

Race, Gender and Political Ideology in Personal Bankruptcy Outcomes*

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Abstract

Consumers filing for personal bankruptcy have an attorney guiding them to choose between chapter 7 (liquidation) and chapter 13 (reorganization) and helping them to petition a judge to discharge their debt. In this paper, we empirically assess whether the role of race, gender or political ideology affects outcomes during this process. To do so, we use a unique dataset of 9,526 hand-collected, detailed bankruptcy petitions filed by debtors and their lawyers.

We first investigate the determinants of a debtor's chapter choice, conditional on filing. We find that the likelihood of choosing chapter 13 is significantly driven by a debtor's asset- and debt size and type, wages, and homeownership. Though, our results show that White attorneys are more likely to recommend chapter 13 to Hispanic debtors. We then investigate the role of race, gender or political ideology on the likelihood of a judge dismissing bankruptcy petitions, controlling for a debtor's financial factors, gender, and chapter choice. We find that White judges are 57% more likely to dismiss a petition of an African American debtor. More specifically, White-male-Democratic judges in Republican counties and White-female-Republican judges in Republican counties are 120% and 47%, respectively, more likely to dismiss the petition of an African American debtor.

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1. Introduction

Personal bankruptcy, designed to give a “fresh start” to financially distressed consumers, should be neutral to race, gender, and political ideology. However, a disproportionate number of petitioners, as a share of their populations, are African Americans and Hispanics (Warren, 2004), women (Sullivan and Warren, 1999) and living in Republican states (Figure 1). Our paper investigates the role of race, gender and political ideology in the US personal bankruptcy system, as extensively documented in other domains such as criminal sentencing. Using a unique dataset of 9,526 hand-collected, detailed bankruptcy petitions filed by debtors and their lawyers under chapters 7 (liquidation) and 13 (reorganization), we first investigate whether the race or gender of a debtor and that of an attorney play a role in the bankruptcy chapter choice. Then, exploiting the fact that bankruptcy judges are randomly assigned to cases, we further investigate whether a judge's decision to dismiss a bankruptcy petition is neutral to race, gender, and political ideology.

To preview our results, we find that conditional on filing for bankruptcy the likelihood of filing under chapter 13 significantly increases with homeownership as well as higher assets, income, and secured debt of the debtor. Though, our results show that White attorneys are significantly more likely to recommend chapter 13 to a Hispanic debtor than a White debtor. In addition, if the share of chapter 13 filings under an attorney increases from 50 percent to 60 percent, the likelihood that a debtor files chapter 13 increases by 2.8 percentage points. Results also indicate that the likelihood of a chapter 13 filing significantly increases with attorney fees. Further analysis of attorney's fees indicates an insignificant difference in

attorneys' fees by debtors' and attorney's race across chapters. We also find that male debtors pay \$41 more in attorneys' fee than female debtors.

Equally important, we find that a judge's decision to discharge a bankruptcy petition is not completely neutral to race, gender, and political ideology. After controlling for a debtor's financial variables, chapter choice, marital status, and number of dependents, our results indicate that White judges are 57% more likely to dismiss the bankruptcy petition of African American debtors. More specifically, we find that White-male-Democratic judges in Republican counties are 120% more likely to dismiss the bankruptcy petition of African American debtors, while White-female-Republican judges in Republican counties are 47% more likely to dismiss the petition of African American debtors. Interestingly, we also find that White-female-Democratic judges in Democratic counties are significantly more likely to dismiss bankruptcy petitions of Hispanic debtors relative to White debtors. These results are robust to controlling for judge, time, and state fixed effects.

We also find that bankruptcy judges tend to treat African American petitioners differently than they do White debtors from low-income areas, while older judges are more likely to dismiss bankruptcy petitions. Finally, we also assess factors that may affect debtors to pay back their creditors in the renegotiation under chapter 13 plans. We find that minority debtors do not pay significantly more to their repayment plan than White debtors do.

Our results contribute to the growing literature that documents the role of race, gender and political ideology in disparate outcomes like criminal sentencing decisions (Abrams, Bertrand, and Mullainathan, 2009), criminal arrests (Donohue and Levitt, 2001), labor market outcomes (Bertrand and Mullainathan, 2004; Altonji and Blank 1999), credit markets (Agarwal, Anwar,

and Stephens, 2009; Munnell et. al. 1996; Pope and Sydnor 2008), sporting events (Price and Wolfers, 2009) and fiscal stimulus funds in the aftermath of the current financial crisis (Mian, Sufi, and Trebbi, 2009). To the best of our knowledge, our paper is the first to document the role of race, gender and political ideology in personal bankruptcy proceedings.

The rest of the paper is organized as follows. Section 2 provides a brief outline of the US consumer bankruptcy law and the role of judges. Sections 3 and 4 discuss the data and the empirical strategy. Section 5 describes the results. Finally, Section 6 provides concluding remarks.

2. U.S. Personal Bankruptcy Law

When financially-distressed individuals are unable to maintain their debt obligations in the face of negative adverse shocks, e.g. illness, job loss, divorce (see for example Sullivan et. al. 2003), they are forced to file for bankruptcy. The US personal bankruptcy law is intended to provide a “fresh start” to people in the face of such financial distress. The law provides a complex set of remedies in which an individual can resolve their debt when their default option is “in-the-money”: liabilities are greater than assets. (See White 2007a for a detailed discussion.)

Moreover, federal and state laws determine how much of the individual’s assets should be used to pay off the debt and how the assets should be divided among the various creditors. In an economic sense, bankruptcy law provides partial consumption insurance. Specifically, in the absence of the bankruptcy protection, a household facing financial distress may suffer a long-term consumption drop. This could further lead them to becoming homeless, turning to crime,

or exasperating medical and marital problems, all of which could result in negative externalities on the immediate family and the society in general. The bankruptcy law, therefore, allows an individual to keep some of their current wealth and future income, regardless of their current debt obligation.

Recent studies have argued that debtors who are knowledgeable of the legal incentives of bankruptcy procedures can engage in an optimal default and bankruptcy decision that maximizes their individual financial wealth. White (1998) and Fay, Hurst and White (2002) argue that if a high-debt borrower knows about the enormous benefits from filing for bankruptcy and can act strategically in advance, s/he can realize larger financial benefits from filing (also see Agarwal, Liu, Mielnicki, 2003; Ausubel and Dawsey, 2004). Indeed, many states, such as Texas and Florida, provide substantial exemptions that allow debtors to keep a home in bankruptcy with no limit on its value. Beyond strategic and consumption insurance motives, a few studies have also explored how the decision to declare bankruptcy is affected by credit-risk characteristics, bank relationships and unexpected income (Chomsisengphet and Elul, 2006; Agarwal, Chomsisengphet, Liu, Souleles, 2009; Hankins, Hoekstra and Skiba, 2009).

In light of the recent mortgage foreclosures and the subsequent financial crisis, there is renewed interest in the idea that democratization of consumer credit and the subsequent over-indebtedness has resulted in the dramatic rise in personal bankruptcy filings (White 2007b). Others have suggested that the loss of social stigma/social capital can also explain the rise of consumer bankruptcies (Gross and Souleles, 2002; Agarwal, Chomsisengphet and Liu, 2008).

2.1 Chapter Choice: the Role of Judges, Trustees, and Lawyers

The Bankruptcy Code stipulates the two alternative procedures for individuals filing for bankruptcy: chapter 7 and chapter 13. Bankruptcy proceedings under either chapter determine both the amount a debtor is required to repay and the division of the repayment across creditors. Under chapter 7 bankruptcy, also known as “liquidation,” all non-exempt assets are liquidated and distributed to creditors using the absolute priority rule. Under this rule, creditors are given priority and each creditor is paid in full before a creditor of a lower priority receives anything. Secured debt, however, is handled differently. The debtor has an option of continuing on the payment schedule in order to not lose the collateralized asset to liquidation. Most unsecured debts are discharged. Under chapter 13 bankruptcy, the individual keeps his assets but is obliged to draft a payment plan that must be approved by a bankruptcy judge to pay off all creditors in an agreed upon amount in three to five years. The amount to be paid off to creditors must be no less than would have been paid if the debtor had filed under chapter 7. After this obligation of repayment is determined, the remainder of the debt is discharged.

When deciding whether to file and which chapter to file, debtors first meet with a bankruptcy lawyer.¹ There appears to be competition among bankruptcy lawyers to obtain clients, and lawyers play an important role in the entire process. Previous research by both legal scholars and economists documents this importance. Braucher (1993) argues that lawyers do not “steer” their clients into one chapter or another, rather they respond to consumer demand. Braucher (1993) concludes that “[t]he biggest factor in chapter choice is who your lawyer is.” Lefgren et. al (2009) explore the issue of how unsophisticated households investigate the bankruptcy process by modeling chapter choice among consumers and

¹ Debtors can file without an attorney but most do not.

bankruptcy lawyers' strategic incentives. They show that a lawyer's financial interests are paramount in personal bankruptcy outcomes and that often those interests are not in line with the debtor's best interests. Specifically, they found that attorneys are more likely to recommend that their clients file under chapter 13 since it typically generates more revenue for the firm than a chapter 7.

Beyond lawyer influence, many factors are considered when choosing between the two chapters. The largest economic considerations are the size of expected future income, the ability to make payments and to keep property, and the effect on future credit access (bankruptcy appears on your credit report for 10 years). Legal fees are also quite important. To file chapter 7, a debtor needs to make an upfront cash payment for all legal fees (often in the range of \$1,000-\$1,400); meanwhile, in chapter 13 cases attorneys will accept modest upfront payments of only 20% of total fees before filing occurs. Because of the upfront costs, many people are directed into a chapter 13 filing (Lefgren et. al, 2009) or wait to file in anticipation of a tax return or in order to save enough money to start the process (Mann and Porter, 2009). Besides monetary costs, a large literature considers the moral and self-esteem aspects associated with each chapter. Braucher (1993) explains: "A chapter 13 plan allows a debtor to retain collateral and some self-esteem..." She, however, points out that these benefits will be short-lived as chapter 13 simply delays the inevitable relinquishment of collateral if debtors cannot afford it in the first place, and the plan may be later dismissed if the consumer fails to make the payments.

The most common reason for filing chapter 13 is to save secured debt, typically one's home. In chapter 13, consumers propose a repayment plan to the judge to pay off a fraction of their

secured debt. Consumers are allowed to keep their home even if they are in significant arrears. The majority of consumers fail to finish their chapter 13 plans, often because their collateral is beyond their means to begin with. Filers who do not complete their chapter 13 plans can convert to chapter 7, which allows consumers to discharge most of their debt. In fact, the majority of chapter 13 repayment plans are not completed. Debtors may file for chapter 7 or 13 to save their house from repossession because of a “stay motion” which prohibits creditors from demanding payments or contacting the debtor while in bankruptcy. Commencement of bankruptcy paperwork leads to this injunction against creditors to repossess property or to foreclose on a home. Thus, people may begin the paperwork with the sole intention of gaining a motion against creditors.

After chapter choice, the next step in the bankruptcy process is a meeting with the trustee. Attorneys do not know which trustee will be assigned until after they meet with their debtor.

In chapter 7 cases, the main meeting with the trustee is the so-called 341 meeting (aka “meeting of creditors”); but in fact, the 341 meeting is a meeting of the trustee, debtor, and lawyer (no creditors actually attend). Lasting only a few minutes, the 341 is typically a pro forma meeting where the parties sign paperwork.

Chapter 7 filers almost never appear in front of a bankruptcy judge, and nearly all chapter 7’s are approved. If they are not approved, it is typically because the debtor did not complete the required paperwork. Chapter 13 filers must appear in front of the bankruptcy judge at a confirmation hearing where their repayment plan is approved or dismissed. Debtors are in front of the judge only this one time. Chapter 13 filings are dismissed if debtors fail to make their repayment plan payments.

In sum, there is substantial discretion in bankruptcy proceedings, especially on the part of the lawyers and in chapter 13 cases. Braucher (1993) put it succinctly: “Chapter 13 trustees and judges can and do administer the law in ways that create incentives and disincentives not apparent in the Bankruptcy code and or reported in court decisions.” Bankruptcy reform in 2005 eliminated some, but not all, of this discretion. We turn to this topic now.

2.2 Bankruptcy Reform of 2005

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) was signed into law in April 2005 after heaving lobbying from banks and credit card companies. BAPCPA was meant to reduce the number of “abusive filings” by consumers who were gaming the bankruptcy system while not truly in financial distress. This reform—the largest change in bankruptcy law in the US to date—made it more difficult for debtors to file either chapter.

The largest change was the income-based means test. The test was designed to channel consumers into chapter 13 over chapter 7, thus making a full discharge of all debts more difficult. Debtors wishing to file chapter 7 must have an average income during the last six months that is below the median income in their state for a similar household size. Debtors who do not pass the means test can attempt to file chapter 13. BAPCPA also increased the upfront time and pecuniary costs of filing: Consumers must wait longer to file consecutive times. Filing fees increased, and debtors must undergo credit counseling with a certified agency within six months before filing. They also must complete a debt management course before they discharge any debt and submit tax returns. There is some debate about whether the bankruptcy reform indeed reduced abusive filings (see White, 2007a, 2007b and Hynes, 2009).

3. Data

We collected a unique dataset of bankruptcy petitions that provide unprecedented details on bankruptcy filers and attorneys, as well as judges. The breadth and depth of our random sample of bankruptcy petitions from Public Access to Court Electronic Records (PACER) is noteworthy. We hand-collected PDFs of more than 10,000 bankruptcy petitions spanning 1999 to 2005, across 50 states. Each petition file collected encompasses all of the (typically handwritten) paperwork that debtors submit to their lawyers, the assigned bankruptcy trustee, and the court. These documents allow us to observe all information that is observed by the bankruptcy judge.

