Bankrupt Children

Elizabeth Warren

Follow this and additional works at: https://scholarship.law.umn.edu/mlr

Part of the Law Commons

Recommended Citation

https://scholarship.law.umn.edu/mlr/1253

This Article is brought to you for free and open access by the University of Minnesota Law School. It has been accepted for inclusion in Minnesota Law Review collection by an authorized administrator of the Scholarship Repository. For more information, please contact lenzx009@umn.edu.
Bankrupt Children

Elizabeth Warren†

† Leo Gottlieb Professor of Law, Harvard Law School.

Consumer Bankruptcy Project III was funded through grants from the Ford Foundation, Harvard Law School, and New York University Law School. The enthusiastic support and assistance of many bankruptcy judges, bankruptcy clerks, Chapter 7 and Chapter 13 trustees, and attorneys also contributed significantly to this work. The principal investigators express our sincere gratitude to the organizations that provided financial support and to each of the judges, clerks, trustees, and lawyers who made this research possible. None of the sponsors is responsible for the content or the interpretation of this Essay.

No project of this kind could be put together without the contribution of a number of people. Consumer Bankruptcy Project I, in 1981, and Consumer Bankruptcy Project II, in 1991, were the work of Professors Teresa A. Sullivan, Elizabeth Warren, and Jay Lawrence Westbrook, all of whom have continued their work into Consumer Bankruptcy Project III. In addition, Professors David Himmelstein, Bruce Markell, Michael Schill, Susan Wachter, and Steffie Woolhandler have shared in the design and development of the study. Katherine Porter, John Pottow, and Deborah Thorne served as Project Director at different times, participating in the design of the study and managing much of the data collection. Cathy Ellis and Ann de Ville provided extraordinary administrative support, and Alexander Warren designed and managed all the coding databases. We are collectively grateful for the contributions of each person.

For this lecture, I appreciated the careful and detailed assistance of Dr. Teresa Sullivan and Dr. Deborah Thorne as we worked through the analysis of the data. They remind me that work of this kind is always a collaborative undertaking. Professor Jay Westbrook and Amelia Warren Tyagi read earlier versions of the manuscript and offered thoughtful comments. Daniel Ebner, Harvard Law School Class of 2004, provided valuable assistance with the statistical analysis.

The Lockhart Lecture was originally delivered at the University of Minnesota in February 2001, while work on Consumer Bankruptcy Project III was underway and surveys were in the field. The original presentation was based on a preliminary analysis of 1999 data and had a somewhat different thrust. The work presented here is updated to reflect the data drawn from the first half of 2001.

Finally, I thank the Fellowship Program at the Radcliffe Institute for Advanced Study. The Institute made completion of this manuscript possible by providing the time to write—a gift of immeasurable significance.

Copyright 2002 by Elizabeth Warren and the Minnesota Law Review Foundation.
To capture your attention, I might start this Essay with photographs of people in the bankruptcy court. Instead of anxious women and angry men, I would flash up pictures of small babies in oversized plastic car seats and toddlers trying to wiggle off their mothers' laps. There would be photos of older children, studiously avoiding eye contact with anyone, and teenagers charged with corralling their younger siblings. Images are powerfully important to shaping our attitudes toward everything from cornflakes to life insurance, and bankruptcy is no exception.

If I showed you photographs of these children, you might come to understand bankruptcy differently. You might be more sympathetic to families in financial trouble. You might have a newfound appreciation for the impact of legal policies that affect whether these babies' mothers will compete with credit card companies when they try to collect child support from their ex-husbands or whether third graders will have to change schools because their daddies did not see the traps in a mortgage refinancing. What you might not understand immediately, however, is that you would be looking at pictures of one of the reasons for many of the bankruptcy filings—those cute kids. The photos would represent both those who experience the impact of a family's financial crisis most acutely and those who place families at great risk for such crises.

Children do not file for bankruptcy, but the story of bankruptcy is a story about children. The point is not simply one of sympathy for those who are not to blame. To understand the role of children in bankruptcy is to grasp a critical element of the reasons that families file for bankruptcy and the role that bankruptcy plays in establishing a larger social safety net.

