

Increase in Local Government Capacity

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Key Takeaways

- + COVID-19 created significant gaps in local government revenue and disrupted many institutions that routinely interact with people at greatest risk of violence and victimization. Large federal investments subsequently closed those revenue gaps and helped local governments build their capacity beyond pre-pandemic levels.
- + The timing and scale of local government capacity change are consistent with the decline in homicide. State and local government employment fell sharply in 2020, remained well below pre-pandemic levels through 2022, then grew rapidly in 2023 and 2024 as federal recovery funds were deployed. This is inversely correlated with homicide trends.
- + The American Rescue Plan Act (ARPA) provided \$350 billion in flexible State and Local Fiscal Recovery Funds to more than 30,000 governments. Those funds supported public services, staffing, community safety, youth programs, and behavioral health, for which crime reduction is a positive externality.
- + No published study has yet established that the recovery of local government capacity is associated with the national homicide decline. The current case rests on theory, evidence for component interventions, and national timing and scale.

Theoretical Mechanisms

The mechanisms through which local government capacity could affect homicide are consistent with routine activity theory and a public health prevention framework. Evidence comes from a broad body of research showing that many of the institutions and services supported by local government reduce crime and violence, even when crime reduction is not their primary purpose. Local governments fund policing and targeted violence-prevention programs that directly affect violence, as well as education, workforce development, poverty reduction, behavioral and public health services, housing and neighborhood improvement, and support for community-based organizations that indirectly reduce crime. Local institutions affect where people spend

time, and place capable adults (teachers, police, clinicians, counselors, coaches, and service providers) in consistent contact with people at greatest risk of violence and victimization. Thus, local government capacity is a large-scale source of guardianship and structure. At the same time, local capacity operates across the prevention continuum. Universal systems, such as education, reduce population-level risk. Targeted programs, such as poverty reduction, support people and places at elevated risk. Indicated interventions, including behavioral health, treat people already involved in violence.

Established Evidence

Positive externalities are the primary link between local government capacity and crime/homicide prevention. The broad prevention literature finds that crime can be affected by education, health, employment, income support, housing, or neighborhood improvement regardless of whether the intent is to reduce crime.¹ Education provides some of the strongest evidence. Increases in schooling have been linked causally to lower incarceration and arrest, and high-risk youth assigned by lottery to better schools commit less serious crime.² Randomized evidence also finds that summer youth employment can reduce violent-crime arrests,³ while place-based experiments show that remediating blighted places can reduce gun violence.⁴ The evidence extends to broader social infrastructure. For example, growth in local nonprofit organizations, often supported by local government, has been linked to reductions in murder and violent crime.⁵ More generous Earned Income Tax Credits lower violent crime and youth violence, and randomized housing-voucher interventions change the prevalence of violent offending.⁶ Local government capacity also directly reduces violence through evidence-based policing.⁷

Recent Evidence and Relevance to Current Trends

The recent period is an unusually robust natural test of the local government capacity hypothesis. In the early phase of the COVID-19 pandemic (March and May 2020), state and local government employment fell by roughly 1.25 million jobs. Estimates suggest losses were mainly in education (about 749,000 jobs), with approximately 514,000 jobs lost in other sectors (grants management, counseling, policing, etc.). These losses mattered both because of their scale and because local governments employ many of the teachers, police officers, counselors, coaches, clinicians, social workers, parks and recreation staff, and workforce specialists who work directly with adolescents and young adults at greatest risk of violence and victimization.

The American Rescue Plan Act (ARPA), through the State and Local Fiscal Recovery Funds program, delivered \$350 billion to state, territorial, local, and Tribal governments between 2021 and 2026.⁸ While the federal intervention was national, decisions about how to use the money were decentralized. Treasury reports that more than 30,000

recipient governments received the funds. Allowable uses included maintaining public services, replacing lost revenue, restoring public employment, addressing behavioral health and economic needs, and supporting community safety. Implementation was bipartisan, and no evidence shows that any state, county, or local government refused the funds.

Gains in local government capacity can be directly tied to ARPA. As late as July 2022, local government employment remained at about 555,000 jobs, or 3.8%, below its February 2020 level.⁹ Job growth accelerated in 2023, with local government adding about 351,000 jobs. Overall, local government employment returned to its pre-pandemic level in September 2023.¹⁰ Government employment continued growing in 2024. By mid-2026, the rapid recovery phase had largely leveled off, with government employment levels holding at about 500,000 more employees than before the pandemic.¹¹ Thus, the broad employment pattern is a sharp collapse in 2020, a prolonged period below baseline, a strong 2022–2024 recovery, and relative stabilization thereafter at a level well above pre-pandemic totals.

These changes in local government employment largely mirror changes in homicide. When local government employment collapsed in March through May of 2020, homicide spiked. Homicide rates remained high during the period local capacity was well below pre-pandemic levels, in 2020 and 2021. Homicide began to fall as local government employment rapidly increased, with a lag of about one year. This lag was to be expected as funds moved through federal, state, and local systems. ARPA spending was largely completed by the end of 2025, while homicide has continued to decline. This correlation suggests both that ARPA was a substantial contributor to the crime decline and that the causes of the decline were national, not local.

