes that specifically regulate consumer debt collection. Some of these statutes are little more than licensing requirements, and others largely regulate the relationship between the debt collector and the original creditor.⁵⁸ Still others prohibit very specific actions such as simulating a legal process.⁵⁹ Some statutes prohibit abusive or harassing collection actions more generally, and most of these statutes either explicitly provide a private right of action or have been read to imply a private right of action.⁶⁰ Some, but not all, of these statutes provide for attorneys fees and statutory damages.

The large amount of law regulating non-judicial debt collection does not imply that such efforts are prohibitively costly or even that abusive collection techniques are effectively prohibited. The debt collection industry is enormous, implying that collectors have found some way to navigate the law. In addition, the private rights of action will do little good

⁵⁶ See NCLC, *supra* note 12, at ch. 10.

⁵⁷ See NCLC, *supra* note 12.

⁵⁸ Ne. St. §§ 45-601-623 (1993); Me. Rev. Stat. Ann. Tit. 32 § 11,001- 11,054 (1997).

⁵⁹ Ga. Code Ann. § 7-3-25 (1997).

⁶⁰ Conn. Gen. Stat. §§ 36a-645 –647 (1997); *Krutchkoff v. Fleet Bank*, 960 F. Supp. 541, 548 (D. Conn. 1996) (establishing that there is no private right of action under Connecticut Law, but a private right of action does exist under FDCPA); M.C.L.A. § 445.257 (2002).

unless a consumer knows of the law and can find a lawyer willing to take the case. As a result, it is not clear that we should expect the anti-harassment laws to have a dramatic effect on consumer behavior.

III. Analysis of Anti-Harassment Statutes Using County-Level Data

Anti-harassment statutes may help protect the consumer against abusive collection techniques. They should therefore reduce the return from filing for bankruptcy by reducing the relief provided by the automatic stay. This section uses aggregate data to test whether these laws reduce the bankruptcy filing rate. The next section uses individual level data to address some confounding effects.

1. Data and Variables

This Article controls for a host of economic and demographic variables that are alleged to affect the bankruptcy filing rate, and these variables are described in Table 1. This article focuses on the correlation between anti-harassment statutes and the bankruptcy filing rate. We use a very simple measure for anti-harassment statutes: whether a state has passed a statute that provides a private right of action against a harassing or abusive creditor. About half of the states have done so; these states are listed in Table 2. This measure has the advantage of simplicity, but it has obvious limitations. It ignores a great deal of variation in these laws that could be quite significant, and it ignores the possibility of close substitutes in the form of common law tort theories.

While these measurement issues are significant, they are by no means unique to laws that regulate non-judicial debt collection. Any effort to code laws that regulate consumer debt collection must overlook important differences in these laws, and given data limitations, must exclude other laws that are likely to be important as well. Because these other laws are

likely to be correlated with the laws that are included, one must be careful in interpreting the results. Any correlation found may reflect correlation with omitted variables that also protect the defaulting consumer.

Consider first laws that regulate the amount of wages that a creditor can garnish. Federal law limits wage garnishment by general creditors to the lesser of twenty-five percent of the consumer's income or the amount by which the consumer's weekly take-home pay exceeds thirty times the federal minimum wage,⁶¹ but states may protect more of a debtor's wages. We identify the seventeen states that allow their consumers to protect more than seventy-five percent of their income. Alternatively, we could have identified states that prohibit the garnishment of the wages of a head of household without the consumer's consent or states that protect more than thirty times the federal minimum wage.⁶² These alternatives do not materially affect our results.

These measures of garnishment may reflect the ability of a creditor to enforce a judgment, but they miss several other differences in state law that limit the ability of creditors to obtain judgments. Some states have taken steps with the explicit goal of limiting the ability of debt collectors to use state courts to collect. For example, California bars debt collectors from its small claims courts⁶³ and sharply increases filing fees for creditors who sue multiple defendants in a given year.⁶⁴ Other differences in state laws may have a dramatic effect on the cost of bringing suit. Some states allow a corporate creditor to

⁶¹ 15 U.S.C. §§ 1671-1677 (2004).

⁶² See *infra* Table 2.

⁶³ California Department of Consumer Affairs Glossary of Terms *available at* <http://www.dca.ca.gov/legal/small-claims/glossary.html>.