Bankruptcy is a complex system that balances a number of competing economic and social considerations. The prevalence of a disproportionate number of children in bankruptcy suggests a more textured version of the common understanding that children are expensive—expensive in a plethora of ways ranging from the increased risk of a $30,000 medical bill to the high cost of housing in a neighborhood with good schools. The data also suggest that children may make downward economic adjustments following the loss of a job or a sharp spike in medical expenses far more difficult to manage. Both implications bear on bankruptcy policymaking by posing this question: At
the extreme margins of financial collapse, how much should the expensive burden of rearing children be borne exclusively by the family and how much should those risks be spread among the larger population?

AN ECONOMIC AND SOCIAL SUMMARY

From earlier research, we know that those debtors who file for bankruptcy are a fairly representative cross-section of middle America. They are not concentrated among the poor, nor are they a group of highly paid professionals. Instead, as measured by their educations, occupations, industries, and home ownership levels, they look a lot like middle class America. While they represent a cross-section of middle America by virtually every social measure, it is their incomes that set them apart. The families in bankruptcy have shockingly low annual incomes for people of their educational and occupational status. Median net income among Chapter 7 debtors in 2000, for example, averaged just $20,796 compared with a median annual income in the United States of $42,151. These debtors owed, on average, unsecured debts (largely credit cards) that were about 1.2 times their annual salaries, in addition to their home mortgages, car loans, and other secured debts. In other words, the debtors themselves are likely to be middle class people in terrible financial trouble. The financial picture of these debtors typically stops here. If these are largely single people, with no one to support but themselves, then their circumstances may be difficult, but they have no one to blame—and no one to share the suffering—but themselves. A demographic picture of these debtors, however, suggests both causes and ef-

4. See Flynn & Bermant, supra note 2, at 20 tbl.1. Because of the limits of the available data, this calculation was made by comparing median debt with median income for the entire sample, rather than on a debtor-by-debtor basis.
5. Id. at 21.
fects of bankruptcy that are outside the standard view.

The presence of dependents, which include children, disabled adult family members, grandparents, and other extended family, changes the economic calculations of bankruptcy in two critical ways. First, the income earned must be stretched to cover the expenses of more people, and, second, if the dependents require care, the responsibility of providing care may reduce the earning capacity of the responsible adults. Dependents absorb additional income, putting the family at risk for extraordinary expenses such as medical care and college expenses. At the same time, they often impair the ability of the responsible adult to earn that income. Wage earners who must arrange for care, or take off work when the dependent is ill, and meet the hundreds of duties essential to their dependent’s survival, are at a competitive disadvantage in the workplace.6 The constraint is particularly acute in a one-adult household. For all the joys of sharing a life with children, disabled adult family members, grandparents, and other extended family, these dependents create a dangerous double impact from a financial standpoint.

The bankruptcy data illustrate the conventional wisdom that it is expensive to rear children—so expensive, in fact, that households with children are much more likely to file for bankruptcy. Unmarried mothers with minor children are substantially more likely to find themselves in bankruptcy than women who have no children at home or couples who have two adults to share the burden of earning an income and caring for children. The data about married couples in bankruptcy also bear out the inference that the presence of children puts families at greater economic risk, even in two-adult households. Couples do better than single parents, but couples with children are at greater risk than those who do not have any youngsters at home. By every measure, these data show that families with children are disproportionately at risk for bankruptcy when compared with their childless counterparts.

FAMILIES IN BANKRUPTCY

Only adults file for bankruptcy.7 In the case of one adult

6. Of course, a larger extended family that includes healthy adults may decrease some of that risk if someone else can care for the children or share the obligations of providing for disabled adults.

7. Actually, there is no formal age restriction on filing. In Tennessee, a
households, a single adult files or, for married couple households, typically both adults file. The fact that only adults file for bankruptcy makes it easy to forget that families are integrated economic units, and whole families, not just adults, live through the consequences of a financial crisis. When the only wage earner for a family is laid off from work, it is the family—not just the individual—that must cope with the fallout. Similarly, when one member of the family has a serious medical problem that generates thousands of dollars in unpaid medical bills, the financial consequences reverberate for each family member. When a family splits apart, the economic as well as the emotional effects are borne by all the family members. In the same way, when the head of a household files for bankruptcy, the lives of everyone in the family are changed.

