

State policies and financial wellbeing

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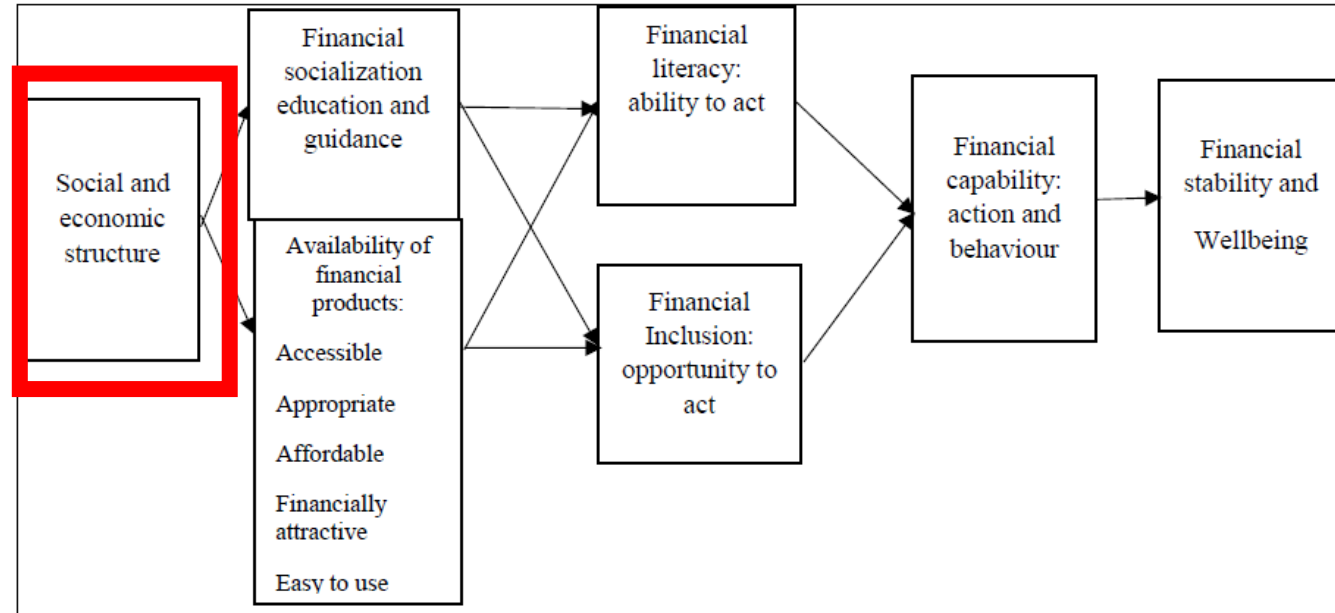
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Ongoing work on state policies

- 1. *Financial wellbeing / financial capability.*** Asset poverty in relation to how welfare policies varied over time (Rothwell & Robson, 2018) and across countries (Rothwell et al., 2019; Rothwell & McEwen, 2017). More recent efforts aim to extend the financial capability framework to states over time (Rothwell et al., 2022; Rothwell & Birkenmaier, 2024).
→ Ongoing work with Julie Birkenmaier and Sicong Summer Sun
- 2. *Rural wellbeing.*** How rural poverty varies across state context and how this is sensitive to the poverty measures used (Pacas & Rothwell, 2020). How do state policies shape rural poverty rates?
- 3. *Family policies.*** National Council on Family Relations Policy Brief on states paid family leave policy as a tool to reduce inequality (Rothwell, 2024). State by state child care policy also of interest. Urban Data Catalog. <https://datacatalog.urban.org/dataset/state-state-spending-kids-dataset>

Context and financial wellbeing theory

Financial capability



Source: Sherraden (2013a, p. 21)

Outcomes

- Subjective measures:
 - Financial wellbeing / financial strain
- Self-reported:
 - Assets
 - Debts
 - Net worth
- Financial access
- Financial literacy

Social determinants of financial wellbeing

How health and social welfare policies affect financial wellbeing?

Social welfare policy

- Meet basic needs for food, shelter, housing
 - When market incomes fall short, sufficiency of income transfers

Health policy

- Access to affordable (and high quality) care
 - Public insurance coverage for those not covered or cannot afford other options. Reduces out of pocket expense.

How economy and social demographics shape financial wellbeing?