3.1 Bankruptcy Petitions

As mentioned earlier, our data comes directly from bankruptcy petitions. We begin with 11,701 petitions, but due to missing information and unusable information, our final usable sample is 9,526. The petitions are organized by schedules A through J that have information specific to each debtor and each case. For example, schedule A details the debtor's real property assets and the claims associated with these properties, while schedules B and C detail personal and exempt property with up to 100 different fields to be completed for the two schedules. This yields dozens of variables, but not all petitioners are required to provide information on all of these variables. Hence, many of the petitions do not have all the schedules attached, nor fully completed if attached.

The information on estimated assets, debts and number of creditors all come directly from the summary sheet attached with each petition and will mainly be used as control variables in our analysis. This summary sheet also indicates which chapter the debtor is filing and whether

the debtor has been involved in a previous bankruptcy in the past 6 years. The advantage of restricting our controls to these estimates and broad variables is to avoid the missing schedules; however, wages, monthly expenditures, and debtor relationship status comes from various schedules.² We obtained information about the marital status, number of dependents of the debtor, as well as the combined monthly wages of the debtor and his or her spouse from schedule I.

3.2 Debtor Race and Gender

The petitions do not directly report the debtor's race or gender, but by examining a debtor's last name and address, we can compute a probability that the debtor is of a given race. We calculate the probability of a particular race by comparing debtors' names and addresses to two measures provided by the Census Bureau. The Census compiles a list of surnames occurring more than 100 times in the 2000 census. For the 151,671 surnames listed in the census file, they have the frequencies and percents of name by race clumped into six mutually exclusive categories: Non-Hispanic White, Non-Hispanic African American, Non-Hispanic Asian and Pacific Islander, Non-Hispanic American Indian and Alaskan Native, Non-Hispanic of two or more races, and Hispanic³. The US Census also compiles demographic information by ZIP Code Tabulation Areas (ZCTAs), Census defined areas that are roughly equivalent to zip codes as of

² A married couple can file for bankruptcy jointly, often for the same fee as filing individually. If an individual decides to file without his/her spouse, the filer is considered to own one half of all assets and debts in most states. In community property states (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin), however, all property acquired during marriage is considered part of the estate and will be counted as part of an individual's assets or debts even if only one spouse files. In chapter 13 filings, a spouse's income is considered in the calculation of the repayment plan even if the spouse does not file. After an individual files, the automatic stay period applies to the spouse's debts as well, but once the filer's debts are discharged, a non-filing spouse will remain liable for any of his or her debts.

³ Any non-zero value less than 5 was suppressed by the Census Bureau to maintain confidentiality. We evenly distributed the residual observations across all suppressed fields.

the 2000 census. The Census 2000 summary file has race information that can be organized similar to the surname data.

With the Census data, we can determine the probability a debtor is of a certain race with a given last name. We can also determine the probability a debtor lives in a zip code given a certain race. We calculate the probability that a debtor is a specific race by combining these two pieces of information using Bayes' Theorem as described in Elliott et. al (2009).

$$b(i|j, k) = \frac{n(i|j) * z(k|i)}{n(white|j) * z(k|white) + n(black|j) * z(k|black) + n(hisp|j) * z(k|hisp) + n(other|j) * z(k|other)}$$

This is the probability a debtor is of race i given surname j and zip code k . $n(i|j)$ is the probability of race i given surname j . $z(k|i)$ is the probability that a debtor is in zip code k given the debtor is of race i . We combined Asian and Pacific Islander, American Indian and Alaskan Native with Multiracial for simplicity. For surnames that we cannot match to the Census Bureau's list of names, we take the distribution of the residual population as reported by Elliott et. al (2009) and assign race using those probabilities. Applying this formula, we have probabilities for every race the debtor could possibly be. We assign a race to a debtor by choosing the race that has the highest probability and is above a certain cutoff. The cutoff used in our main results is 50%, but 75% and 90% are used during robustness tests.

We determine debtors' gender by again using data provided by the Census Bureau. The Census Bureau conducted the 1990 Post-Enumeration Survey to collect demographic data and reported some of the results on their website as two files, a list of female names and a list of male names. The lists comprise 90% of the survey results and 4,275 and 1,219 unique names

respectively, representing over 3 million individuals. The files have names and the percent of individuals in the sample with a given name.

To determine the gender we look at the male and female frequency share of the debtor's and spouse's first and middle names. We calculate two sums: A) the frequency of females with the debtor's first and middle name and the frequency of males with the spouse's first and middle name, and B) the inverse to find a measure of a debtor being male and spouse being female. Finally, we assign the gender to be female if A) is larger and male if B) is larger. In the event that no names can be matched to the files or these two values are the same we code it as missing and drop the observation from analysis.

Our race determinations are derivative of Bertrand and Mullainathan's (2004) labor market outcome study. They utilize the idea that a name contains at least some amount of information about an applicant's race, showing that there is a precedent for thinking that judges may infer race from a debtor's name. As mentioned in Section 2.1, chapter 7 debtors rarely appear before a judge. In the case that the debtor does not appear before the judge, the information available to the judge to determine race and gender is similar to the information used in our analysis to determine race, making it an appropriate measure.

3.3 Attorney's Race

Attorney and trustee demographic information is assigned using the same methodology we use to find the debtor's race and gender. Since we do not have the address of the attorney or the trustee, we use the zip code of the attorney's firm and the bankruptcy court the trustee most often files in to infer their location.

3.4 Judge's Race, Gender, and Ideology

The bankruptcy petitions were matched to demographic information about judges⁴ that comes primarily from a private company called Leadership Directories, Inc. This source provides profiles on bankruptcy judges that contain information on their careers, education, and memberships to various institutions. While gender and race are not explicitly stated, we do have photographs of many judges from which we can infer race and gender. For those judges where a photograph was not included in the Leadership Directories data, we searched news sources, legal sites, award ceremonies, membership organizations, and government historical records for information about the race of the judge.

To determine the potential ideological influence of a judge's decision-making, we assign the judges to a political party in the following way. We have no explicit data on whether a bankruptcy judge is a Democrat or Republican, but based on who appointed the judge to the position, we can infer their ideological leanings. Prior to 1984, bankruptcy judges were appointed by the President; therefore, we infer that all bankruptcy judges appointed during a Republican president were Republican and all judges appointed by a Democratic president were Democrats. After 1984, the appeals courts assumed the responsibility of appointing bankruptcy judges in their districts. To determine the ideology of a judge in the post 1984 regime, we have to know the composition of the district appeals courts. The Federal Judicial Center has information on all appeals court judges, including which president appointed the judge, when they were appointed, and when their term expires. Using the sitting president's party as the appeals judge's party, we can calculate the party distribution in each appeals court

⁴ We attempted to contact the court directly to inquire about judge demographics, but they declined to provide any information.

for any given year. We assign a bankruptcy judge appointed by a majority Republican or Democratic appeals court to be Republican or Democratic, respectively.

There are two variables used in the analysis that vary over the geography (as opposed to the individual) - the Cook Political Report's Partisan Voting Index (PVI) and median income. The PVI used in this data is the 2004 values, which are calculated using congressional districts' voting results from the 2000 and 2004 presidential elections. As their website points out, using national elections allow results to compare across districts and across states. The scores range from -50 to 50 with -50 being the most Democratic possible and 50 being the most Republican possible. The lowest observed value in our data is -44 for the 16th district of New York, and the highest value is 26 for the 3rd district of Utah. The second variable, median income, comes directly from the 2000 Census Bureau and is reported in ZCTA's which, as described earlier, map closely to zip codes as they existed in 2000.

3.5 Summary Statistics

Because the data are novel, we take time to elucidate basic summary statistics on the petitioners, lawyers and judges. Table 1a provides summary statistics about the debtor's asset, debt, and creditor information by race and gender. We have a total of 9,526 debtors in our sample. Of these debtors, 75.5% are White, 11.6% are Hispanic, 9.9% are African American, and 2.9% are Other (Asian, Indian American, etc.). 29.7% of the debtors are female.

Roughly half of the debtors within each demographic category have estimated assets less than \$50,000. An interesting summary statistic not in the table is that 2.5% of the Asian debtors have assets above \$500,000. Estimated debt is less than \$50,000, \$50,000 to \$100,000 and \$100,000 to \$500,000 for approximately 32%, 25%, and 40% of the debtors within each

demographic category respectively (also see Figures 2a-c). While 60% of the debtors within each demographic category have less than 15 creditors, it is interesting to note that 1.9% of the debtors have between 50 and 99 creditors.

Table 1b gives a breakdown of the secured versus unsecured debt, wages, and expenditure by race and gender. As we discussed earlier, the chapter choice decision is determined in part by the fraction of secured and unsecured debt. Petitioners who have a significant amount of secured debt are better off filing for chapter 13. Looking over the breakdown of secured debt by race and gender, we see that Whites compared to African Americans and Hispanics have higher secured debt. Interestingly, African American debtors have lower secured debt relative to Whites and other races, but not compared to Hispanic debtors. African American debtors have the lowest unsecured debt relative to all other races. Monthly wages and expenditures are the highest for Whites. Not surprisingly, consistent with labor studies (see for example, Goldin, 1989; Bertrand, et. al, 2009; Blau and Khan, 1997; Macpherson and Hirsh, 1995), the wages for the males are significantly higher than the females. However, both the secured and unsecured debt is also significantly higher.⁵ The number of filers with prior bankruptcies is 8.4% for African Americans and 3.8% for Whites. The fraction of petitioners married is roughly the same across the racial categories (not shown in table).

Table 2a provides summary statistics about the bankruptcy lawyers and their firms. Overall, in our sample we have 4,986 firms representing 9,238 cases. A total of 779 petitioners did not have attorney representation. Close to 70% of the firms represented only one petitioner. A

⁵ We also looked at the number of cases that were converted from chapter 13 to chapter 7 by race. A total of 113 cases were converted (79 for Whites, 12 for African Americans, and 22 for Hispanics). A vast majority of these cases were for Whites.

total of 13 firms represented 25 or more. Interestingly, the share of chapter 13 filings and dismissal rates are negatively correlated with the number of cases a firm represented. This suggests that cases with more experienced attorneys are less likely to result in discharge of debt as seen in Figure 3.

Table 2b provides the share of attorneys by race. We cannot identify the race for 178 attorneys so we drop them from the analysis. Most attorneys in the sample are White (87%), 5% are African American, and 4% are Hispanic. As a share of the cases they represent, the share of chapter 13 cases varies significantly – 24%, 19%, and 15% respectively for African American, Hispanic, and White attorneys. Finally, the dismissal rates are comparable – 9%, 11%, and 5% respectively for African American, Hispanic, and White attorneys.

Table 2c examines attorneys' fees by race and chapter. We see that overall, chapter 7 fees are lower than chapter 13. For chapter 7 cases, we see that African American attorneys charge African American clients less than their White clients. We see the relationship inversed for White attorneys, having both attorney races appearing to exhibit a same-race bias in fees. Oddly, however, this relationship is reversed in chapter 13 cases, where African American clients with African American attorneys pay larger fees than White clients with African American attorneys. The same is true for White clients with White attorneys and African American clients with White attorneys.

Table 3 has summary statistics of bankruptcy judges. We have a total of 304 judges in our sample. There are a total of 332 bankruptcy judges in the U.S.⁶ An overwhelming majority of the judges are White males: 77% are men and 94% are White. Additionally, 70% of the judges

⁶ http://www.fjc.gov/history/home.nsf/page/bankruptcy_judges

are Republican. The average judge is 56 years old. During our sample period, the average case load for these judges is 31. On average, these judges graduated from law school in 1973 and were appointed to the court in 1992.

Table 4 reports the summary statistics for the debtor's chapter choice in filing the petition and the outcome of the judge's decision to either dismiss the case or discharge the debt. We have the outcome statistics for a total of 9,526 cases. Overall, 22% of the petitioners filed for chapter 13; interestingly, 19% of the Whites and 45% of the African Americans in the sample file for chapter 13. The fraction of chapter 13 filings is roughly the same for the males and females. If the judge was African American, only 15% of the petitioners filed for chapter 13; but if the judge was Asian, 43% of the petitioners filed for chapter 13. Finally, if the race of the judge and the petitioner was the same then 18% filed for chapter 13, while if the races were different then 32% filed for chapter 13.

Next, we look at the chapter choice by the lawyer's race and gender. Overall, in 33% of the cases African American lawyers recommended chapter 13 and in 22% of the cases White lawyers recommended chapter 13 for their clients. The chapter choice decision between genders is fairly similar. We also look at the dismissal frequency by the race and gender of the petitioner and the judge. Overall, 9% of the cases are dismissed. An overwhelming majority of the dismissals are for chapter 13 cases. 24% of the petitions filed by African Americans are dismissed (50% if they filed under chapter 13), while 7% of the petitions filed by Whites are dismissed. The dismissal rates for males and females are very similar (see Figure 4).

Table 5 shows the dismissal rates by judge demographic type and debtor race. Across all judge demographic types, we see African American debtors being dismissed more than White

debtors, but the disparity between these two rates differ by different types of judges. For example, White-male-Democratic judges have higher dismissal rates for African American debtors than White-male-Republican judges, but White-male-Democratic judges have a lower dismissal rate for White debtors than White-male-Republican judges, suggesting race could play a larger role in a White Democratic judge's decisions. We see similar effects for White-female-Republican judges.

Table 6 shows the distribution of the petitions across the 50 states. Except for Texas, which has the largest fraction of bankruptcy petitions as a share of its population, the share across the rest of the states is commensurate to their populations.