The basic bankruptcy numbers graphically illustrate the problem. In the year from July 2000 through the end of June 2001, 1,354,142 non-business bankruptcy petitions were filed.

seven year old girl filed for bankruptcy, but the circumstances were extraordinary. In re Murray, 199 B.R. 165, 166 (Bankr. M.D. Tenn. 1996). When the girl's father died, she inherited his house along with an entitlement for a $908 social security support payment. Id. The mortgage payments had fallen into arrears. Id. The child filed for bankruptcy (with her mother as guardian) to protect the home from foreclosure while she cured the default and made the mortgage payments. Id. As credit card companies continue to solicit ever-younger borrowers, a juvenile division of bankruptcy may emerge, but currently virtually all bankruptcy petitioners are adults.

Prior to the adoption of the 1978 Bankruptcy Reform Act, each adult who filed for bankruptcy was required to submit a separate petition in bankruptcy and pay a separate filing fee. Under the 1978 Act, however, a married couple may file a single petition with a single filing fee, thereby wiping out both the joint debts of the couple and any individual debts of either spouse. 11 U.S.C. § 302 (2000). Because most consumer debt is a joint obligation of husband and wife, most married couples file a joint petition, thereby reorganizing the finances of both parties. Occasionally, however, a married person will file without his or her spouse. In some cases, this is because the parties are separated and no longer living as a single economic unit. In other cases, one spouse may have been in business or in a serious accident and run up substantial debt that was the responsibility of only that spouse, not both. In the latter case, only one spouse may file to deal with the debts in the hope that the other spouse's credit can be preserved.

The data for non-business bankruptcies result from combining all non-business bankruptcy petitions filed in Chapter 7 and all Chapter 13 petitions, whether denominated business or non-business. Id. The reason for the inclusion of so-called “Business Chapter 13s” is that, by law, only human—not corporate—debtors are eligible to file for Chapter 13. The so-called “Business Chapter 13s” are largely self-employed debtors who belong in any study of personal bankruptcy. Because
While the press typically cites this as 1.4 million people filing for bankruptcy,\(^\text{10}\) this number in fact leaves out the spouses listed on joint petitions. Across the nation, married couples filed 31.9% of petitions, with both husband and wife signing the bankruptcy petition.\(^\text{11}\) This means that the number of people filing for bankruptcy in the twelve-month period was nearly a third higher than usually reported—1,706,219.

While it is possible to calculate the preceding numbers from the data reported by the Administrative Office of the United States Courts (AO), the AO reports nothing more about the families of those who file. To learn more about the families who are in bankruptcy, it is necessary to collect data from the families themselves. During 2001, my coauthors and I undertook a nationwide study of families in bankruptcy, the 2001 Consumer Bankruptcy Project. We collected demographic data from a sample of 1250 petitions in five judicial districts: the Eastern District of Pennsylvania (Philadelphia), the Middle District of Tennessee (Nashville), the Northern District of Illinois (Chicago), the Northern District of Texas (Dallas), and the Central District of California (Los Angeles). When the families

---

\(^{10}\) E.g., Barbara A. Killmeyer, Money Matters; Class Teaches Youngsters About Stocks, Credit, PITTSBURGH POST-GAZETTE, May 3, 2001, at W9 ("Last year 1.4 million people declared bankruptcy, and it's because they don't understand money."); Curtis Lawrence, We're Broke; Americans File for Bankruptcy in Record Numbers, CHI. SUN-TIMES, Dec. 11, 2001, at 61 ("Bankruptcy filings by individuals and businesses hit an all-time high this year, forcing more than 1.4 million people into federal courts . . ."); Daniel McGinn, Maxed Out, NEWSWEEK, Aug. 27, 2001, at 34, 35 ("Forecasters say a record 1.4 million people may file for bankruptcy this year."); Ann Curry, Today Show, NBC News Transcript (Aug. 20, 2001), 2001 WL 26426577 ("[F]orecasters are predicting that 1.4 million people will file for bankruptcy."); Lou Dobbs et al., Moneyline, CNN Transcript # 121100CN.V19 (Dec. 11, 2001), 2001 WL 19274794 ("More than 1.4 million people so far this [sic] have filed for bankruptcy, a record pace."); Ron Insana & Rebecca Quick, What Surging Consumer Debt Numbers Could Mean for the Economy, Business Center, CNBC News Transcripts (Jan. 10, 2002), LEXIS, Nexis Library, CNBC News (reporting Rebecca Quick as saying "1.4 million people filed for bankruptcy").