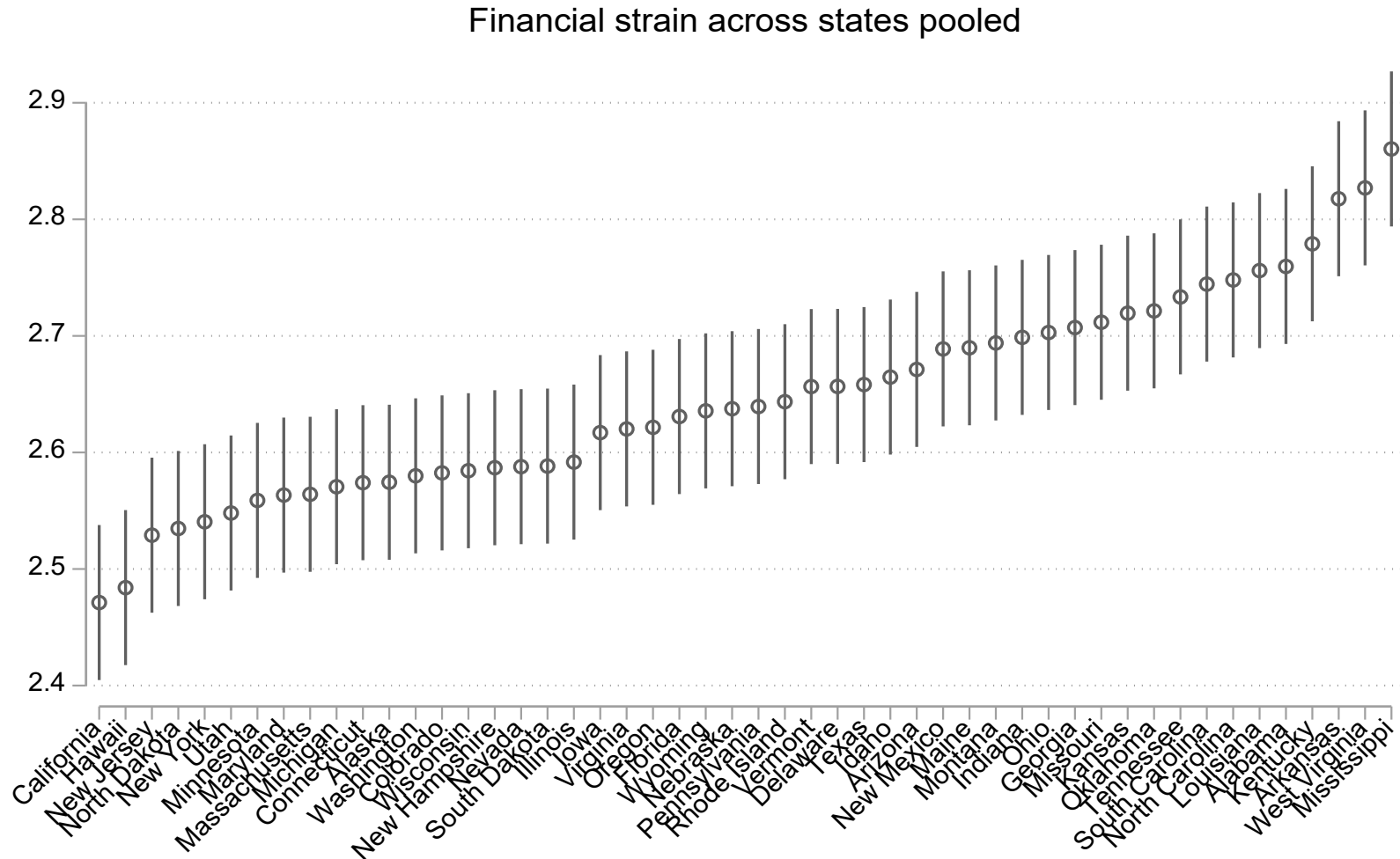
Economy

- Supply of good paying jobs
 - Incomes sufficient to cover basic needs and plan/save for future