⁶⁴ California Courts Self-Help Center, <http://www.courtinfo.ca.gov/selfhelp/smallclaims/scbasics.htm#whocansue> (last visited Feb. 15, 2007) (noting that the filing fee rises from \$30 to \$100 once the plaintiff has filed twelve suits).

designate an employee to file suit⁶⁵ while other states insist that such creditors hire an attorney. Some states allow a creditor to sue in the court closest to its home office (greatly facilitating a volume based collection system)⁶⁶ while others insist that the creditor travel to the court nearest to the consumer.

The property exemptions that have been heavily studied in the literature are also quite complicated. Scholars typically reduce these exemptions to a simple dollar amount, though they sometimes report different amounts for homestead exemptions and personal property exemptions. These measurements are merely useful summaries of extremely complex laws. Homestead exemptions vary significantly from state to state in ways that cannot be captured by a single dollar figure. Some states allow married couples to each claim a homestead exemption, while others do not.⁶⁷ Some states place acreage limitations on the homestead exemption, and these limitations often depend on whether the home is in an urban or rural area.⁶⁸ Some “homestead” exemptions are not really homestead exemptions at all as they can be applied to any property of the debtor’s choosing.⁶⁹ The dollar amount assigned for personal property exemptions masks even more variation. Some have exemptions that can be applied to any property of the debtor’s choosing,⁷⁰ but all states exempt special items of personal property as well. Some of these specific exemptions have no dollar limit. Usually these exceptions are tied to low value items such as clothes, but frequently they extend to

⁶⁵ VA. CODE ANN. 16.1-88.03 (2006).

⁶⁶ Virginia allows the creditor to file where the contract was breached, VA CODE ANN. § 8.01-262(4) (2001) (allowing suit where “the cause of action arose”), and courts have interpreted this to mean the location of the creditor’s home office because that was where payment was due. *Vill. Auto Ctr. v. Apple Auto Glass, Inc.*, 51 Va. Cir. 471 (Rockingham 2000).

⁶⁷ A.R.S. § 33-1101 (2004) (limiting married couples to homestead exemption); Ala. Code 1975 § 6-10-2 (1980) (allowing each spouse to claim the homestead exemption on jointly owned property).

⁶⁸ Tx. Property §§ 41.001, 41.002 (2000); F.S.A. Const. Art. 10 § 4 (1998).

⁶⁹ Va. St. § 34-4 (1997).

⁷⁰ 10 Del. C. § 4914 (2005); Md. Code, Courts & Judicial Proceedings § 11-504 (2004), *amended by* 2007 Maryland laws Ch. 238 (H.B. 422).

more valuable property such as engagement rings. In addition, most studies ignore a potentially close substitute in the property doctrine of tenancy by the entirety. Property held jointly by a married couple in this manner cannot be seized by the creditor of just one spouse, and so it may operate in a manner similar to an exemption. We report results for two measures of exemptions.⁷¹ First, because a \$10,000 increase in generosity is likely to mean more when starting from zero than when starting from \$100,000, we use the log of the dollar amount of home equity and personal property that can be exempted. Second, we divide the state homestead exemptions into quartiles.⁷²

2. Results

Table 3 presents the correlation between our legal variables, the bankruptcy filing rate and the log of the bankruptcy filing rate. We present correlations with the bankruptcy filing rate in 2004. The most recent year of available county-level data is 2006, but it is the very first year after the Bankruptcy Reform Act of 2005, and it may not reflect a long-term equilibrium.⁷³ The most recent year that should have been unaffected by the change in law is 2004.

⁷¹ A great many states have at least some exemptions that have no dollar limit. For example, a number of states allow the debtor to exempt clothing but impose no explicit dollar limit. We mitigate this problem by considering only homestead, “wildcard” and motor vehicle exemptions. We further cap all “unlimited” exemptions at the highest observed value for that type of property.

⁷² The top quartile contains unlimited homestead exemptions, the second contains limited exemptions above \$75,000, the third contains exemptions between \$34,000 and \$75,000 and the exemptions in the bottom quartile are those below \$34,000. Our results were robust to two additional specifications of exemptions: One that simply measured the total dollar amount that can be exempted, and a second that includes the total amount of assets that a homeowner and a renter can exempt. The latter specification allows us to capture statutes that permit some or all of the homestead exemption to be applied toward other property.