Table 7 shows the political distribution of the judges. A positive (negative) number on the Partisan Voting Index (PVI) means that the judge is more likely to live in a Republican (Democratic) district. Almost 70% of the bankruptcy petitions were filed in Republican districts. Interestingly, chapter 13 filings for Democratic and Republican districts were 8% and 33%, respectively, and the dismissal rates were 1.8% and 14.4%. The distributions of bankruptcy filings across demographic categories did not significantly differ by Republican or Democratic counties (see Figures 5a-e).

Finally, Table 8 shows the breakdown of bankruptcy petitions by race and gender over time. Over 82% of the bankruptcy petitions filed in our sample are in 2001 and 2002. Just 3% were filed before 2001 and the remaining after 2002 but prior to BAPCPA. The share of African American, Hispanic, and female filings for bankruptcy in years after 2002 are very high relative to previous years. Interestingly, we also see a majority of the dismissals for both chapters are in years other than 2001 and 2002.

While not reported in a table, in our sample we also find that 22 of the states always discharge the debt and 8 of the states always have chapter 7 outcomes. Finally, 188 of the judges always discharge debt and 5 judges always dismiss the cases.

4. Empirical Specifications

Our goal is to determine how race, gender and political affiliation affect bankruptcy outcomes at each point in the bankruptcy process. Section 3 provided interesting comparative statistics that we now explore formally. We begin by examining the role lawyers play in chapter choice. Our basic regression specification is an ordinary least squares model with dependent variable = 1 if the debtor files chapter 13 and 0 if chapter 7. Our controls include dummies for state and quarter, along with personal and financial information of the petitioner, including debt, number of creditors, monthly expenditures, monthly wages, a married indicator (1 if debtor is married), number of dependents (zero if not filled in by debtor), and an indicator for whether the debtor previously filed bankruptcy.

We also study the judge's decision to dismiss or discharge the debt. Once again, we estimate an ordinary least squares model with dependent variable = 1 if the judge dismisses the case and 0 if the judge discharges the debt. We control for all the variables we discussed earlier. Since 95% of the judges are White, we restrict the sample to only White judges and drop the judge race indicators.⁷ Our regressions with judges rely on the fact that bankruptcy judges are randomly assigned to cases in districts where there is more than one judge. Bankruptcy lawyers do not know which judge will be assigned to their case until after they file

⁷ In the robustness section we do include all the judges and find very similar results.

their paperwork with the clerk of the court (thus after they meet with the debtor.)⁸ We follow a similar methodology for regressions on political affiliation, lawyer and firm characteristics, and gender. We now turn to the main results and then discuss several extensions and robustness checks.

5. Results

Below we describe our results on the role that race, gender, and political ideology has on the chapter choice and dismissal/discharge decisions of the debtors by the judges.

5.1.1 Chapter Choice Decision: The Role of Race and Gender

Table 9 reports the results for the petitioner's choice to file under chapter 13 as a function of the lawyer's race, gender, and the lawyers' share of previous chapter 13 filings. In this specification, we control for a debtor's estimated assets, debts, number of creditors, monthly expenditures, wages, marital status, number of dependents, prior bankruptcies, and state and time fixed effects. Our variables of interest are the race and gender variables for the debtor and the attorney and their interactions.

Our results indicate that a debtor's race does not significantly impact chapter choice. The more important determinants of a chapter 13 filing are the financial variables of the debtor, such as wage, monthly expenditures, homeownership, the ratio of secured debts over non-secured debts, and prior bankruptcy filing. For instance, homeowners are 6 percentage points more likely to file under chapter 13, while petitioners with prior bankruptcy filings are 10 to 20

⁸ For example, Rule 1073-1 of the bankruptcy code of the Minnesota on Assignment of Cases reads "Each case shall be assigned to a judge by random allocation as determined by order of the judges. Unless otherwise ordered, the judge assigned to the case shall thereafter hear all matters and preside at all times in the case. All adversary proceedings arising in or related to the case shall be assigned to the same judge."

percentage points more likely to file chapter 13. While higher assets and lower debt are important predictors of chapter 13 filing, consistent with prior work (Sullivan et. al, 2003), their statistical significance does not prevail once we control for attorney fee.

Moreover, our results reveal that attorney attributes also play an important role in chapter choice. White attorneys are 6 to 8 percentage points more likely to file for chapter 13 for their Hispanic clients. The results also indicate that the likelihood of filing under chapter 13 significantly increases with attorney fees, consistent with Lefgren et. al (2009). Furthermore, if the petitioner goes from an attorney who files 50 percent of bankruptcies under chapter 13 to an attorney who files 60 percent chapter 13's, the probability that the petitioner will file under chapter 13 increases by 2.8 percentage points. While smaller in magnitude, these results are also consistent with those reported in Lefgren et. al (2009).

5.1.2 Attorney Fees: The Role of Race and Gender

To further investigate attorney's fees, we run ordinary least squares regressions with attorney's fee as the dependent variable for the full sample and separately for chapter 7 and 13. Table 10 shows the results. Overall, we find that attorneys charge significantly higher fees if the debtor is male, filing under chapter 13, has larger number of creditors, or has less dependents. Overall, male debtors pay \$42 more in attorney fees than females. Debtors filing under chapter 13 pay \$666 more in attorney fees than those filing under chapter 7. Attorneys increase their fees by \$75 for having more than 15 creditors, but reduce their fees by \$21 for each additional dependent. Under chapter 13 filing, the significance of some of the aforementioned predictors does not prevail. Under chapter 7 filing, attorneys charge

significantly higher fees if the debtor is male, has larger number of creditors, or has fewer dependents.

5.1.3 Petition Dismissal vs. Debt Discharge: The Role of Race, Gender and Political Ideology

Many studies have tackled the issue of whether judges are neutral with respect to race, typically in criminal law contexts. These studies must use creative methods to overcome serious omitted variables biases and data limitations. Despite the obvious econometric problems, consensus of these studies is that judges are not neutral with respect to race in criminal contexts. To name a couple nice examples, Abrams, Bertrand and Mullinathan (2009) use the random assignment of judges to criminal cases from Cook County, IL and find a substantial White-African American gap in incarceration rates. Ayres and Waldfogel (1994) use assumptions about competitive pricing in the bail bonds market and find that judges set “seemingly unjustified high levels” of bail for minority defendants. In light of the strong evidence in the criminal context, and an intuition that bankruptcy judges may treat minorities the same way criminal judges do, our paper fills a gap in an important consumer context.

Table 11 reports the results of the judge’s decision to dismiss the petition or discharge the debt based on the race of the petitioner. This specification controls for time and state fixed effects. Turning first to the race, gender, and political ideology of the judge, we find that a White-male judge and a White-Republican judge are less likely to dismiss a petition; however, both effects are statistically insignificant. Moreover, our results reveal that White judges are 4.3 percentage points more likely to dismiss bankruptcy petitions of African American debtors. Since the average dismissal rate is 7.5%, this translates into a 57% increase in the dismissal rate

for African American petitioners. The Hispanic and “Other” debtors are also more likely to be dismissed, but the results are not statistically significant.

Furthermore, chapter 13 filings are 21.3 percentage points more likely to be dismissed. This result is not surprising because most chapter 7 cases are approved. Relative to petitioners with less than 15 creditors, those petitioners with 16 or more are 2.4 percentage points less likely to be dismissed. However, if a petitioner has a prior bankruptcy filing, he/she is more likely to be dismissed by 8.9 percentage points.

In Table 12, we expand upon the specification of Table 11 and conduct a more rigorous investigation of the role of a judge’s race, gender and political ideology on a decision to dismiss a petition. To do so, we again restrict our sample to White judges only for simplicity, but then split judges up by gender and their political ideology. The omitted category is male Republican judges in a Republican county. We also control for the political ideology of the county in which the bankruptcy court is located.

Our results indicate that White-male-Democratic judges in Republican counties are 15.5 percentage points more likely to dismiss the case of an African American debtor, translating into a 120% above the average dismissal rate. Equally important, White-female-Republican judges in Republican counties are 6.2 percentage points more likely to dismiss the case of African American debtors, translating into 46.7% over the average dismissal rate. Interestingly, while White-male-Republican judges in Democratic counties are 2.1 percentage points more likely to dismiss bankruptcy petitions on average, White-male-Republican judges in Republican counties are 1.6 and 1.7 percentage points less likely to dismiss petitions of Hispanic and other minority, respectively, though these results are not statistically significant. Finally, White-

female-Democratic judges in Democratic counties are on average 2.5 percentage points less likely to dismiss bankruptcy petitions of other minorities.

5.1.4 Chapter 13 Payment Plans: The Role of Race

Recall that chapter 13 bankruptcy involves the debtor devising a repayment plan of a fraction of their debts. We study differences in how aggressive this plan is by race. Table 13 presents a regression examining what percentage of a debtor's income, after expenses, has to go to paying off debts under the chapter 13 plan a judge confirms. We see that African American debtors do not pay significantly more to their repayment plan than White debtors do.

5.2 Extensions

Table 14 looks at the heterogeneity in the dismissal versus discharge decision of the judges and the lawyers. Specifications 1a-b looks at the role of young versus old judges. The intuition is that younger judges should be less racially biased due to the fact that racial disparity has been decreasing over time. We would therefore expect them to have a lower dismissal rate for the cases of African American debtors. We estimate our regressions separately for the judges under and over the ages of 55. In a regression not reported, older judges are also more likely to dismiss cases, regardless of race. Results reported in specifications 1a and 1b indicate that younger judges are 3.4 percentage points more likely to dismiss petitions of an African American debtor, while older judges are 4.7 percentage points more likely to dismiss petitions of an African American debtor. We also see older judges are 1.5 percentage points more likely to dismiss petitions of a male debtor than those of a female debtor.

Specification 2 investigates the role of an attorney's race on the judge's decision to dismiss the debt of an African American petitioner. We explore the role of attorney's race in the

bankruptcy process because, in some cases, debtors themselves do not actually meet the judge in person but attorneys do. In all but a miniscule number of chapter 7 cases, debtors do not appear in front of a bankruptcy judge. We do not find any statistically significant results based solely on attorney race.

Next, we explore the role of the bankruptcy trustee. Trustees play an important role in the bankruptcy process. Every bankruptcy filer meets with a trustee. Trustees also set the chapter 7 and 13 legal fees in their respective district. A trustee's main role is to decide how much each creditor will be paid out of the proceeds from liquidation of debtors' nonexempt assets. Specification 3 estimates the effect of the trustee's race on the judge's decision to dismiss or discharge the debt of African American petitioner. We find that the race of the trustee does not impact the judge's decision to dismiss the case.

Finally, in specification 4, we test whether judges treat White debtors from low-income and high-income neighborhoods differently, with the intuition that the judges may treat the White debtors from low-income neighborhoods the same as African American debtors. Surprisingly, we find that judges are less likely to dismiss the case of a White debtor from a low-income neighborhood, in comparison to a White debtor from high-income neighborhood. These results are not statistically significant, but directionally they show that White borrowers from low-income neighborhoods are treated differently from African American debtors, as in Morris (2005).

5.3 Robustness

Table 15 reports the results from a series of robustness tests. Specification 1 drops 358 debtors that had assets greater than debt. Since the assets are greater than debt, the judge dismisses these cases, not because of racial concerns, but on the fact that these debtors do not need to file bankruptcy at all. While it is reasonable (and advised) for a debtor to file for chapter 13 if their secured assets are greater than the debt, we wanted to test if this had any adverse impact. We find that even controlling for assets greater than debt, White judges are 4 percentage points more likely to dismiss the case of African American debtors.

Specification 2 restricts the sample to debtors who file for chapter 13. Here we see large economic effects for dismissal of African American debtors by White judges. Specifically, a judge is 8.4% points more likely to dismiss the case of a African American debtor. The average dismissal rate for chapter 13 cases is 36% and so White judges are 23% ($8.4\%/36\%$) more likely to dismiss the case of an African American debtor. Judges have a much more active role in chapter 13 cases than chapter 7. As mentioned above, the majority of chapter 7 cases are approved and debtors never see the judge. In chapter 13, however, there is much more uncertainty about the outcome of the cases. Debtors do appear in front of the judge, and the judge decides if the 3-5 year repayment plan is appropriate based on the consumers debts, expected income, assets, etc. Our statistically insignificant results for chapter 7 and our large economically and statistically significant results for the rejection by White judges of African American debtors under chapter 13 with 3-5 year repayment plan makes sense in light of the extended interaction between the two players in chapter 13.

Specification 3 controls for judge fixed effects. While controlling for judge fixed effects may bias the results, we find that when including them white judges are still more likely to dismiss the case of an African American debtor.

Specifications 4, 5, and 6 conduct robustness checks with respect to our race estimation of the debtor in three different ways. Specification 4 changes the threshold to estimate race of the borrower from 50% to 75%. Essentially, our results are unchanged. In specification 5, we go even further to increase the threshold to 90%—our results are still unchanged. Finally, specification 6 redefines race using the methodology used by Bertrand and Mullianathan (2004).⁹ We use first names of the borrowers and their location to determine race. Our correlation between the two methodologies to determine race is 40%. Results in specification 4 and 5 remains quantitative and qualitatively the same; however, we lose the statistical significance in specification 6.