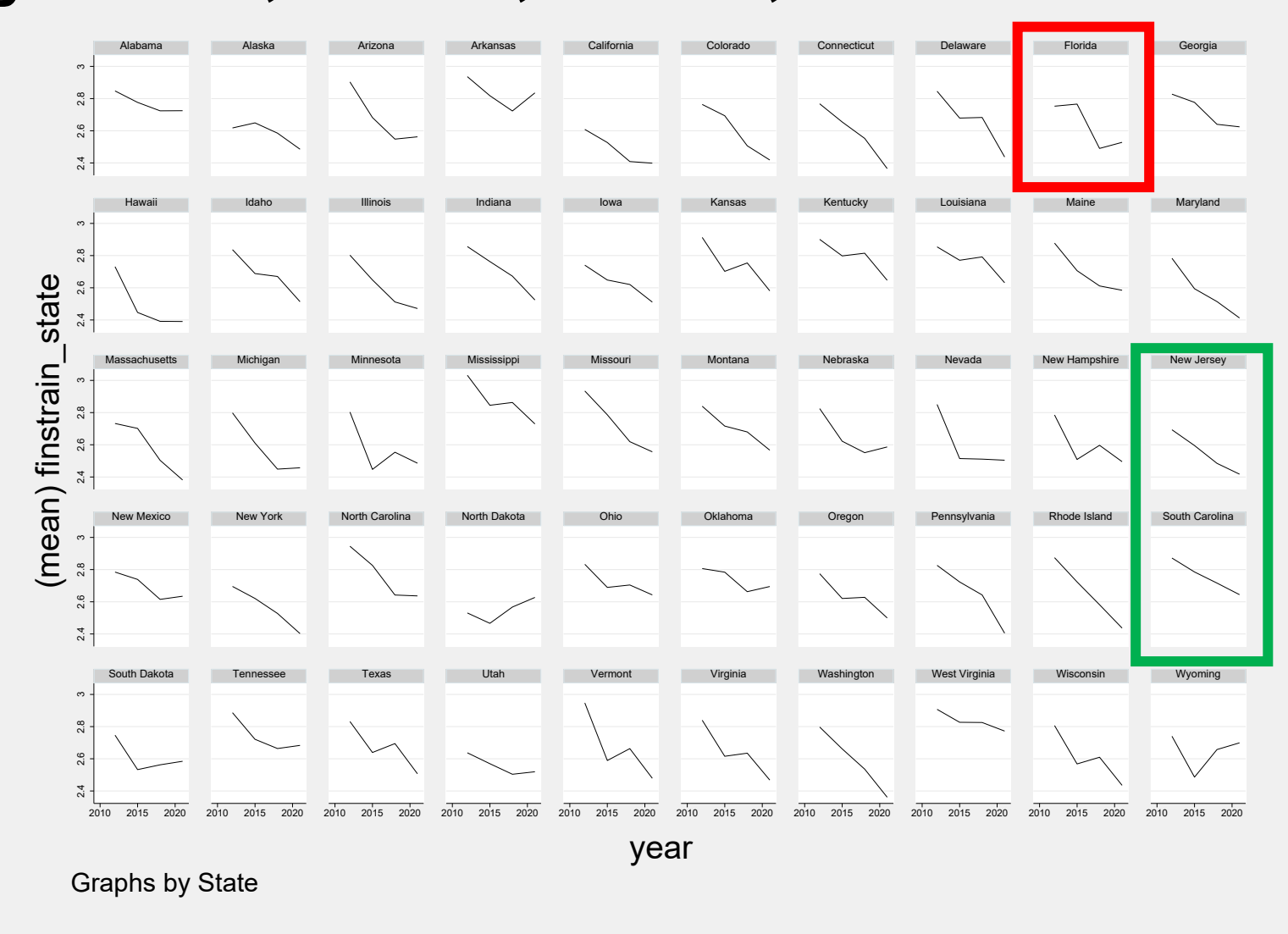
Social demographics

- Characteristics of population put upward or downward pressure on financial strain
 - high proportion of single mothers (+), highly educated (-)