⁷³ See, e.g., Ronald J. Mann, *Bankruptcy Reform and the ‘Sweat Box’ of Credit Card Debt*, 2007 ILL. L. REV. 375 (“I am also skeptical that [the Bankruptcy Reform Act of 2005] will reduce the number of bankruptcies in any substantial way.”) We hope to be able to present results for 2006 at the Olin conference on the Law and Economics of Consumer Credit.

The anti-harassment laws are negatively associated with the bankruptcy filing rate, though the correlation coefficient is not large.⁷⁴ Correlation does not give us a sense of magnitude, so consider a simple comparison of means. In 2004, counties in states that had an anti-harassment law had an average bankruptcy filing rate of 2.14 per 1,000; counties in states without an anti-harassment law had an average filing rate of 1.82 per 100,000. Assuming the relationship is not spurious, it is economically significant.

Table 4 presents regressions of the log of the 2004 filing rate;⁷⁵ The regressions suggest that counties in states with anti-harassment laws have much lower bankruptcy filing rates even after one controls for a host of other factors.⁷⁶ The coefficient on the anti-harassment laws is relatively insensitive to the inclusion of other variables and is robust against the inclusion of other state level variables. The estimated magnitude of the relationship is relatively large. Our estimates suggest that an anti-harassment statute may reduce the bankruptcy filing rate by between fifteen and twenty percent.

We offer no direct evidence that consumers use these anti-harassment statutes with any regularity or that lenders fear liability for harassing debtors. We recognize that the measured effect of the anti-harassment laws may be due to omitted variables that are correlated with these laws; the anti-harassment statutes may serve as a proxy for debtor protection more generally. Panel data would allow us to better control for these omitted variables, but these laws appear to change infrequently. We compared the summary of these laws in the 1987 volume of the National Consumer Law Center's publication of Fair Debt

⁷⁴ The anti-harassment statutes are also negatively correlated with the filing rate if we use the state as the unit of analysis.

⁷⁵ We employ a log transformation because the bankruptcy filing rate is not normally distributed.

⁷⁶ This is also true if we use the state as the unit of analysis.

Collection to the summary in the 2004 volume, and there appeared to be fewer than four significant changes in state law.

IV. Analysis of Anti-Harassment Statutes Using Individual Level Data

If anti-harassment statutes protect consumers against collection, then they not only reduce the return from filing for bankruptcy, but they may also reduce the cost of default without bankruptcy. This section uses individual level data from a large credit card lender to test whether these laws both reduce the probability an individual files for bankruptcy and increase the probability an individual will remain in default without filing for bankruptcy.

1. Data and Variables

The dataset we use in this section includes variables, gathered by a large credit card lending bank, describing nearly 50,000 pre-approved gold card recipients. The bank collected the data from respondents to three sets of solicitations mailed between 1995 and 1997. The data includes variables describing the offer, including introductory interest rate and duration, variables from the respondents' credit histories, and variables describing their borrowing behavior with the gold card. We used the borrowers' zip codes to match the credit card data to the county level information described in the previous section, including our measures of exemptions, garnishment laws, and anti-harassment statutes.

The outcome measure specifies a borrower's choice among three options: Repayment, bankruptcy, and informal bankruptcy. The lender recorded whether the borrower filed a formal bankruptcy, and we categorized a borrower as informally bankrupt if she was charged off for long term delinquency (usually after six months).

The borrower is assumed to choose among her options according to which yields the highest utility. The stochastic component of her utility function is assumed to follow an

extreme-value distribution. This error structure yields a multinomial logit, so that the probability of outcome k is given by

$$P_k = \frac{e^{\beta_k X}}{e^{\beta_R X} + e^{\beta_I X} + e^{\beta_F X}}$$

R , I , and F refer to the outcomes repayment, informal bankruptcy, and formal bankruptcy, respectively. The coefficient estimates are not readily interpretable, and therefore the average marginal effects will be presented and discussed.

