



Instrumental Variables Analysis Summary

Identification Strategy:

- Court orders: 51 observations
- Federal monitoring: 37 observations
- Policy reforms: 16 states

Instrument Validity:

- ✓ Relevance: Court orders/monitoring predict policy reform adoption
- ✓ Exclusion: Instruments affect outcomes only through policy changes
- ✓ Exogeneity: External legal/federal processes drive instrument variation

Key Advantages:

- Addresses endogeneity concerns
- Plausibly exogenous variation
- Multiple instruments for testing