\(^{11}\) See Table F-2, supra note 9.
attended the meeting of creditors, the bankruptcy trustee or an employee of the project handed out questionnaires to ask people to participate in a study about bankruptcy. The debtors filled out questionnaires that included information about the number and ages of the people in their households. A copy of the questionnaire and more details about the study are in the Appendix.

For this analysis, I use demographic data from the 2001 Consumer Bankruptcy Project. The data show that in addition to the men and women who file, there are dependents who are directly affected by a bankruptcy filing—non-filing husbands and wives, ex-wives, children, and elderly family members who count on the petitioner for support but who are not filing for bankruptcy themselves. Some of these dependents live with the debtor who filed; some are no longer living with the debtor. The data from the 2001 Consumer Bankruptcy Project make it possible to develop a picture of the overall number of people directly involved in a bankruptcy each year. If this 2001 Project sample is representative of all the debtors in bankruptcy, then it is possible to estimate that an additional 1,896,000 people—men, women and children—are swept through the bankruptcy process in a single year even though they do not file a bankruptcy petition. This means the total

---

12. This is often referred to as the "341 meeting," so named because of the section of the bankruptcy code that requires each debtor to report for a meeting of creditors in order for the case to proceed. 11 U.S.C. § 341 (2000).


14. In order to project from the 2001 sample to all debtors filing for bankruptcy during the year, we adjusted the project based on filing status. Nationally, we know that joint petitions were 31.9% of the non-business filings plus the business Chapter 13 cases. See Table F-2, supra note 9. Joint petitioners were under-represented in our sample, comprising only about 26.2% of the total. In order not to magnify this difference as we projected our numbers onto the 1,354,142 case filings in the AO study, we multiplied the data involving joint petitioners by 1.22, and to offset this difference, we multiplied the data involving single filing petitioners by .92. By making this adjustment, we mirror precisely that national data on joint and single filings in bankruptcy. This gives us the most accurate projection possible based on the information known about all filers nationally. No other information, such as the number of children or the marital status of the single filing petitioners, is collected and reported by the Administrative Office of the United States Courts.

Interestingly, our under-sampling of joint petitioners is matched on the other side by an over-sampling of joint petitioners by the only other researchers currently reporting similar data. Flynn & Bermant, supra note 2, at 20
number of people in the bankruptcy system during the twelve-month period is about 3,602,000—more than two and a half times the official number of cases reported by the federal government. Figure 1 illustrates the estimated accumulation of people from the bankruptcy numbers.

Figure 1: Estimated Number of People in Bankruptcy Cases 2001

![Figure 1: Estimated Number of People in Bankruptcy Cases 2001](image)

The data are a sharp reminder that millions of spouses, children, college students, disabled adults, and elderly family members, who may not themselves be debtors, are also a part of the bankruptcy story.

**THE CHILDREN’S STORY**

America’s children are disproportionately concentrated among the families in bankruptcy. In 2001, about one in every

---

tbl.2; E-mail from Ed Flynn to Dr. Teresa Sullivan (Nov. 15, 2001) (explaining the survey population in Flynn & Bermant, *supra* note 2, at 20 tbl. 2) (on file with author). In a sample of Chapter 7 no-asset debtors only, Flynn and Bermant report 34.4% joint petitions, an overstatement of about 2.5%. Flynn & Bermant, *supra* note 2, at 20 tbl.2.

123 adults filed for personal bankruptcy. On an adult-by-adult basis, this means that, theoretically, every adult had about a 1 in 123 chance of finding himself or herself in bankruptcy in the year 2001. But the children of America had a rather different experience. About 1 in every 51 children in the United States was a dependent of a family that filed for bankruptcy during 2001. In other words, in 2001 children experienced bankruptcy at more than twice the rate as adults.