2. Results

Table 5 reports the average marginal effect of the explanatory variables on the probability that a borrower chooses formal or informal bankruptcy. The results in all specifications indicate that living in a state with anti-harassment statutes reduces the likelihood that a borrower will choose to file for bankruptcy, and increases the likelihood that she will choose to remain in informal bankruptcy. The coefficients on anti-harassment laws in the formal bankruptcy equations imply that a move to an anti-harassment state decreases the likelihood of a formal bankruptcy filing by between 0.19 and 0.26 percentage points. These reductions may at first appear to be slight, but because the probability of formal bankruptcy is so low (in our data set, around 1.46%), these estimates indicate an overall decline in the bankruptcy filing rate of 13% to 18% in anti-harassment states. This is consistent with our estimate using county-level data in Section III. The same move to an anti-harassment state would also increase the likelihood of informal bankruptcy by between 0.20 and 0.35 percentage points, implying an overall increase in the informal bankruptcy rate of 16% to 28%.

V. Conclusion

Non-judicial debt collection is a huge and growing industry. The growth in debt collections has been matched by a growth in complaints; the FTC receives more complaints about debt collectors than complaints about any other industry (almost twenty percent of all complaints).⁷⁷ Several layers of law (federal and state, statutory and common law) regulate this debt collection, and this article tries to measure the impact of one of these layers - state statutes that give the consumer a private right of action against an harassing creditor. This Article finds that states with anti-harassment statutes have significantly lower bankruptcy filing rates than states without these laws but that individuals who live in these states are less likely to repay their debts. These results are surprisingly robust, but they do not tell us if a state *should* enact such a law. They do, however, suggest that these laws may have a significant impact on how aggressively creditors collect their debts through non-judicial methods, and they suggest that if the pressure of non-judicial debt collection is reduced consumers will be less likely to file.

⁷⁷<http://www.ftc.gov/reports/fdcpa07/P0748032007FDCPAReport.pdf>

Table 1

Variable	Definition	Mean (S.D.) (weighted by population)
COBKR04	Bankruptcy filings per 1,000 in 2004. (American Bankruptcy Inst. & Statistical Abstract)	5.29 (2.46)
COBKR06	Bankruptcy filings per 1,000 in 2006.	1.99 (1.28)
	LEGAL VARIABLES – ALL STATE LEVEL	
AH04	County is in State has a statute granting consumers a private right of action against a harassing creditor in 2004. (NCLC)	0.56 (0.50)
HOMEEX	Homestead Exemption in 2004 for married couple with “unlimited” exemptions presented as if they had highest observed exemption, in thousands (state statutes) ⁷⁸	154.18 (220.71)
PPEX	Personal Property Exemption (wildcard and motor vehicle) with “unlimited” exemptions presented as if they had highest observed exemption, in thousands (state statutes)	12.42 (15.76)
HOWN	Exemptions available to family that owns its home (HOMEEX + PPEX)	165,487 (230,051)
RENT	Exemptions available to a family that rents its home (PPEX + Amount of HOMEEX that may be applied toward other property)	21,746 (19,475)
GARNL	Protects more than 75% of an head of household’s income from garnishment; more restrictive than the federal limitation	0.38 (0.48)
FOREC05	HUD estimate of months for diligent foreclosure in 2005	7.64 (3.2)
	COUNTY LEVEL VARIABLES	
MEDINK	Median income in 1997, in thousands	39.33 (9.43)

⁷⁸ 1995 exemption laws were used in the individual level regressions.

HSGRAD	Percent of population that graduated from high school	75.37 (8.53)
UNEMCO	County unemployment rate	4.14 (2.16)
POVERTY	Percent of population below poverty level	13.25 (5.69)
CRIME	Crime rate - FBI	4.33 (1.97)
AGE VARIABLE S	pop18_24 (% between 18 and 24), pop25_44, pop45_64, pop65_74, pop75_84, popo85	
HEALTH	Percent of population without health insurance	14.18 (4.57)
MEDHVAL	Median home value, in thousands	129.10 (67.3)
RACE VARIABLE S	Black (% black), Hispanic (% Hispanic)	
	State Level Variables	
MEDINSK	Median income of state, in thousands	45.33 (6.42)
UNEMST	State unemployment	5.53 (0.79)
DIV04	Divorce rate (per 1,000 population) in 2004	3.70 (0.83)
HEALTH06	State level percent of population without health insurance	
TOTINCL	Self reported income, logged	10.55 (.924)
TIMEONFL	Months on file at credit reporting agency	136.87 (87.5)
BALCON1	Balance transferred onto gold card	\$ 1414.10 (2562.36)
PSCORE	Initial credit score	627.8 (88.3)
LIMIT	Credit limit	\$7243.13 (3798.73)
INTRO_D	Duration of introductory period, in months	9.84 (9.61)
INTRO_R	Introductory rate	5.9 (1.46)

