

Comment on “Does State Fiscal Relief during Recessions Increase Employment?”

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Abstract

Chodorow et al. (2012) estimate the causal effect on employment of the 2009 American Recovery and Reinvestment Act (ARRA), in particular of the \$88 billion in aid that went to state governments via Medicaid reimbursement. They report a cost per job-year of about \$26,000, which is very low when compared to estimates found elsewhere in the literature. However, their result is being driven by only one state, Washington D.C. If we exclude it from the data, the estimate is halved to 1.9 job-years, with 1.6 job-years created outside of government, and is no longer significant.

1. Introduction

The paper is estimating one main equation.

$$(1) \quad \frac{E_1^s - E_0^s}{N^s} = \beta_0 + \beta_1 \frac{Aid^s}{N^s} + \beta_2 Controls^s + \varepsilon^s$$

$$x^2 + \frac{\alpha + \beta + \zeta \left(\int_{\infty}^{\lim X_n \rightarrow} \right)}{\omega + \Omega_k [\mathbb{R} \supset \mathbb{N}]} \mathbf{\Gamma} \mathbf{?} \mathbf{\Lambda} \mathbf{\Upsilon} = \varphi : \varepsilon + \rho! \varrho^{\sim \sim \sim} \$ \overline{\beta_k} \widetilde{\varphi_z} \dot{y}_t \ddot{x}_t \widehat{\zeta}$$

E_i^s is the seasonally-adjusted employment, N^s is the 16+ population, Aid^s is FMAP (Federal Medical Assistance Percentages) transfers per person 16+ from December 2008, when it was first clear the funds would be available, through June 2010, the end of the Fiscal year in 2010 for most states.

2. Conclusion

Amazing Results