Specification 7 looks at the role of the attorney's race on the judge's decision to dismiss the case. We hypothesize that if an African American debtor picks a White attorney, she could be less likely to be dismissed if White judges prefer interacting with White attorneys. Our results suggest that an African American debtor with an African American attorney is more likely to be dismissed compared to an African American debtor with a White attorney. The effects, however, are not statistically significant. Hence, we conclude that an African American debtor

⁹ Specifically, we took data from Massachusetts and New York Registry of Vital Records and Statistics offices to examine the racial dispersion of first names. We have first names as reported on birth certificates for people born between 1969 and 1970 in Massachusetts. We have a list of names and the number of babies born who were male and female by the child's race - White, African American, Hispanic, Chinese, Japanese, or Filipino. We have similar information for 1970 for New York State excluding the city of New York. From this we calculate a racial distribution of names to determine the percent of the population of a selected race for a given first name. Combining these data sets yields 9,030 unique first names from over 616,282 birth certificates with 94.6% White, 4.6% African American, less than 1% for Hispanic, and other races. Based on this distribution, we see that White individuals are more represented in this two state dataset.

who picks a White attorney is not likely to get better treatment by the judge. However, results indicate that petitions of Hispanic petitioners with African American attorneys are 15.3 percentage points more likely to be dismissed.

Finally, specification 8 looks at dismissal outcomes for judges other than White judges. Because our sample sizes are prohibitively small (only 4% of the judges are non-White), we have excluded them in the main analysis. We find that non-White judges do not exhibit any racial bias in their presiding over cases.

Table 16 reports our two main specifications as logistic models rather than OLS. Specification 1 is the same as Table 9 Specification 1 in that it models chapter choice. We see that our results have are quantitatively and qualitatively the same. Specification 2 is analogous to Specification 1 in Table 11 in that we examine dismissal decisions of White judges. Although the direction and statistical significance are similar, we see smaller effects using the logistic model than the ordinary least squares model.

6. Discussion and Conclusion

The results from our study indicate that the bankruptcy process is not completely neutral to race, age, and political ideology. We document that African American debtors appear to have less of a chance of successfully completing the bankruptcy process relative to White debtors if their bankruptcy case is proceeded over by a White judge, particularly a White-male-Democratic judge in a Republic county and a White-female-Republican judge in a Republic county.

These results have significant implications for the perennial policy debate on use—and abuse—of the bankruptcy process. Our evidence pointing to the influence lawyers have on their clients and biases by bankruptcy judges, especially in chapter 13 cases, suggests that more consistent bankruptcy procedures may be appropriate. This is true especially in light of the rising importance of chapter 13 relative to chapter 7 filings following the bankruptcy reform of 2005 and the mortgage crisis. (See White 2009 for a discussion.) BAPCPA’s goal was to reign in “abusive filings” and limit all consumers’ ability to file for bankruptcy. While there are as many detractors as fans of the 2005 reform, we can all agree that we need a bankruptcy system that is neutral to race, gender, age, and political ideology. What is certain is that additional research on the fairness of the personal bankruptcy system is needed before policy prescriptions can be made.

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Figure 1: Bankruptcy Filing by State