Table 2 (2004 Laws)

State	Home	PP	Garnl	AH04	State	Home	PP	Garnl	AH04
AL	10,000	6,000	0	0	MT	100,000	5,000	0	0
AK	67,500	7,500	0	0	NE	25,000	4,800	1	1
AZ	150,000	10,000	0	0	NV	200,000	30,000	0	0
AR	Unlimited	7,850	0	0	NH	200,000	22,000	1	1
CA	75,000	7,800	0	1	NJ	0	7,850	1	0
CO	90,000	6,000	0	1	NM	60,000	9,000	0	0

CT	150,000	7,850	0	1	NY	20,000	4,800	1	0
DE	0	10,500	1	0	NC	20,000	3,000	1	1
FL	Unlimited	4,000	0	1	ND	160,000	7,400	0	0
GA	20,000	10,000	0	1	OH	10,000	2,800	0	0
HI	50,000	7,850	1	1	OK	Unlimited	6,000	0	0
ID	100,000	7,600	0	0	OR	33,000	4,200	0	1
IL	15,000	6,400	1	0	PA	0	7,850	1	1
IN	36,900	8,200	0	0	RI	200,000	20,000	0	0
IA	Unlimited	10,200	1	1	SC	36,900	2,400	1	1
KS	Unlimited	80,000	0	0	SD	Unlimited	6,000	1	0
KY	10,000	7,000	0	0	TN	36,900	8,000	0	0
LA	36,900	15,000	0	1	TX	Unlimited	60,000	1	1
ME	70,000	10,800	0	1	UT	40,000	5,000	0	0
MD	36,900	22,000	0	1	VT	75,000	19,800	1	1
MA	500,000	7,850	0	1	VA	36,900	15,000	0	0
MI	7,000	7,850	0	1	WA	40,000	5,400	0	0
MN	200,000	7,850	0	0	WV	50,000	11,000	1	1
MS	150,000	20,000	0	0	WI	40,000	7,850	1	1
MO	36,900	8,550	1	0	WY	20,000	4,800	0	0

TABLE 3: CORRELATIONS, WEIGHTED BY POPULATION

	cobkr04	Ln(cobkr04)	AH	Garnl	Fore05	Home
Ln(bkr04)	0.95 (0.00)					
AH	-0.32 (0.00)	-0.31 (0.00)				
Garnl	-0.22 (0.00)	-0.19 (0.00)	0.01 0.73			
Fore05	-0.08 (0.00)	-0.06 (0.00)	-0.29 0.00	0.24 0.00		
Home	-0.17 (0.00)	-0.16 (0.00)	0.28 0.00	0.02 0.32	-0.32 0.00	
PP	-0.11 (0.00)	-0.10 (0.00)	0.18 0.00	0.23 0.00	-0.41 0.00	0.57 0.00

Table 4: REGRESSIONS – 2004 (s.e. in parentheses)

	Logbfr04	logbfr04	logbfr04
ah04	-0.234*** (0.07)	-0.185*** (0.059)	-0.156* (0.081)
Garnl	-0.226*** (0.056)	-0.269*** (0.058)	-0.142* (0.073)
forec05	-0.00331 (0.0087)	-6.9E-05 (0.0088)	0.0191* (0.011)
Ln(ppex)		0.0959* (0.049)	0.102* (0.054)
Ln(homeex)		-0.0944*** (0.026)	-0.0753** (0.034)
hquart1	0.118 (0.1)		
hquart2	0.177* (0.092)		
hquart3	-0.0371 (0.11)		
Hsgrad	-0.00334 (0.0041)	-0.0006 (0.0043)	0.00168 (0.0036)
Medinck	-0.0238*** (0.0051)	-0.0181*** (0.0041)	
Povlevel	-0.0336*** (0.0092)	-0.0270*** (0.0077)	-0.0071 (0.0075)
Crimerk	0.0492*** (-0.012)	0.0417*** (0.0099)	0.0495*** (0.012)
Unempco	-0.00831 (0.0093)	-0.0104 (0.0097)	
pop18_24	-0.0362*** (0.0062)	-0.0345*** (0.0069)	-0.0337*** (0.0077)