Another way to understand these data is to imagine 1000 adults in an auditorium, randomly chosen from the general population. If we asked those who filed for bankruptcy during 2001 to come to the front, eight or nine people would respond. By comparison, if we filled the room with 1000 randomly selected children and asked the children whose parents had filed for bankruptcy to respond, about twenty would step to the front. Figure 2 illustrates.

16. See U.S. BUREAU OF THE CENSUS, PROFILE OF GENERAL DEMOGRAPHIC CHARACTERISTICS FOR THE UNITED STATES: 2000 tbl.DP-1, http://factfinder.census.gov/servlet/QT...d=D&qr_name=DEC_2000_SF1_U_D PI&_lang=en [hereinafter Census Table DP-1]; Sullivan, Warren & Westbrook, supra note 13. For the calculations based on the bankruptcy data, the same definition of “adults” is used as in the census data—those aged eighteen and over. To perform the calculation, the number of adults in the population (209,128,094) is divided by number of adults filing for bankruptcy (1,700,638).

17. See Census Table DP-1, supra note 16; Sullivan, Warren & Westbrook, supra note 13. In order to make the bankruptcy data comparable to the reported census data, for this calculation “children” are those under the age of eighteen.

18. The statistical average would be 8.5. See supra note 17 and accompanying text.

19. The statistical average would be 19.8. See supra note 17 and accompanying text.
These data show that children are more than twice as likely to find themselves listed in a bankruptcy filing as adults are likely to file such a petition. This means that bankruptcy is disproportionately a story about children—and those who try to provide for them.

THE SPECIAL VULNERABILITY OF HOUSEHOLDS WITH CHILDREN

There are other ways to measure the special vulnerability of families with children. Because the impact of financial problems is felt throughout a household, regrouping the data into households with children and households with no children provides another way of understanding the effect of the presence of minor dependents. Once again, we can analyze the data in terms of 1000 randomly selected households. If we emptied the

---

20. Sullivan, Warren & Westbrook, supra note 13; see also Census Table DP-1, supra note 16.
auditorium again and invited representatives from 1000 child-
less households, about 5.9 households in the room would be in
bankruptcy this year. By contrast, if we filled an adjoining
auditorium with representatives from 1000 households, each of
which had at least one minor child living in the household,
about 17.8 households in the room would be filing for bank-
ruptcy this year. These data are shown in Figure 3.

Figure 3: Bankruptcy Filing Rate, Households With and
Without Minor Children, 2001\textsuperscript{21}

The presence of children in a household—with nothing
more—increases the likelihood that the household will be in
bankruptcy by three-fold (302\%). The number of families in
bankruptcy highlights the extraordinary financial risk associ-
ated with children. Many explain that they have filed bank-
ruptcy simply because of the expenses of keeping a family to-
gether, while others point to exceptional expenses, such as
medical care, that their children required.

\textsuperscript{21} Sullivan, Warren & Westbrook, \textit{supra} note 13; U.S. BUREAU OF THE
CENSUS, FAMILY HOUSEHOLDS, BY TYPE, AGE OF OWN CHILDREN,
EDUCATIONAL ATTAINMENT, AND RACE AND HISPANIC ORIGIN OF
HOUSEHOLDER: MARCH 1999 tbl.F2 (June 29, 2001) [hereinafter Census Table
F2].
The data show that children are the great uncounted constituency of bankruptcy. They are the dependents of the adults who file, swept into the consequences of financial crisis along with their parents. If we could go no further with these data, we would know that households with children are disproportionately at risk for bankruptcy, indicating a substantial financial stress that accompanies the presence of minor children.

SINGLE PARENTING

While the presence of children puts a household at financial risk, not all households with children are equally at risk. Some households with children are more at risk than others. When the data are disaggregated among different kinds of family groups, the relative risk of bankruptcy among those trying to support children comes into sharper focus. In order to measure the risk among households with more accuracy, it is necessary to reconfigure the bankruptcy data to reflect the detailed ways in which national data are reported. For comparison with national census data, we separate the debtors by their marital status, not their filing status. This means, for example, that married men, living with their wives but filing alone for bankruptcy, will be listed with the married couples, not with single men. There are a few cases that go the other way as well: Some joint petitioners indicate that they are divorced and living separately, even though the bankruptcy code specifically restricts joint petitions to married couples. Like the census reports from which we draw comparable data, we took the debtors at their word on their marital status and living arrangements.