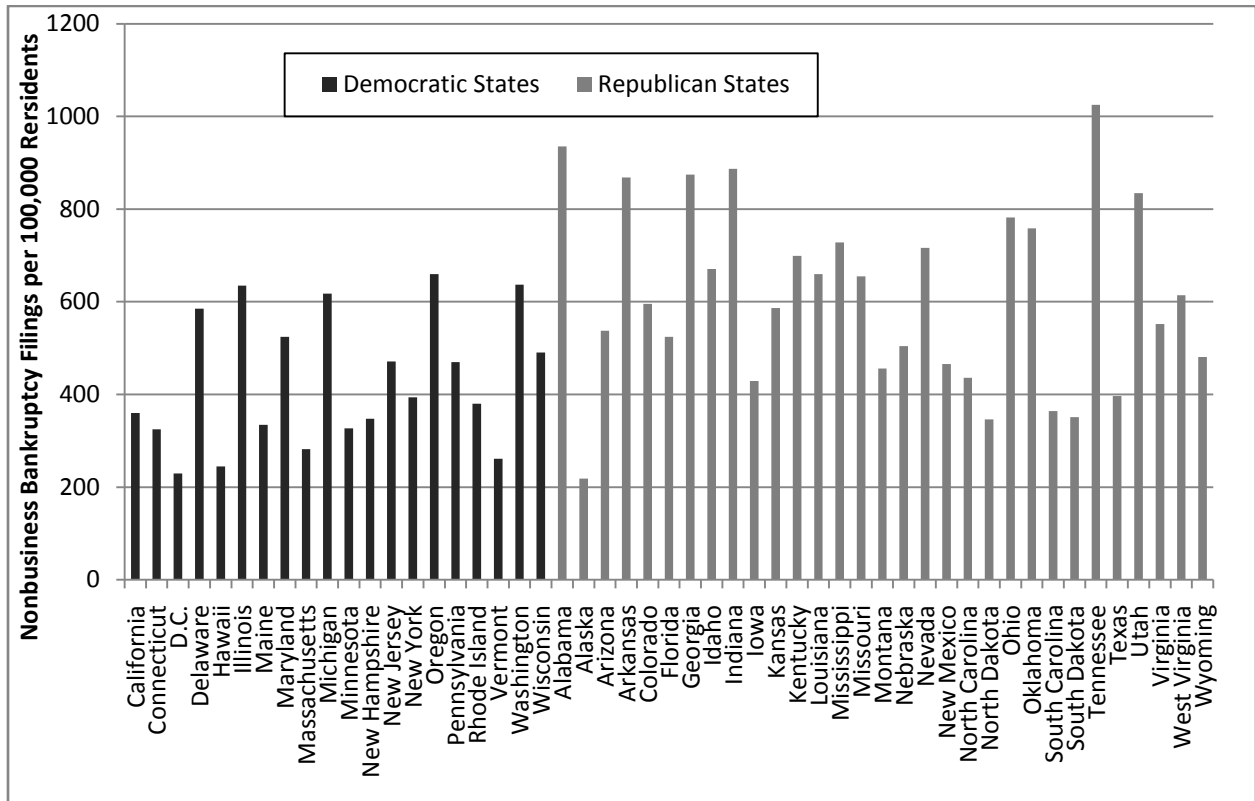


Figure 2a: Assets and Debts frequencies

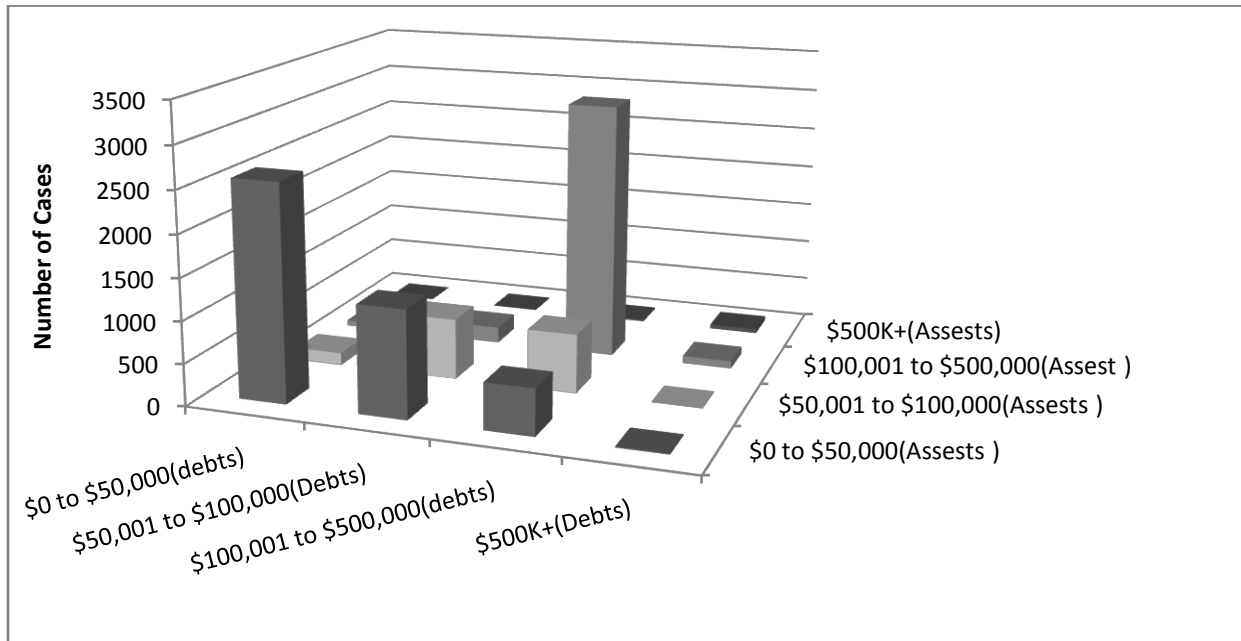


Figure 2b: Assets by Race

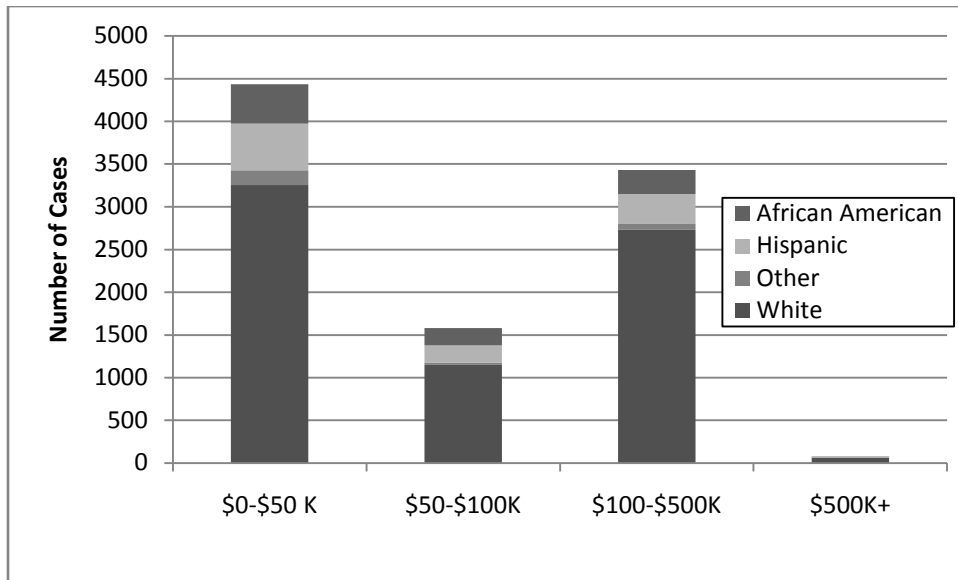


Figure 2c: Debts by Race

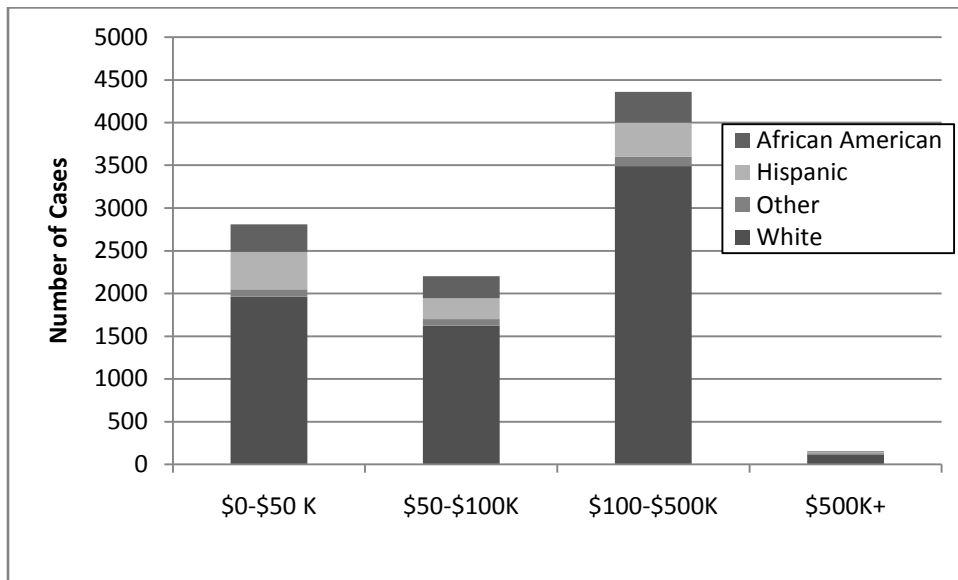


Figure 3: Dismissal Rate by Attorney

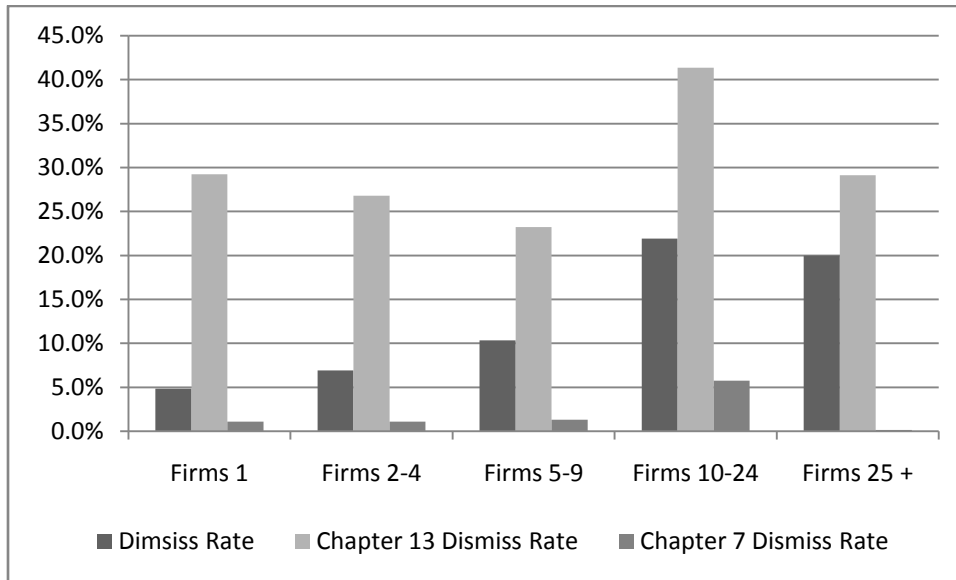


Figure 4: Chapter and Dismissal Rates by Debtor's Attributes

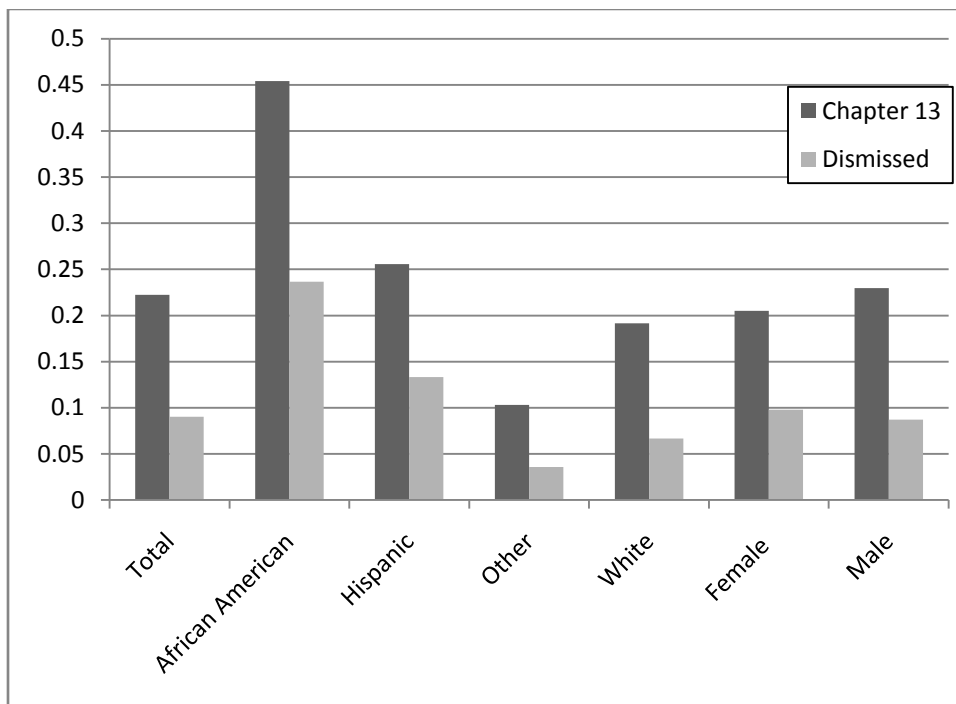


Figure 5a: Chapter 13 Rates by Political Score

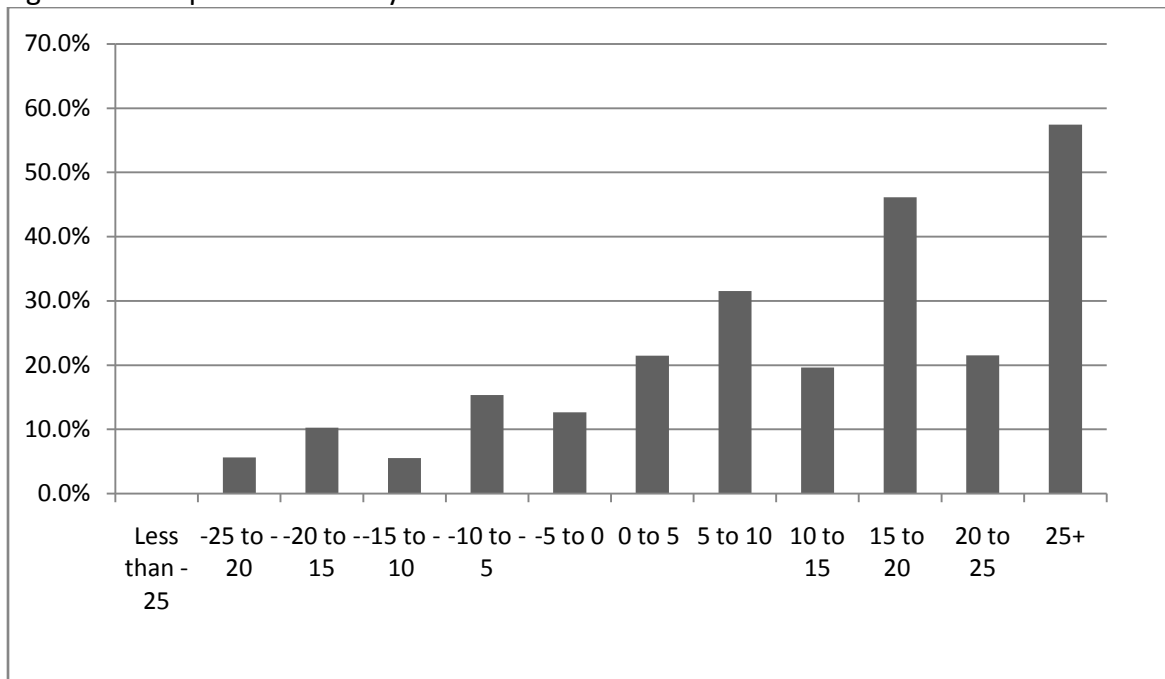


Figure 5b: Debtor Race by Political Score

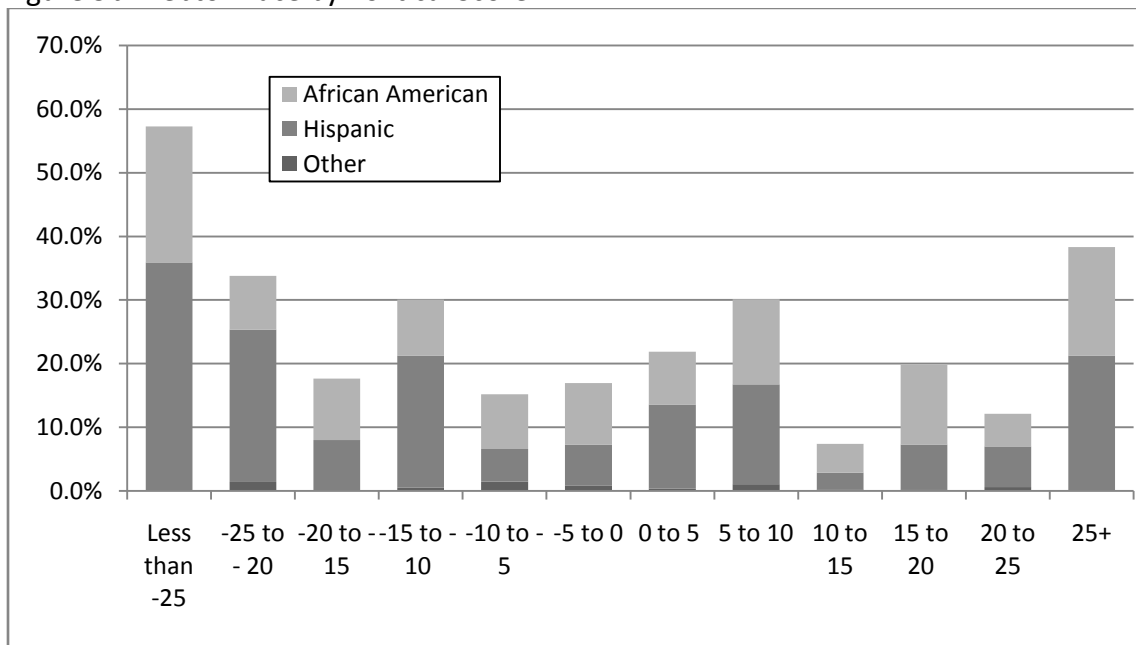


Figure 5c: Dismissal rates by Political Score

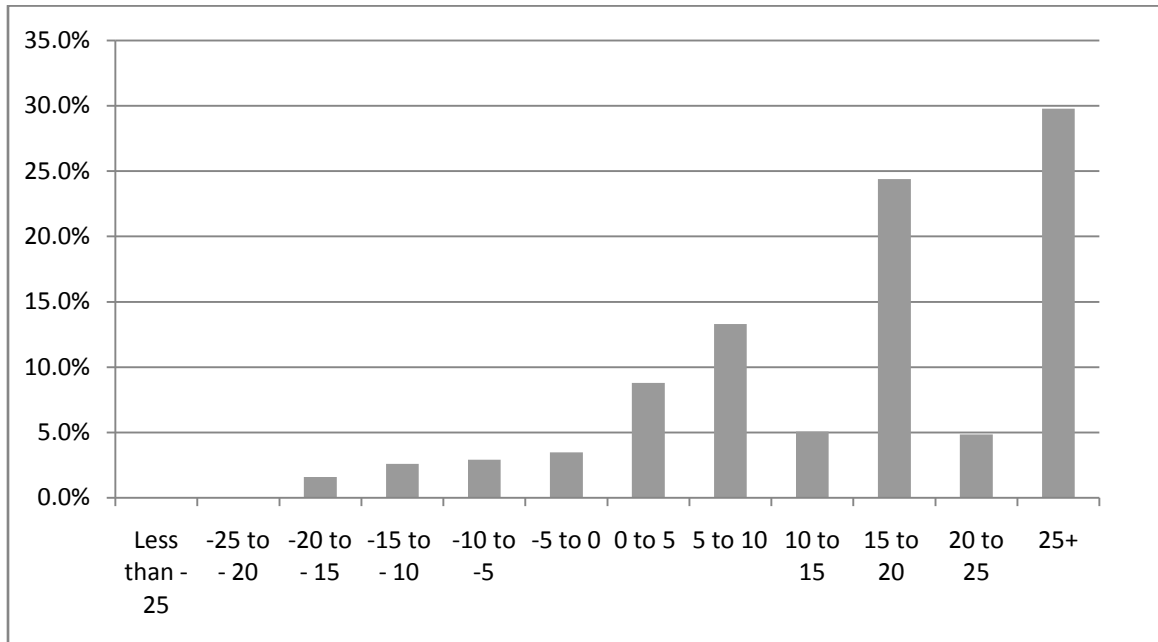


Figure 5d: Judge Race by Political Score

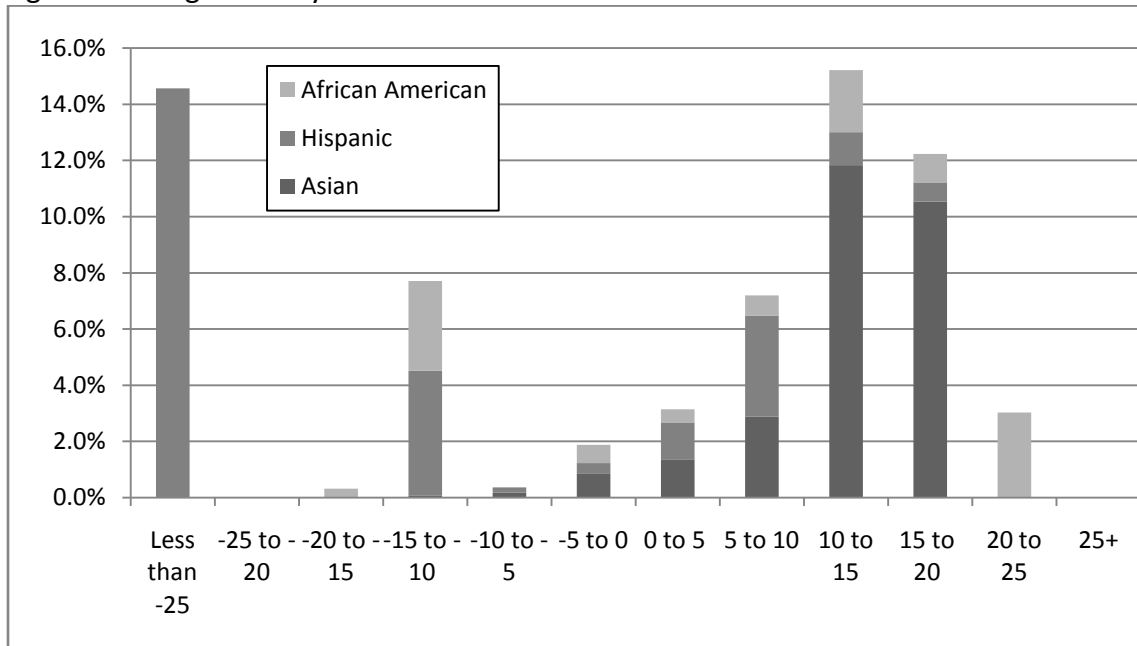


Figure 5e: Number of Cases by Political Score

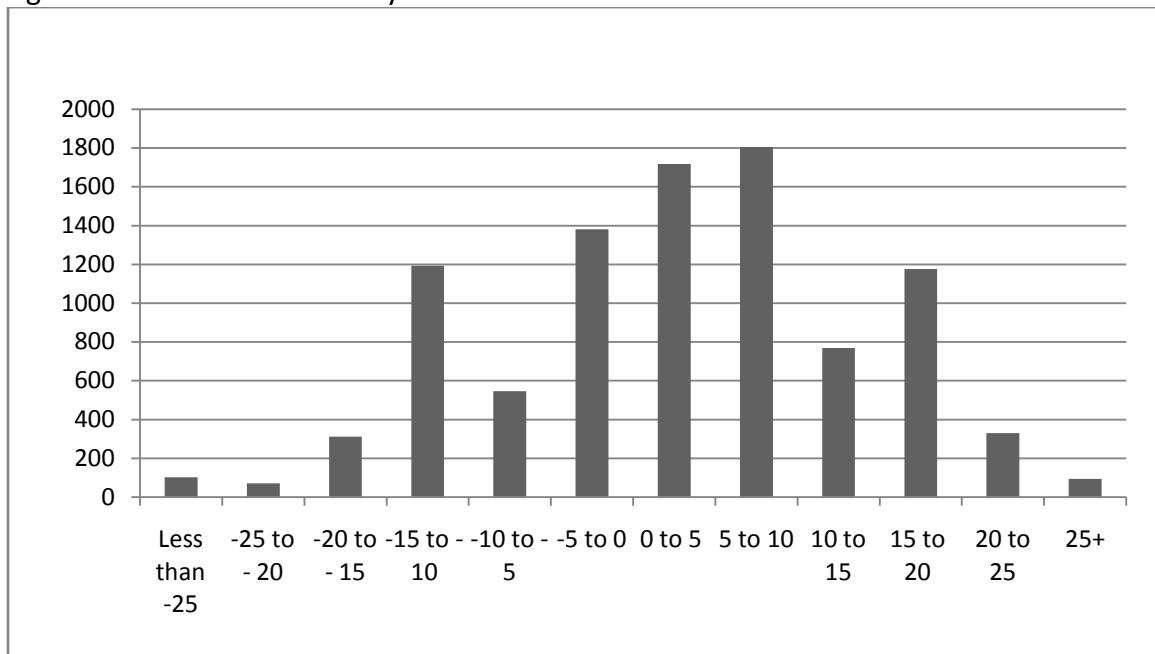


Table 1a: Borrower Characteristics – Assets, Liabilities, and Number of Creditors