pop25_44	-0.00135	0.00679	0.00385
	(0.01)	(0.0094)	(0.013)
pop45_64	-0.0242**	-0.0237*	-0.0366**
	(0.011)	(0.013)	(0.015)
pop65_74	-0.0746***	-0.0750***	-0.0775***
	(0.025)	(0.025)	(0.024)
pop75_84	0.0988**	0.145**	0.150**
	(0.049)	(0.054)	(0.057)
popo85	-0.252***	-0.283***	-0.214***
	(0.076)	(0.082)	(0.07)
Black	0.00748***	0.00621***	0.00368
	(0.0018)	(0.0021)	(0.0023)
Hispan	-0.00326	-0.00478**	-0.00598**
	(0.0024)	(0.0023)	(0.0027)
Health	-0.00906	0.00106	
	(0.013)	(0.012)	
medhvalk	-0.00233***	-0.00237***	-0.00357***
	(0.00068)	(0.0005)	(0.00057)
div04			0.175***
			(0.052)
u2004			0.0642
			(0.043)
hown04			0.00239
			(0.0053)
Health04			-0.0074
			(0.0086)
medincsk			0.000311
			(0.0063)
Constant	4.896***	4.138***	1.811
	(0.71)	(0.77)	(1.18)
Observations	2585	2425	2072
R-squared	0.61	0.63	0.59
Robust standard errors in parentheses			
*** p<0.01, ** p<0.05, * p<0.1			

Table 5: Credit Card Data – Multinomial Logit Results -Marginal Effects (s.e. in parentheses)