Future Directions

No existing research explicitly establishes a link between local government capacity and the decline in homicide. Future research will likely include panel data analyses using difference-in-differences frameworks to isolate the effects of exogenous ARPA spending. This analysis should differentiate gains on the intensive margin (quality of services) and the extensive margin (scale of services). Not all ARPA spending should be counted as an explanation for the homicide decline, as large, capital-intensive infrastructure projects some jurisdictions undertook with the funds have no direct or indirect link to homicide reduction. The analysis should address other endogenous national forces (changes in routine activities, drug markets, policing, firearm markets, and the broader recovery from COVID) that were occurring simultaneously.

Local government capacity is best considered as a testable hypothesis rather than a demonstrated causal mechanism. Local-government recovery is large enough, widespread enough, and theoretically connected enough to violence prevention to explain the national decline in homicide. The next empirical step is to test whether variation in ARPA funding across jurisdictions is associated with variation in subsequent declines in homicide. A more complete analysis would then examine whether changes in local government employment, service delivery, and prevention spending mediate this relationship, while accounting for baseline violence, policing, economic recovery, and other competing explanations.

Prepared for CCJ Homicide Decline Research Summit

The United States has experienced a sharp decline in homicide since the middle of 2022. This dramatic and largely unexpected shift has sparked a high-stakes debate about what is driving it. To examine the plausibility of dozens of potential factors, CCJ convened a two-day summit in September 2026 with about 50 researchers from criminology, economics, public health, psychology, sociology, and related disciplines. This brief was prepared to inform discussions during the convening.

Endnotes

¹ Roman, John K. 2023. “20 Strategies for Reducing Crime in Cities.” *Vital City*, March 30. See especially the discussion of Medicaid, behavioral-health medicines, workforce development, poverty reduction, education, housing, public health, neighborhood conditions, and community nonprofits as crime-prevention strategies. See also Roman, John K. 2023. “100 Ideas for Reducing Crime in Cities—A Blueprint for Action.” External Processing, April 11.

² Lochner, Lance, and Enrico Moretti. 2004. “The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports.” *American Economic Review* 94(1): 155–189. <https://doi.org/10.1257/000282804322970751>. See also Deming, David J. 2011. “Better Schools, Less Crime?” *Quarterly Journal of Economics* 126(4): 2063–2115. <https://doi.org/10.1093/qje/qjr036>

³ Heller, Sara B. 2014. “Summer Jobs Reduce Violence among Disadvantaged Youth.” *Science* 346(6214): 1219–1223. <https://doi.org/10.1126/science.1257809>

⁴ Branas, Charles C., et al. 2018. “Citywide Cluster Randomized Trial to Restore Blighted Vacant Land and Its Effects on Violence, Crime, and Fear.” *Proceedings of the National Academy of Sciences* 115(12): 2946–2951. <https://doi.org/10.1073/pnas.1718503115>

⁵ Sharkey, Patrick, Gerard Torrats-Espinosa, and Delaram Takyar. 2017. “Community and the Crime Decline: The Causal Effect of Local Nonprofits on Violent Crime.” *American Sociological Review* 82(6): 1214–1240. <https://doi.org/10.1177/0003122417736289>

⁶ Kling, Jeffrey R., Jens Ludwig, and Lawrence F. Katz. 2005. “Neighborhood Effects on Crime for Female and Male Youth: Evidence from a Randomized Housing Voucher Experiment.” *Quarterly Journal of Economics* 120(1): 87–130. See also Sciandra, Matthew, et al. 2013. “Long-Term Effects of the Moving to Opportunity Residential Mobility Experiment on Crime and Delinquency.” *Journal of Experimental Criminology* 9: 451–489.

⁷ Braga, Anthony A., Brandon Turchan, Andrew V. Papachristos, and David M. Hureau. 2019. "Hot Spots Policing of Small Geographic Areas Effects on Crime." *Campbell Systematic Reviews* 15(3): e1046. See also Braga, Anthony A., David L. Weisburd, and Brandon Turchan. 2019. "Focused Deterrence Strategies Effects on Crime: A Systematic Review." *Campbell Systematic Reviews* 15(3): e1051. See also Chalfin, Aaron, and Justin McCrary. 2018. "Are U.S. Cities Underpoliced? Theory and Evidence." *Review of Economics and Statistics* 100(1): 167–186.

⁸ U.S. Department of the Treasury. State and Local Fiscal Recovery Funds program materials and reporting guidance.

⁹ Bureau of Labor Statistics. (2021). COVID-19 ends longest employment recovery and expansion in CES history.

¹⁰ Bureau of Labor Statistics. (2024). Employment in government rose by 709,000 in 2023.

¹¹ Bureau of Labor Statistics. (2026). The Employment Situation — July 2026.