	Number	Share	Estimated Assets				Estimated Debts				Number of Creditors		
			\$0-\$50K	\$50-\$100K	\$100-\$500K	\$500K+	\$0-\$50K	\$50-\$100K	\$100-\$500K	\$500K+	1-15	16-49	50-99
Total	9,526		46.5%	16.6%	36.0%	0.8%	29.5%	23.1%	45.8%	1.6%	58.2%	39.9%	1.9%
White	7,195	75.5%	45.2%	16.0%	38.0%	0.8%	27.3%	22.6%	48.5%	1.6%	58.2%	39.8%	2.0%
African American	947	9.9%	48.6%	21.2%	29.7%	0.5%	33.9%	27.2%	37.9%	1.0%	58.8%	38.6%	2.5%
Hispanic	1,103	11.6%	49.5%	18.5%	31.2%	0.8%	39.8%	22.2%	36.5%	1.5%	56.5%	42.0%	1.5%
Other	281	2.9%	61.9%	9.6%	26.7%	1.8%	30.2%	27.0%	37.7%	5.0%	60.9%	38.4%	0.7%
Female	2,833	29.7%	58.9%	16.5%	24.0%	0.5%	42.1%	26.3%	31.0%	0.6%	67.7%	30.9%	1.4%
Male	6,693	70.3%	41.3%	16.6%	41.1%	1.0%	24.2%	21.8%	52.0%	2.0%	54.1%	43.7%	2.2%

Table 1b: Financial Position

	Number	Non Secured Debt		Secured Debt		Monthly Wages		Expenditures	
		Mean	Std.dev	Mean	Std.dev	Mean	Std.dev	Mean	Std.dev
Total	9,526	\$ 56,635	\$ 210,976	\$ 73,953	\$ 93,905	\$ 2,770	\$ 16,127	\$ 2,697	\$ 1,855
White	7,195	\$ 58,000	\$ 120,112	\$ 77,158	\$ 96,253	\$ 2,859	\$ 18,126	\$ 2,768	\$ 1,841
African American	947	\$ 37,775	\$ 38,165	\$ 62,080	\$ 66,827	\$ 2,449	\$ 1,449	\$ 2,405	\$ 1,286
Hispanic	1,103	\$ 57,827	\$ 570,060	\$ 59,796	\$ 78,967	\$ 2,459	\$ 2,278	\$ 2,463	\$ 2,405
Other	281	\$ 83,900	\$ 263,877	\$ 78,938	\$ 148,169	\$ 2,300	\$ 1,632	\$ 2,403	\$ 1,522
Female	2,833	\$ 47,429	\$ 328,910	\$ 53,292	\$ 78,435	\$ 2,551	\$ 29,532	\$ 2,052	\$ 1,125
Male	6,693	\$ 60,532	\$ 132,382	\$ 82,246	\$ 98,232	\$ 2,861	\$ 2,070	\$ 2,966	\$ 2,025

Notes: Tables 1 a-b presents summary statistics for the key variables about the debtor’s assets, liabilities, number of creditors, debt (secured and unsecured), wages, and monthly expenditure as described in Section 3.5 for our full sample of 9526 debtor as a function of their race and gender. While we do not report the f-values of a two-sided f-test for the equality of the variables mean conditional on the race, most of them are statistically significant.

Table 2a: Firm Characteristics

	Number of Firms	Number of Cases	With 100% Dismissed	With 100% Discharged	Share Chapter 13	Dismissal Rate	Share of Firms with over 75% chapter 7	Share of Firms with over 75% chapter 13	Chapter 13 Dismissal rate	Chapter 7 Dismissal rate
All Firms	4,986	9,238	3.8%	91.2%	16.1%	5.8%	80.0%	12.2%	28.1%	1.2%
Firms with 25+	13	550	0.0%	23.1%	50.9%	20.0%	38.5%	30.8%	29.1%	0.1%
Firms with 10-24	57	808	0.0%	40.4%	41.3%	21.9%	40.4%	28.1%	41.4%	5.8%
Firms with 5-9	227	1,413	0.0%	70.9%	28.4%	10.3%	59.5%	10.1%	23.2%	1.3%
Firms with 2-4	1,204	2,982	1.7%	86.6%	20.0%	6.9%	67.0%	8.1%	26.8%	1.1%
Firms with 1	3,485	3,485	4.8%	95.2%	13.3%	4.8%	86.7%	13.3%	29.2%	1.1%

Table 2b: Attorney Summary: For Race Identified

Attorney Race	Number of Attorneys	Percent of Attorneys	Number of Cases	Share Chapter 13	Dismissal Rate
White	3,590	87.39%	7,110	15.1%	4.8%
African American	202	4.92%	385	23.7%	8.8%
Hispanic	166	4.04%	395	19.3%	11.3%
Other	150	3.65%	276	9.8%	2.8%
Total	4,108		8,166	15.5%	5.2%

Table 2c: Attorney Fee Summary: By Race and Chapter

Attorney Race	Debtor Race	Number of Cases	Chapter 13 rate	Mean Fee Amount for Chapter 7	% change in fee for 7 (holding debtor race constant)	% change in fee for 7 (holding attorney race constant)	Mean Fee Amount for Chapter 13	% change in fee for 13 (holding debtor race constant)	% change in fee for 13 (holding attorney race constant)
White	White	4461	18.8%	788	-3%	-3%	1,605	24%	3%
	African American	514	47.6%	811	29%	3%	1,559	8%	-3%
African American	White	173	30.9%	814	3%	30%	1,292	-20%	-11%
	African American	86	43.5%	627	-23%	-23%	1,445	-7%	12%

Notes: Tables 2 a-c presents summary statistics for the key variables about the attorney's case loads, chapter 13 versus 7 outcomes – share of chapter 13 cases, case dismissal and debt discharge rates, We also list the share of attorney's by race as described in Section 3.5 for our full sample of 4459 attorney's. While we do not report the f-values of a two-sided f-test for the equality of the variables mean conditional on the race, most of them are statistically significant.

Table 3: Judge Characteristics

	Mean	Std. Dev
Male	77.0%	
White	94.4%	
African American	2.3%	
Hispanic	1.6%	
Asian	1.6%	
Republican*	69.5%	
Republican White*	64.9%	
Age	55.8	7.2
Case Load	31.3	36
Year Graduated From Law School	1973.2	7.6
Year Appointed to Court	1992.4	9
Year of Expiration	2013.9	5.4
# Judges		304

* indicates percent out of the 270 judges assigned a party affiliation

Notes: Table 3 presents summary statistics for the key variables about the judge's gender, race, age, political ideology, case load, year of law school graduation, year of court appointment, and expiration for 304 judges in our sample.

Table 4: Bankruptcy Petition Outcomes

		Total	Dismissed	Chapter 13	Dismissed		Discharged	
					Chapter 13	Chapter 7	Chapter 13	Chapter 7
Total		9,526	860	2,118	768	92	1,350	7,316
Debtor	White	7,195	479	1,377	416	63	961	5,755
	African American	947	224	430	217	7	213	510
	Hispanic	1,103	147	282	129	18	153	803
	Other	281	10	29	6	4	23	248
	Female	2,833	277	581	255	22	326	2,230
	Male	6,693	583	1,537	513	70	1,024	5,086
Lawyer	White	7,110	620	1,560	555	65	1,005	5,485
	African American	385	58	130	56	2	74	253
	Hispanic	395	66	108	60	6	48	281
	Other	276	7	33	5	2	28	241
	Female	1,187	113	276	100	13	176	898
	Male	6,979	638	1,555	576	62	959	5,362
Judge	White	8,935	783	1,960	699	84	1,261	6,891
	African American	108	4	16	2	2	14	90
	Hispanic	179	7	10	5	2	5	167
	Asian	304	66	132	62	4	70	168
	Female	2,440	208	526	172	36	354	1,878
	Male	7,086	652	1,592	596	56	996	5,438
	Democrat	2,748	180	493	153	27	340	2,228
	Republican	5,789	493	1,274	441	52	833	4,463
Same Race	No	2,753	443	873	408	35	465	1,845
	Yes	6,773	417	1,245	360	57	885	5,471
Same Gender	No	3,782	357	809	313	44	496	2,929
	Yes	5,744	503	1,309	455	48	854	4,387
Same Race and Gender	No	5,315	595	1,293	533	62	760	3,960
	Yes	4,211	265	825	235	30	590	3,356

Notes: Table 4 presents summary statistics for the key variables about the bankruptcy petitioner outcome, like chapter choice, dismissal and discharge, by the race and gender of the debtor, lawyer, and judge as described in Section 3.5 for our full sample of 9,526 debtors, 4,459 lawyers, and 304 judges.

Table 5. Dismissal Rates by Judge Characteristics and Debtor Race

		Debtor Race			
		White	African American	Hispanic	Other
Judge Characteristics	White	6.2%	23.4%	13.9%	3.0%
	African American	2.7%	9.1%	0.0%	14.3%
	Asian	21.6%	37.5%	5.3%	25.0%
	Hispanic	3.1%	22.2%	2.9%	0.0%
	Democrat	4.4%	20.1%	10.8%	3.7%
	Republican	7.0%	19.5%	10.3%	4.4%
	Female	6.7%	26.7%	6.8%	3.8%
	Male	6.6%	22.5%	15.5%	3.3%
	White Democrat	4.4%	20.5%	11.1%	3.7%
	White Republican	6.2%	19.0%	11.2%	3.4%
	White Female	4.2%	25.8%	7.0%	1.4%
	White Male	6.8%	22.7%	16.3%	3.5%
	White Democrat Female	1.7%	4.3%	5.8%	0.0%
	White Democrat Male	5.5%	22.8%	13.9%	5.6%
	White Republican Female	4.8%	23.4%	7.1%	2.9%
	White Republican Male	6.6%	17.2%	12.5%	3.6%

Notes: Table 5 presents summary statistics for the dismissal rate for African American, White, and other debtors by judge characteristics – race, gender, and political ideology.

Table 6: Chapter 13 and Dismissal Rates by State

States	Total	Chap 13	Dismissal	States	Total	Chap 13	Dismissal	States	Total	Chap 13	Dismissal
Total	9,526	22.2%	9.0%	Total	9526	22.2%	9.0%	Total	9526	22.2%	9.0%
AK	17	11.8%	0.0%	KY	6	83.3%	16.7%	OH	2	50.0%	0.0%
AL	18	50.0%	5.6%	LA	202	19.3%	0.0%	OK	248	4.0%	1.2%
AR	76	13.2%	3.9%	MA	407	3.7%	0.0%	OR	1	0.0%	0.0%
AZ	65	7.7%	3.1%	MD	1	0.0%	0.0%	PA	63	55.6%	9.5%
CA	1489	6.4%	2.7%	ME	56	3.6%	0.0%	RI	104	5.8%	0.0%
CO	84	4.8%	4.8%	MI	156	15.4%	1.3%	SC	103	29.1%	1.0%
CT	267	1.9%	3.0%	MN	305	13.1%	3.9%	SD	22	9.1%	0.0%
DE	10	0.0%	0.0%	MO	131	16.0%	3.8%	TN	6	33.3%	16.7%
FL	218	31.2%	15.1%	MS	3	66.7%	0.0%	TX	2095	59.4%	33.1%
GA	189	25.4%	4.2%	NC	312	24.7%	2.9%	UT	114	23.7%	0.9%
GU	1	0.0%	0.0%	ND	38	0.0%	0.0%	VA	123	26.0%	2.4%
HI	49	14.3%	0.0%	NE	16	0.0%	0.0%	VT	25	12.0%	0.0%
IA	159	5.7%	0.0%	NH	29	13.8%	0.0%	WA	315	7.3%	1.0%
ID	77	6.5%	0.0%	NJ	486	14.2%	1.6%	WI	101	4.0%	1.0%
IL	454	9.5%	1.8%	NM	91	0.0%	1.1%	WV	142	9.9%	1.4%
IN	15	33.3%	0.0%	NV	199	22.1%	0.0%	WY	12	0.0%	0.0%
KS	211	10.4%	0.0%	NY	213	2.8%	0.5%				

Notes: Table 6 presents summary statistics for the key variables about the chapter choice outcomes and dismissal rates across the 50 U.S. states.