There are multiple ways to divide the data, but two key points reappear in each configuration: Families with children are far more at-risk for bankruptcy than their childless counterparts, and one-parent families are far more at-risk than two-parent families. The spread is illustrated in Figure 4.

---

Individuals with no children have fewer bankruptcy difficulties regardless of their marital status. Unmarried men who have no children in their homes have the least risk, with a filing rate of 5.3 per thousand. These men include those who have never married, widowers, and those who are currently divorced or separated. Unmarried women have slightly higher rates at 6.1 per thousand. Again, the women include those who never married, widows, and those who are currently divorced or separated. The filing rate for childless married couples is somewhat higher at 6.7 per thousand. The filing rate for married couples is about 26% higher than that of unmarried men.

23. Sullivan, Warren & Westbrook, supra note 13; see also Census Table F2, supra note 21.
24. The national data are reported in terms of those who either had no children, whose children are grown, or whose children are in the custody of someone else, such as an ex-wife, an ex-husband, or a grandparent. The same standards are employed in the bankruptcy sample.
with unmarried women squarely in the middle between the two groups. Collectively, however, the filing rate for households with no children is very different from the filing rate for those with children.

For married couples with children, the bankruptcy filing rate is 14.0 per thousand—more than double the rate for married couples without children. Clearly, the presence of children suggests much greater economic vulnerability even for two-parent households. But single parent households show the most dramatic shift. The bankruptcy filing rate for households headed by women (with no husband present) is 27.2 per thousand. This means that a woman trying to raise a child alone has a bankruptcy filing rate double that of a married couple with children and more than four times the rate of divorced and single women without children.

Note an important caveat about the data: The advantage of filing rates per thousand is that they help assess risk, controlling for differences in the size of different groups in the population. That benefit, however, can create some distortions of its own. There is only a modest proportion of men in the general population in single parent households (with no wife present). Less than two percent of all adults are men living with children and no wife.25 They constitute a slightly higher fraction of our bankruptcy sample, but the number of men who fall into this category in our sample is so small that we cannot reliably draw statistical inferences.26 This is a sufficiently small portion of the population that, without a much larger sample, it is not possible to reliably determine their precise filing rates. In any case, however, the data conclusively demonstrate that children living with their unmarried fathers are not the primary story of children in economically distressed families. Instead, the chil-

25. In the general population, there are 100,994,367 men aged eighteen and over. Census Table DP-1, supra note 16. There are an estimated 1,786,000 men living with minor children, either with no adult female present or with a female to whom the man is not married. The children may or may not be legal dependents of the man.

26. Most statistical agencies do not report any responses below a set threshold because of the likelihood that the number will be statistically unreliable. When the reported number is relatively small, proportionately large fluctuations in that number could occur by chance in a repeated study. In the case of male householders with children, both the numerator and the denominator of the rate are very small. The numerator amounts to less than 4% of our total case base, and the denominator is about 1.6% of the total number of households. See Census Table DP-1, supra note 16. In combination, therefore, these numbers are likely to be unreliable.
dren in bankruptcy, for the most part, are there with their mothers.

The data show that the most at-risk group for bankruptcy is single mothers who live with their children. While the number of children in bankruptcy who live in two-adult households is higher, children living only with their mothers are proportionately more likely to be in bankruptcy. It would be easy to overlook the implications of this finding by simply chalk ing it up to what we already know about poverty—that women and children are disproportionately among the nation’s poor. But the bankruptcy story is not a story of poverty, or at least not a story of chronic poverty. The demographic data about these households place them solidly within the middle class.

The general point about debtors made earlier in this Essay bears repeating in the specific case of women heads of household: At the time they file, the women in bankruptcy have modest incomes, but by every other available measure—education, occupation, home ownership status—are largely a cross-section of solid, middle-class America. The extraordinarily high proportion of female heads of household in bankruptcy is a reminder that women’s financial stress is not an issue concentrated among poor women, but is also an acute problem among women much further up the social and financial ladder.