COEFFICIENT						
	Informal Bankruptcy	Formal Bankruptcy	Informal Bankruptcy	Formal Bankruptcy	Informal Bankruptcy	Formal Bankruptcy
Totincl	0.000970*** (0.00031)	0.00219*** (0.00055)	0.00107*** (0.00031)	0.00216*** (0.00056)	0.00107*** (0.00035)	0.00159** (0.00063)
timeonfl	-0.0000216*** (0.0000074)	0.0000142** (0.0000061)	-0.0000215*** (0.0000078)	0.0000151** (0.0000059)	-0.0000227** (0.0000097)	0.00000962** (0.0000049)
Balcon1	2.66E-08 (0.0000002)	0.00000100*** (0.00000015)	1.37E-08 (0.0000002)	0.000000960*** (0.00000014)	0.000000163 (0.0000002)	0.000000917*** (0.00000019)
Pscore	-0.0000356*** (0.0000041)	-0.0000667*** (0.0000039)	-0.0000361*** (0.0000042)	-0.0000665*** (0.0000041)	-0.0000374*** (0.0000053)	-0.0000616*** (0.000004)
Limit	-0.0000014*** (0.00000017)	-0.0000015*** (0.00000016)	-0.0000014*** (0.00000018)	-0.0000014*** (0.00000016)	-0.0000014*** (0.00000022)	-0.0000012*** (0.00000021)
Intro_d	-0.000245*** (0.000077)	-0.000240*** (0.000085)	-0.000252*** (0.000081)	-0.000237*** (0.000085)	-0.000315*** (0.000066)	-0.000273*** (0.000083)
Intro_r	0.00171*** (0.00055)	0.00172*** (0.00052)	0.00169*** (0.00058)	0.00179*** (0.00052)	0.00232*** (0.00032)	0.00172*** (0.00059)
Perun	0.000284* (0.00017)	0.0000271 (0.00014)	0.000266 (0.00018)	0.000051 (0.00016)		
medhvalk	-0.0000291*** (0.00001)	-0.0000224** (0.0000089)	-0.0000312*** (0.000011)	-0.0000227** (0.000011)	-0.0000305** (0.000014)	-0.0000330*** (0.00001)
Pop18_24	-0.000203 (0.00016)	-0.000503** (0.00024)	-0.000192 (0.00016)	-0.000489* (0.00029)	0.0000802 (0.000094)	-0.000204 (0.00032)
Pop25_44	0.0000545 (0.00018)	0.000125 (0.0002)	0.00012 (0.0002)	0.000127 (0.00024)	0.000184 (0.00029)	0.000379 (0.00027)
Pop45_64	0.000217 (0.00017)	-0.000554 (0.00041)	0.000219 (0.00016)	-0.000492 (0.00047)	0.000131 (0.00022)	0.0000777 (0.00049)
Pop65_74	-0.0000145 (0.00073)	-0.00107 (0.0011)	-0.000169 (0.00081)	-0.00114 (0.0011)	0.00066 (0.00092)	-0.00108 (0.0012)
Pop75_84	-0.000173 (0.00085)	0.00119 (0.0012)	0.000227 (0.00095)	0.00126 (0.0012)	-0.0008 (0.001)	0.00126 (0.0013)
popo85	0.00188** (0.00091)	-0.00333*** (0.0012)	0.00151 (0.001)	-0.00366*** (0.0013)	0.00248** (0.001)	-0.00295** (0.0014)
black	0.000048 (0.000056)	0.0000216 (0.000058)	0.0000484 (0.000063)	0.0000383 (0.000059)	0.000110*** (0.000042)	0.0000253 (0.000095)
hispan	-0.000021 (0.000051)	0.0000659 (0.000073)	-0.0000252 (0.000057)	0.0000705 (0.000077)	0.0000369 (0.000025)	0.0000247 (0.000091)
hsgrad	0.0000238 (0.000093)	0.000118 (0.00011)	0.00000184 (0.000097)	0.000117 (0.00011)	-0.000206** (0.000087)	0.000027 (0.00016)
medinck	0.000089 (0.00012)	-0.000215** (0.00011)	0.000106 (0.00014)	-0.00018 (0.00014)		
povlevel	0.00016 (0.00032)	-0.000119 (0.00012)	0.00021 (0.00034)	-0.000105 (0.00012)	-0.000262 (0.00025)	-0.0000975 (0.00029)
crimerk	0.000078 (0.00025)	-0.000871*** (0.00027)	0.0000586 (0.00027)	-0.000959*** (0.00031)	0.000171 (0.00034)	-0.000349 (0.00029)
unempco	-0.000324**	0.0000267	-0.000372***	0.0000589		

	(0.00015)	(0.00026)	(0.00014)	(0.00025)		
forec05	-0.00000401	-0.000243	-0.0000842	-0.000213	0.000101	-0.0000473
	(0.00011)	(0.00018)	(0.00012)	(0.00014)	(0.00014)	(0.00014)
hquart1	-0.000851	0.000152				
	(0.00081)	(0.0012)				
hquart2	-0.000936	0.00064				
	(0.0009)	(0.0011)				
hquart3	-0.00201**	-0.00186				
	(0.0009)	(0.0012)				
ah04	0.00200***	-0.00259***	0.00163**	-0.00188**	0.00346***	-0.00218***
	(0.00068)	(0.00068)	(0.00079)	(0.00079)	(0.00084)	(0.00076)
garnl	0.000824	-0.00326***	0.00117*	-0.00278***	-0.00239***	-0.000676
	(0.00051)	(0.00078)	(0.00063)	(0.0008)	(0.00092)	(0.0011)
logpex			-0.000167	-0.000505	0.000491	0.000244
			(0.00036)	(0.00049)	(0.0006)	(0.00077)
loghex			0.000302	0.000118	-0.00116***	0.000621
			(0.00027)	(0.00027)	(0.00041)	(0.00056)
div04					-0.000796	0.00192**
					(0.00067)	(0.00087)
u2004					-0.00182***	0.000196
					(0.00052)	(0.00056)
hown04					-0.000268***	-0.000175**
					(0.000043)	(0.000084)
health04					0.000451***	-0.000217
					(0.00014)	(0.00021)
medincsk					-0.000136*	0.0000298
					(0.000072)	(0.000092)
medinc97					6.61E-08	-0.000000121
					(0.00000016)	(0.00000016)
Obs.	48352	48352	45843	45843	38934	38934
R-squared
Standard errors in parentheses						
*** p<0.01, ** p<0.05, * p<0.1						