Table 7: Cook PVI Stats of Political Ideology

Cook PVI	Number of Cases	Share of Cases	Chapter 13	Dismissed	Debtor					Judge				
					White	African American	Hispanic	Other	Male	White	African American	Hispanic	Asian	Male
Less than -25	103	1.0%	0.0%	0.0%	37.9%	21.4%	35.9%	0.0%	59.2%	85.4%	0.0%	14.6%	0.0%	79.6%
-25 to -20	71	1.0%	5.6%	0.0%	60.6%	8.5%	23.9%	1.4%	64.8%	100.0%	0.0%	0.0%	0.0%	31.0%
-20 to -15	312	3.0%	10.3%	1.6%	81.7%	9.6%	8.0%	0.0%	64.7%	99.7%	0.3%	0.0%	0.0%	60.3%
-15 to -10	1,193	13.0%	5.5%	2.6%	64.5%	8.8%	20.8%	0.5%	67.7%	92.3%	3.2%	4.4%	0.1%	68.2%
-10 to -5	547	7.0%	15.4%	2.9%	79.9%	8.6%	5.1%	1.5%	67.6%	99.6%	0.0%	0.2%	0.2%	75.5%
-5 to 0	1,381	19.0%	12.7%	3.5%	82.4%	9.7%	6.4%	0.8%	70.7%	98.1%	0.7%	0.4%	0.9%	71.0%
0 to 5	1,718	29.0%	21.5%	8.8%	76.3%	8.3%	13.2%	0.3%	72.6%	96.9%	0.5%	1.3%	1.3%	75.2%
5 to 10	1,806	43.0%	31.6%	13.3%	67.8%	13.4%	15.7%	1.1%	69.4%	92.8%	0.7%	3.6%	2.9%	76.0%
10 to 15	769	32.0%	19.6%	5.1%	91.8%	4.6%	2.6%	0.3%	73.0%	84.8%	2.2%	1.2%	11.8%	74.9%
15 to 20	1,177	74.0%	46.1%	24.4%	79.6%	12.6%	7.1%	0.2%	70.3%	87.8%	1.0%	0.7%	10.5%	81.0%
20 to 25	330	78.0%	21.5%	4.8%	87.0%	5.2%	6.4%	0.6%	77.0%	97.0%	3.0%	0.0%	0.0%	86.7%
25+	94	100.0%	57.4%	29.8%	61.7%	17.0%	21.3%	0.0%	74.5%	100.0%	0.0%	0.0%	0.0%	96.8%
Democratic Judge	2,713	32%	18%	7%	72%	7%	17%	4%	69%	97%	1%	0%	2%	73%
Republican Judge	5,723	68%	22%	9%	79%	10%	9%	2%	70%	91%	1%	3%	4%	71%

Notes: Table 7 presents summary statistics for the key variables about the bankruptcy cases by chapter choice and dismissal outcomes segmented by Cook PVI political ideology index and the race and gender of the debtor and judge. Here a negative index is associated with the county being Democratic and a positive index is associated with the county being Republican as described in Section 3.5 for our full sample of 9,526 cases.

Table 8. Year Summary: % of population per year

		1999	2000	2001	2002	2003	2004	2005	Total
Debtor	White	43.6%	83.1%	78.1%	79.5%	60.6%	61.1%	60.8%	75.5%
	African American	16.2%	6.5%	7.1%	8.2%	23.7%	23.8%	18.8%	9.9%
	Hispanic	36.8%	8.9%	11.0%	9.5%	15.0%	14.5%	18.1%	11.6%
	Other	43.6%	83.1%	78.1%	79.5%	60.6%	61.1%	60.8%	75.5%
	Female	21.4%	19.4%	30.3%	28.8%	37.4%	32.4%	25.0%	29.7%
	Male	78.6%	80.6%	69.7%	71.2%	62.6%	67.6%	75.0%	70.3%
Judge	White	97.4%	87.9%	94.1%	93.6%	91.5%	94.9%	93.5%	93.8%
	African American	0.0%	0.0%	1.5%	1.0%	0.2%	0.0%	1.0%	1.1%
	Hispanic	0.0%	1.6%	1.9%	2.7%	0.7%	0.0%	0.2%	1.9%
	Asian	2.6%	10.5%	2.5%	2.7%	7.6%	5.1%	5.2%	3.2%
	Female	8.5%	37.1%	26.9%	25.0%	23.9%	23.3%	22.5%	25.6%
	Male	91.5%	62.9%	73.1%	75.0%	76.1%	76.7%	77.5%	74.4%
Same Race	No	58.1%	25.8%	25.9%	25.1%	46.3%	43.6%	44.2%	28.9%
	Yes	41.9%	74.2%	74.1%	74.9%	53.7%	56.4%	55.8%	71.1%
Same Gender	No	28.2%	43.5%	40.5%	38.6%	42.5%	38.9%	38.8%	39.7%
	Yes	71.8%	56.5%	59.5%	61.4%	57.5%	61.1%	61.3%	60.3%
Same Race and Gender	No	69.2%	49.2%	55.0%	53.0%	65.5%	64.0%	62.3%	55.8%
	Yes	30.8%	50.8%	45.0%	47.0%	34.5%	36.0%	37.7%	44.2%
	Chapter 13 Discharged	37.6%	16.9%	10.6%	11.5%	25.5%	32.7%	28.8%	14.2%
	Chapter 7 Discharged	39.3%	69.4%	86.3%	84.0%	29.3%	29.6%	47.3%	76.8%
	Chapter 13 Dismissed	17.9%	9.7%	2.4%	3.8%	43.0%	36.9%	22.7%	8.1%
	Chapter 7 Dismissed	5.1%	4.0%	0.8%	0.7%	2.2%	0.7%	1.3%	1.0%
	Total	1.2%	1.3%	48.8%	33.2%	4.7%	5.8%	5.0%	9,501

Notes: Table 8 presents summary statistics for the key variables about the bankruptcy over time segmented by the race and gender of the debtor and judge as described in Section 3.5 for our full sample of 9,526 cases and 304 judges.

Table 9: Chapter Choice Decision

Variable	Specification 1		Specification 2		Specification 3	
	Coeff	P-val	Coeff	P-val	Coeff	P-val
Constant	-0.928*	0.000	-0.750*	0.000	-1.434*	0.000
Attorney Male	-0.003	0.808	0.013	0.313	0.000	0.976
Attorney White	-0.016	0.382	-0.019	0.374	-0.019	0.415
Attorney White/Debtor African American	0.041	0.274	0.038	0.417	0.047	0.357
Attorney White/Debtor Hispanic	0.062*	0.028	0.059	0.126	0.085*	0.025
Attorney White/Debtor Other	0.052	0.283	0.117	0.074	0.089	0.156
Attorney share of Chapter 13	0.321*	0.000	0.317*	0.000	0.276*	0.000
Log of Attorney Fee					0.216*	0.000
Debtor Male	0.024*	0.004	0.002	0.828	0.000	0.996
Debtor African American	0.039	0.247	0.041	0.316	0.034	0.442
Debtor Hispanic	-0.034	0.151	-0.001	0.974	-0.023	0.488
Debtor Other	-0.055	0.193	-0.170*	0.007	-0.151*	0.009
Secured Debt over Non-Secured Debt			0.001*	0.000	0.001*	0.000
Home Owner Indicator			0.054*	0.000	0.062*	0.000
Business Debtor Indicator			0.045	0.351	0.054	0.343
Estimated Assets	0.050*	0.000	0.030*	0.000	0.010	0.241
Estimated Debts	-0.014**	0.044	-0.021*	0.016	-0.017	0.065
Estimate number of Creditors	-0.002	0.831	0.017	0.075	0.000	0.992
Monthly expenditures	-0.000*	0.000	-0.000*	0.000	-0.000*	0.000
Monthly Wages	0.000*	0.000	0.000*	0.000	0.000*	0.000
Married indicator	-0.007	0.497	0.002	0.869	-0.002	0.878
Number of dependents	-0.011*	0.003	-0.002	0.592	0.006	0.142
Previous Bankruptcy indicator	0.191*	0.000	0.171*	0.000	0.105*	0.001
Time FE		Yes		Yes		Yes
State FE		Yes		Yes		Yes
Observations		7,677		5,369		4,294
R-Squared		39.3%		36.4%		45.2%

Notes: This table reports the results from estimating an ordinary least squared model of the chapter choice outcome with time and state FE and clustered standard errors that are adjusted for heteroskedasticity across lawyers and correlation within. The dependent variable is the decision to file for chapter 13 ($Y = 1$: 1,696 observations) or to file for chapter 7 ($Y = 0$: 5,981 observations). The explanatory variables are the estimated assets, debts, number of creditors, debtors monthly expenditures and wages, demographic characteristics like married, number of children, the race and gender of the debtor and attorney, and finally the share of previous chapter 13 filings by the attorney. We report the coefficients ("Coeff") and their P-values ("P-val") for the decision to choose chapter 13 ($Y = 1$). Since the probabilities of choosing chapter 13 or 7 sum to 1 the effects for the decision to choose chapter 7 are simply the opposite of the reported ones.

Table 10: Attorney Fees

VARIABLES	Specification 1: All		Specification 2: Chapter 13		Specification 3: Chapter 7	
	Coeff	P-val	Coeff	P-val	Coeff	P-val
Constant	1,301.774*	0.000	-112.145	0.478	193.877*	0.035
Attorney Male	22.153	0.332	-14.952	0.822	31.260	0.082
Attorney White	3.045	0.918	85.607	0.284	-36.073	0.225
Attorney White/Debtor African American	21.322	0.700	-31.587	0.774	74.058	0.339
Attorney White/Debtor Hispanic	-26.537	0.651	-121.095	0.357	21.693	0.614
Attorney White/Debtor Other	94.078	0.233	467.104	0.310	37.309	0.554
Attorney share 13	-56.520	0.073				
Chapter 13 indicator	666.090*	0.000				
Debtor Male	41.806*	0.007	68.656	0.123	25.967	0.100
Debtor African American	-38.908	0.454	-21.964	0.857	-65.056	0.268
Debtor Hispanic	-3.614	0.946	136.835	0.250	-62.067	0.073
Debtor Other	-54.234	0.466	-501.058	0.238	4.356	0.932
Estimated Assets	26.485*	0.019	71.002*	0.028	19.376*	0.042
Estimated Debts	17.894	0.122	-17.119	0.640	21.678*	0.022
Estimate number of creditors	75.722*	0.001	30.915	0.370	98.991*	0.000
Monthly expenditures	0.020*	0.007	-0.032	0.099	0.020*	0.021
Monthly Wages	-0.001	0.832	0.011	0.402	0.009	0.193
Married indicator	-21.407	0.227	-44.366	0.448	-10.755	0.506
Number of dependents	-20.833*	0.000	-12.971	0.351	-17.880*	0.002
Previous Bankruptcy indicator	62.406	0.173	148.264	0.092	-66.668*	0.020
Time FE		Yes		Yes		Yes
State FE		Yes		Yes		Yes
Observations		5,090		1,147		3,950
R-squared		46.2%		28.9%		20.7%

Notes: This table reports the results by estimating ordinary least squares model of the Attorneys fee with time and state FE and clustered standard errors that are adjusted for heteroskedasticity across judges and correlation within. The explanatory variables are explained in Table 9. Specification 1 uses the full usable sample. Specification 2 restricts the sample to chapter 13 cases only. Specification 3 restricts the sample to chapter 7 cases only.

Table 11: Estimating the Probability of a Bankruptcy Petitions being Dismissed by Judges' Race, Gender and Political Ideology

Specification 1		
Variable	Coeff	P-val
Constant	-0.227*	0.000
Judge Male	0.004	0.567
Judge Republican	0.013	0.183
Debtor Male	0.007	0.176
Debtor African American	0.043*	0.005
Debtor Hispanic	0.007	0.452
Debtor Other	0.003	0.766
Chapter 13 indicator	0.213*	0.000
Estimated Assets	0.002	0.615
Estimated Debts	0.003	0.539
Estimate number of Creditors	-0.024*	0.025
Monthly expenditures	0.000	0.665
Monthly Wages	0.000	0.316
Married indicator	-0.011	0.077
Number of dependents	0.003	0.276
Previous Bankruptcy indicator	0.089*	0.001
Time FE		Yes
State FE		Yes
Observations		7,942
R-Sq		33.9%

Notes: This table reports the results from estimating an ordinary least squared model of the bankruptcy case dismissal outcome with time and state FE and clustered standard errors that are adjusted for heteroskedasticity across judges and correlation within. The dependent variable is the decision to dismiss the case ($Y = 1$; 596 observations) or to discharge the debt ($Y = 0$; 7,346 observations). The explanatory variables are the estimated assets, debts, number of creditors, debtors' monthly expenditures and wages, demographic characteristics like married, number of children, and the race and gender of the debtor and judge. See Table 9 for additional notes on the estimation procedure.