State variation in financial strain across years 2012, 2015, 2018, 2021

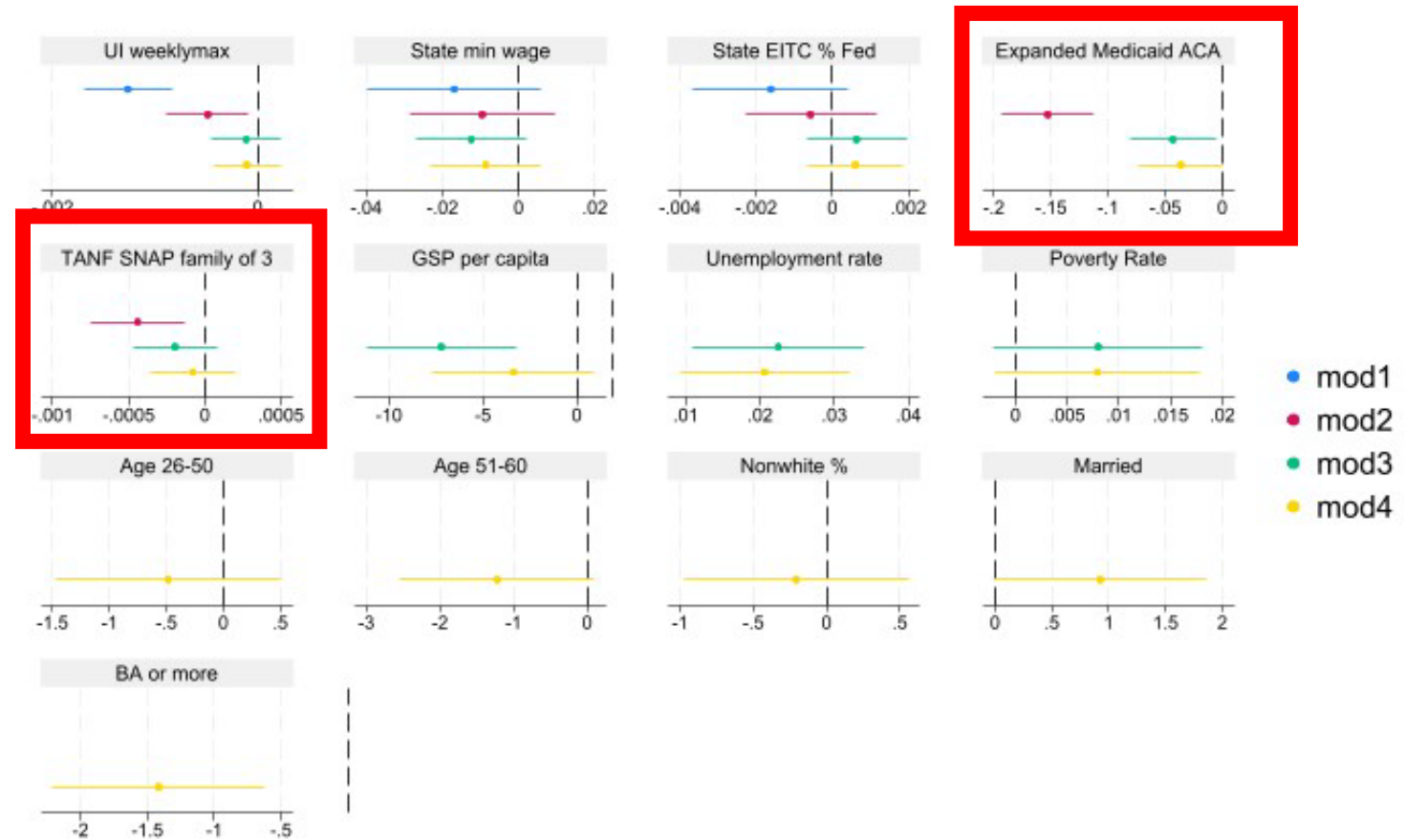


Financial strain National Survey of Financial Capability 2012, 2015, 2018, 2021



Results state level financial strain

- State level fixed effects models – time varying conditions and policies (4 years * 50 states) n=200 state-years
- Policies from State Policy and Politics Database SPPD + others
- TANF/SNAP and Medicaid expansion
- Small effect sizes
- Sensitive models



CHALLENGES

- Data
 - State representative, e.g. SHED is not
 - Time series gaps, e.g., NFCS/SCF every 3 years
 - Lag between policy implementation and effect
 - Proximity, e.g., do state policy differences matter at the household level or is it municipal/county/other. E.g., bank access
- Policy design – targeting, eligibility vs. spending (endogenous to need)
 - How policies are structured matters more than spending
 - Targeting v. universal (Brady & Bostic, 2015)
 - State variation in welfare policies (Bruch et al, 2018)
- Which tool?
 - Controlling for within state (individual differences) how much do states/state policies matter individual FWB?
 - Multilevel / random effects models person in context (over time).
 - How much do changes in state policy (within state) matter for changes in state level population outcomes in FWB?
 - State level. Multilevel / fixed effects models – time nested in states. E.g., SSWR presentation
 - Causal effect of policy change X on individual FWB?
 - Difference in Difference DID, etc.

WISH LIST

- Theory development
 - Constructs and mechanisms
 - We have the right policies and need mechanism OR
 - We have the mechanism and need different policies.
 - Subjective measures of financial wellbeing not related to policy
 - Maybe more directly observable indicators such as asset poverty, net worth, debt, home ownership matter more
 - Social conditions v. state policies.
 - Social / economic inequality matters more than policy for subjective measures.
 - Structural racism (Brown & Homan, 2024)
 - Dynamic process: Policy → structural conditions → policy (feedback loops)
- More frequent population data with better measurement of financial wellbeing variables – publicly available

Thank you

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