

Personal Bankruptcy Filings in the Average Congressional District

Personal bankruptcy filings are rising sharply across the country. According to data from the Administrative Office of the U.S. Federal Courts, personal filings increased in nearly every congressional district over the past year. These bankruptcy filings are a sign of growing financial distress among American families contending with higher costs, elevated interest rates, and increased unemployment since the election of President Donald Trump.

In 2025, **543,574 individuals or families** filed for bankruptcy, an increase of **55,121 (11%)** over the prior year. Of the 2,965 counties with data reported in both 2024 and 2025, **1,898 (64%)** saw an increase in bankruptcies.

In the counties represented by the average Member of Congress, approximately **1,200 personal bankruptcy cases** were filed in 2025, a **11% increase** from 2024.¹

Background

Personal bankruptcy provides individuals facing overwhelming debt with a legal process to address their financial obligations. The two most common bankruptcy processes for individuals are Chapter 7 bankruptcy, which liquidates a debtor's non-exempt assets to pay creditors and discharges remaining eligible debts, and Chapter 13 bankruptcy, which allows debtors to keep their property while repaying debts over three to five years under a court-approved plan.²

Filing for personal bankruptcy is almost always a last resort for families because it can bring long-term negative consequences – including lower credit scores, higher interest rates for new loans, and major challenges when renting a home, getting a mortgage, or landing a new job.³

Because personal bankruptcy is so disruptive, families usually exhaust other options – like drawing down savings, selling assets, borrowing from friends and family members, or negotiating with their creditors – before turning to the courts. The decision to file for bankruptcy often follows a major financial shock such as a job loss, medical emergency, or divorce. The sharp nationwide increase in personal bankruptcies in 2025 is a strong signal that American households are under increasing financial strain.

Because households exhaust other options before turning to the bankruptcy process, sharp increases in bankruptcy filings are a lagging indicator of significant strain in household budgets behind increases in consumer debt and default. Total household debt reached a new all-time high of

¹ These average statistics are calculated by dividing the national total bankruptcies by 436 (the 435 congressional districts plus the District of Columbia), which provides a per-district average. The member-level estimates published by Co-Equal use a different “county-served” methodology, which assigns the full bankruptcy count of each county to every congressional district that serves it. Because some counties span multiple districts, those estimates will be higher than the simple averages presented here.

² Congressional Research Service, *Bankruptcy Basics: A Primer* (updated October 12, 2022) (https://www.congress.gov/crs_external_products/R/PDF/R45137/R45137.5.pdf).

³ CBS News, *Filing for Bankruptcy this September? Here are 3 Big Questions to Ask First*. (August 28, 2025) (<https://www.cbsnews.com/news/questions-to-ask-yourself-before-filing-for-bankruptcy-september-2025/>).

\$18.6 trillion in the third quarter of 2025, increasing \$197 billion in just three months.⁴ Credit card balances hit a record of \$1.2 trillion, a 6% increase from the previous year, as families have increasingly turned to high-interest debt to cover expenses.⁵ Home equity loan balances increased to \$422 billion – the highest level since the pandemic – as more homeowners borrowed against their homes to make ends meet.⁶

Student loan debt has also contributed to the financial crunch for millions of Americans. Federal student loan payments, which were paused during the pandemic, resumed in late 2024. In April 2025 the Trump Administration announced it would soon begin “involuntary collections activities” for defaulted federal student loans, including garnishing borrowers’ wages – policies that the Administration estimated could impact up to 10 million borrowers.⁷ Since these policies went into effect, the share of student debt at least 90 days delinquent jumped from 7.8% in early 2025 to 9.4% by the third quarter.⁸ For millions of borrowers already stretched thin, this credit shock may have pushed them closer to bankruptcy.

Meanwhile, the Trump Administration’s tariffs have contributed to prices rising significantly. According to the Federal Reserve Bank of St. Louis, tariffs added roughly half a percentage point to inflation between June and August.⁹ The Yale Budget Lab estimates that 2025 tariffs cost the average household \$1,670 in lost annual income.¹⁰

The results of these pressures are now showing across the economy. Delinquencies have climbed to 4.5% of all debt – the highest level since the start of the pandemic.¹¹ Unemployment has risen sharply, with 11% more Americans out of work than at the start of 2025.¹² Bankruptcy filings are catching up: personal filings increased 11% nationwide in the 12 months ending September 30, 2025. With more than half a million families filing for bankruptcy during this period the financial pain many Americans are confronting is increasingly pushing families over the edge and into insolvency and default.

⁴ Federal Reserve Bank of New York, *Quarterly Report on Household Debt and Credit* (November 2025) (https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q3).

⁵ Id.

⁶ Id.

⁷ Department of Education, Press Release: *U.S. Department of Education to Begin Federal Student Loan Collections, Other Actions to Help Borrowers Get Back into Repayment* (April 21, 2025) (<https://www.ed.gov/about/news/press-release/us-department-of-education-begin-federal-student-loan-collections-other-actions-help-borrowers-get-back-repayment>).

⁸ Federal Reserve Bank of New York, *Quarterly Report on Household Debt and Credit* (November 2025) (https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q3).

⁹ Federal Reserve Bank of Saint Louis, *How Tariffs Are Affecting Prices in 2025* (October 16, 2025) (<https://www.stlouisfed.org/on-the-economy/2025/oct/how-tariffs-are-affecting-prices-2025>).

¹⁰ Yale Budget Lab, *State of U.S. Tariffs: November 17, 2025* (November 17, 2025) (<https://budgetlab.yale.edu/research/state-us-tariffs-november-17-2025>).

¹¹ Federal Reserve Bank of New York, *Quarterly Report on Household Debt and Credit* (November 2025) (https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q3).

¹² U.S. Bureau of Labor Statistics, *Unemployment Level (UNEMPLOY)*, retrieved from FRED, Federal Reserve Bank of Saint Louis (accessed on December 10, 2025) (<https://fred.stlouisfed.org/series/UNEMPLOY>); U.S. Bureau of Labor Statistics, *Unemployment Rate (UNRATE)*, retrieved from FRED, Federal Reserve Bank of Saint Louis (accessed on December 10, 2025) (<https://fred.stlouisfed.org/series/UNRATE>).