Table 12: Estimate the Probability of a Bankruptcy Petitions being Dismissed

Variables	Specification 1	
	Coeff	P-val
Constant	-0.231*	0.000
Rep. Cnty Rep. Male Judge/African American Debtor	0.044	0.068
Rep. Cnty Rep. Male Judge/Hispanic Debtor	-0.016	0.273
Rep. Cnty Rep. Male Judge/Other Debtor	-0.017	0.340
Rep. Cnty Dem Male Judge	-0.038	0.085
Rep. Cnty Dem Male Judge/African American Debtor	0.155*	0.032
Rep. Cnty Dem Male Judge/Hispanic Debtor	0.015	0.554
Rep. Cnty Dem Male Judge/Other Debtor	0.056	0.233
Rep. Cnty Rep. Female Judge	-0.027	0.099
Rep. Cnty Rep. Female Judge/African American Debtor	0.062*	0.009
Rep. Cnty Rep. Female Judge/Hispanic Debtor	0.079	0.173
Rep. Cnty Rep. Female Judge/Other Debtor	-0.063	0.075
Rep. Cnty Dem. Female Judge	-0.007	0.496
Rep. Cnty Dem. Female Judge/African American Debtor	-0.027	0.578
Rep. Cnty Dem. Female Judge/Hispanic Debtor	0.025	0.566
Rep. Cnty Dem. Female Judge/Other Debtor	-0.018	0.244
Dem. Cnty Rep. Male Judge	0.021	0.061
Dem. Cnty Rep. Male Judge/African American Debtor	0.006	0.675
Dem. Cnty Rep. Male Judge/Hispanic Debtor	-0.002	0.888
Dem. Cnty Rep. Male Judge/Other Debtor	-0.007	0.782
Dem. Cnty Dem. Male Judge	-0.002	0.866
Dem. Cnty Dem. Male Judge/African American Debtor	-0.009	0.775
Dem. Cnty Dem. Male Judge/Hispanic Debtor	0.007	0.708
Dem. Cnty Dem. Male Judge/Other Debtor	0.021	0.439
Dem. Cnty Rep. Female Judge	0.009	0.513
Dem. Cnty Rep. Female Judge/African American Debtor	-0.026	0.101
Dem. Cnty Rep. Female Judge/Hispanic Debtor	0.013	0.374
Dem. Cnty Rep. Female Judge/Other Debtor	0.029	0.562
Dem. Cnty Dem. Female Judge	0.016	0.265
Dem. Cnty Dem. Female Judge/African American Debtor	0.027	0.581
Dem. Cnty Dem. Female Judge/Hispanic Debtor	0.014	0.340
Dem. Cnty Dem. Female Judge/Other Debtor	-0.025*	0.001
Chapter 13 indicator	0.215*	0.000
Estimated Assets	0.002	0.619
Estimated Debts	0.004	0.502
Estimate number of Creditors	-0.022*	0.037
Monthly expenditures	-0.000	0.697
Monthly Wages	-0.000	0.304
Married indicator	-0.008	0.163
Number of dependents	0.003	0.290
Previous Bankruptcy indicator	0.090*	0.001
Time Fixed Effects		Yes
State Fixed Effects		Yes
Observations		7,942
R-Sq		34.4%

Notes: This table reports the results from estimating an ordinary least squares model of the bankruptcy case dismissal outcome with time and state fixed effects and clustered standard errors that are adjusted for heteroskedasticity across judges and correlation within. The dependent variable is the decision to dismiss the case. The explanatory variables and estimation procedure is explained Table 9.

Table 13. Percent of Excess Income Paid to Chapter 13 Plan

Variable	Coeff	P-val
Constant	1.184*	0.000
Debtor Male	-0.224	0.393
Debtor African American	0.095	0.281
Debtor Hispanic	0.117	0.303
Debtor Other	0.133	0.230
Estimated Assets	-0.094	0.309
Estimated Debts	0.055	0.489
Estimate number of Creditors	-0.068	0.346
Monthly expenditures	0.000	0.851
Monthly Wages	0.000	0.556
Married indicator	0.256	0.250
Number of dependents	-0.029	0.481
Previous Bankruptcy indicator	-0.102	0.162
Time Fixed Effects		Yes
State Fixed Effects		Yes
Observations		761
R-Sq		7.6%

Notes: This table reports the results by estimating ordinary least squares model of the bankruptcy plan's percentage of excess income paid into with time and state fixed effects and clustered standard errors that are adjusted for heteroskedasticity across judges and correlation within. The explanatory variables are explained in Table 8.

Table 14. Extensions of Model on Chapter Choice

Specification 1a		
Variable	Coeff	P-val
Debtor Male	-0.003	0.636
Judge Male	-0.020	0.144
Judge Republican	0.029	0.064
Debtor African American	0.034*	0.025
Debtor Hispanic	0.020	0.124
Debtor Other	0.009	0.545
Time FE		Yes
State FE		Yes
Observations		3,285
R-Sq		29.6%

Specification 1b		
Variable	Coeff	P-val
Debtor Male	0.015*	0.030
Judge Male	0.000	0.991
Judge Republican	0.024	0.067
Debtor African American	0.047*	0.046
Debtor Hispanic	0.001	0.949
Debtor Other	0.004	0.81
Time FE		Yes
State FE		Yes
Observations		4,657
R-Sq		39.1%

Specification 2		
Variable	Coeff	P-val
Judge Male	-0.002	0.768
Judge Republican	0.020*	0.004
Attorney Male	-0.003	0.710
Attorney African American	0.025	0.064
Attorney Hispanic	0.009	0.524
Attorney Other	0.004	0.797
Time FE		Yes
State FE		Yes
Observations		6,789
R-Sq		35.0%

Specification 3		
Variable	Coeff	P-val
Judge Male	0.001	0.941
Judge Republican	0.010	0.393
Trustee Male	-0.008	0.612
Trustee African American	-0.015	0.461
Trustee Hispanic	-0.021	0.299
Trustee Other	-0.011	0.113
Time FE		Yes
State FE		Yes
Observations		6,882
R-Sq		35.6%

Specification 4		
Variable	Coeff	P-val
Debtor Male	0.007	0.169
Judge Male	0.004	0.565
Judge Republican	0.014	0.172
Debtor African American	0.042*	0.008
Debtor Hispanic	0.006	0.564
Debtor Other	0.002	0.870
Neighborhood	-0.009	0.172
Time FE		Yes
State FE		Yes
Observations		7,942
R-Sq		33.9%

Notes: This table reports the results from six separate specifications by estimating ordinary least squares model of the bankruptcy case dismissal outcome with time and state FE and clustered standard errors that are adjusted for heteroskedasticity across judges and correlation within. The dependent variable is the decision to dismiss the case. The explanatory variables and estimation procedure is explained table 9. Specification 1a restricts the sample to judges younger than 55 at time of filing. Specification 1b restricts the sample to judges older than 55 at time of filing. Specification 2 looks at attorney's race effects. Specification 3 looks at trustee's race effects. Specification 4 looks at Whites living in low income zip codes.

Table 15: Robustness

Specification 1				Specification 2			
Variable	Coeff	P-val		Variable	Coeff	P-val	
Debtor Male	0.004	0.396		Debtor Male	0.027	0.170	
Judge Male	0.003	0.643		Judge Male	0.049	0.177	
Judge Republican	0.014	0.178		Judge Republican	-0.022	0.602	
Debtor African American	0.040*	0.007		Debtor African American	0.084*	0.015	
Debtor Hispanic	0.004	0.715		Debtor Hispanic	0.004	0.886	
Debtor Other	0.004	0.752		Debtor Other	0.019	0.755	
Time FE		Yes		Time FE		Yes	
State FE		Yes		State FE		Yes	
Judge FE		No		Judge FE		No	
Observations		7,584		Observations		1,609	
R-Sq		34.6%		R-Sq		27.4%	

Specification 3				Specification 4			
Variable	Coeff	P-val		Variable	Coeff	P-val	
Debtor Male	0.006	0.209		Debtor Male	0.004	0.502	
Judge Male	0.170*	0.000		Judge Male	0.007	0.336	
Judge Republican	0.016	0.748		Judge Republican	0.021*	0.034	
Debtor African American	0.036*	0.022		Debtor African American	0.053*	0.000	
Debtor Hispanic	0.010	0.289		Debtor Hispanic	0.013	0.225	
Debtor Other	0.000	0.971		Debtor Other	0.004	0.700	
Time FE		Yes		Time FE		Yes	
State FE		Yes		State FE		Yes	
Judge FE		Yes		Judge FE		No	
Observations		7,942		Observations		6,436	
R-Sq		37.7%		R-Sq		31.4%	

Specification 5				Specification 6			
Variable	Coeff	P-val		Variable	Coeff	P-val	
Debtor Male	0.005	0.442		Debtor Male	0.004	0.344	
Judge Male	-0.001	0.871		Judge Male	0.005	0.466	
Judge Republican	0.021*	0.047		Judge Republican	0.013	0.184	
Debtor African American	0.040*	0.022		Debtor African American	0.018	0.135	
Debtor Hispanic	0.027*	0.040		Debtor Hispanic	0.004	0.888	
Debtor Other	0.009	0.474		Debtor Other	0.022	0.430	
Time FE		Yes		Time FE		Yes	
State FE		Yes		State FE		Yes	
Judge FE		No		Judge FE		No	
Observations		4,628		Observations		7,854	
R-Sq		28.8%		R-Sq		33.9%	

Specification 7				Specification 8			
Variable	Coeff	P-val		Variable	Coeff	P-val	
Debtor African American	0.031*	0.037		Debtor Male	0.007	0.774	
Debtor Hispanic	0.000	0.975		Judge Male	0.004	0.898	
Debtor Other	0.003	0.840		Judge Republican	0.034	0.257	
Attorney African American	0.005	0.774		Debtor African American	0.047	0.160	
Attorney African American/Debtor African American	0.033	0.472		Debtor Hispanic	0.012	0.720	
Attorney African American/Debtor Hispanic	0.153	0.082		Debtor Other	0.041	0.554	
Time FE		Yes		Time FE		Yes	
State FE		Yes		State FE		Yes	
Observations		6,789		Observations		575	
R-Sq		35.2%		R-Sq		44.6%	

Notes: This table reports the results from eight separate specifications by estimating ordinary least squares model of the bankruptcy case dismissal outcome with time and state FE and clustered standard errors that are adjusted for heteroskedasticity across judges and correlation within. The dependent variable is the decision to dismiss the case. The explanatory variables and estimation procedure is explained table 9. Specification 1 restricts the sample to debtors with assets less than or equal debts. Specification 2 restricts sample to debtors that filed for chapter 13. Specification 3 adds judge FE to the analysis. Specification 4 uses a race confidence cut off of 75%. Specification 5 uses a race confidence cut off of 90%. Specification 6 uses the debtor's first name and zip code to identify race. Specification 7 looks at Attorney and Debtor race interaction. Specification 8 restricts sample to minority judges.

Table 16: Robustness (cont'd)

Specification 1				Specification 2			
Variable	Coeff	P-val	Marg	Variable	Coeff	P-val	Marg
Constant	-2.894*	0.045		Constant	-0.947	0.850	
Attorney Male	-0.040	0.696	-0.4%	Judge Male	0.100	0.585	0.2%
Attorney White	-0.163	0.319	-1.9%	Judge Republican	-0.052	0.759	-0.1%
Attorney White/Debtor African American	0.412	0.205	5.2%	Debtor Male	0.201	0.059	0.4%
Attorney White/Debtor Hispanic	0.568*	0.029	7.5%	Debtor African American	0.422*	0.008	1.0%
Attorney White/Debtor Other	0.577	0.401	7.8%	Debtor Hispanic	0.087	0.556	0.2%
Attorney share of Ch. 13	1.882*	0.000	20.7%	Debtor Other	0.190	0.672	0.4%
Debtor Male	0.265*	0.001	2.8%	Chapter 13 indicator	2.956*	0.000	15.6%
Debtor African American	0.171	0.562	2.0%	Estimated Assets	0.033	0.790	0.1%
Debtor Hispanic	-0.337	0.169	-3.4%	Estimated Debts	0.052	0.676	0.1%
Debtor Other	-0.742	0.225	-6.3%	Estimate number of Creditors	-0.360*	0.015	-0.7%
Estimated Assets	0.489*	0.000	5.4%	Monthly expenditures	0.000	0.553	0.0%
Estimated Debts	-0.140*	0.039	-1.5%	Monthly Wages	0.000	0.722	0.0%
Estimate number of Creditors	-0.018	0.785	-0.2%	Married indicator	-0.301	0.053	-0.6%
Monthly expenditures	-0.001*	0.000	0.0%	Number of dependents	0.054	0.385	0.1%
Monthly Wages	0.001*	0.000	0.0%	Previous Bankruptcy indicator	0.612*	0.003	1.6%
Married indicator	-0.073	0.450	-0.8%	Time FE		Yes	
Number of dependents	-0.116*	0.003	-1.3%	State FE		Yes	
Previous Bankruptcy indicator	1.246*	0.000	20.2%	Observations		6,407	
Time FE		Yes		Pseudo-R2		44.88%	
State FE		Yes					
Observations		7,495					
Pseudo-R2		37.19%					

Notes: This table reports the results from two separate specifications by estimating logistic discrete-choice model by full-information maximum likelihood with time and state fixed effects and clustered standard errors that are adjusted for heteroskedasticity across judges and correlation within. The dependent variable in specification 1 is the decision to file chapter 13. The dependent variable in specification 2 is the decision to dismiss the case. The explanatory variables and estimation procedure is explained table 9. We report the coefficients ("Coeff"), their P-values ("P-val"), and marginal effects ("Marg") for the decision to choose chapter 13 ($Y = 1$). We obtain the marginal effects by simply evaluating $\partial P_x / \partial x_j = \Lambda'(x, \beta) \beta_j$ at the regressors sample means and coefficient estimates β . Since the probabilities of choosing chapter 13 or 7 sum to 1 the marginal effects for the decision to choose chapter 7 are simply the opposite of the reported ones. The pseudo-R² is McFadden's likelihood ratio index $1 - \log_{10}(\log_{10})$