The economic disadvantage associated with children shows up along two axes: Children are over-represented in bankruptcy (children versus adults) and children in bankruptcy are disproportionately concentrated in single-parent households (children living with single parents versus children living with married couples). The combined effects of this double over-representation demonstrate the increased economic vulnerability of single mothers. As these data demonstrate, single parents are more than three times more likely to find themselves in bankruptcy than any other group.

The data show that the group most at-risk for bankruptcy is the group of single mothers with custodial care of their minor children. Women who live alone with their children comprise nearly 3.6% of all adults in the United States, but they comprise 12.0% of all adults in bankruptcy.27 By every approach,

---

27. The total number of female heads of household with children under eighteen in our sample is 190; the total number of adults, including both husbands and wives in joint petitions, is 1,577. Sullivan, Warren & Westbrook, supra note 13. The total number of female heads of household in the general population with children under eighteen is 7,561,874, and the total number of
these data show that female heads of households with minor children are nearly three times more likely to file for bankruptcy than the population generally.

LAGGER FAMILIES, LARGER RISKS

One of the most persistent changes in family dynamics over the past century has been the long-term trend toward smaller households. Much of the decrease in size has been the result of an increase in the proportion of single-person households. But even among families with two or more related individuals, a similar trend has been evident. To understand this shift in family size, it is necessary to focus exclusively on families, eliminating single person households or households with unrelated individuals. In 1975, there were 3.42 people in a family unit on average, but by 1994 that number was down to 3.20.28 While comedians may joke about losing a quarter of a person from a family, the statistical shift means that the proportion of families with three or more children shrank noticeably during that period.

There are no comparative data from 1975 about families who filed for bankruptcy, but it is possible to put the families who filed for bankruptcy in 2001 in some comparative context with the national data. The families in bankruptcy in 2001 do not match the families in the population generally. Instead, the family in bankruptcy had, on average, 3.26 members.29 Median family size in the United States has not been that large since 1980.30 This means that the typical family in bankruptcy at the beginning of the twenty-first century is about the same size as the typical family in the general population twenty years ago. While the shift is modest, a larger family size in bankruptcy is more significant because the bankruptcy sample includes a higher proportion of divorced and single women with children than does the population generally—and a much higher proportion of such households than the population of twenty years ago.31 This means that there are fewer two-adult

---

households in the 2001 bankruptcy sample than similar-sized households in the general population in 1980. In effect, the households in bankruptcy are not only larger in size, they are disproportionately made up of children rather than working adults.

The divergence in family size between the households in bankruptcy and those in the general population focuses attention again on the economic risks associated with children. Not only are families with children more likely to file for bankruptcy, but families with more children are more likely to file for bankruptcy than families with fewer children. Figure 5 illustrates this pattern.

Figure 5: Bankruptcy Filing Rates by Family Size, 2001

Once again, households and individuals with no children face the least risk of financial collapse, while families with children are at more than double the risk. But the difference among families with children is also notable. A household with four or more children is half again (49.5%) more likely to be in bankruptcy than a household with one child. These data sug-

gest that it is not only the presence of children, but the presence of more children that puts a family at risk for bankruptcy. Whatever benefits may come from large families, those benefits are accompanied by substantial financial risk.

COSTLY CHILDREN

No parent needs to be told that children are expensive. Food and clothes, college tuition and health insurance, lunch money and birthday parties pose constant financial drain on anyone trying to raise a family. The government helpfully catalogues these expenses, tracking what it costs to rear a child from birth to age eighteen.34 (The calculations conveniently stop when it is time to send a teenager off to college.) According to the government, families in the middle-income range spend an average of $8950 a year to maintain a ten year old.35 Agriculture Secretary Dan Glickman announced that the family of a child born in 1999 can expect to spend $160,140 to raise that child to age eighteen.36

The USDA makes meticulous calculations of what portion of square footage in a home should be allocated to the child’s share of the family’s financial ledger sheet and how much food children of different ages eat from the family table.37 But there are other ways to understand cost, and the bankruptcy data suggest that something more than the cost of coloring books and new shoes has driven these families to financial collapse. I will mention three, just to raise the specter of the types of financial risk a family takes on when a child is born.

Children are risky. Each child represents potentially huge outlays of money—with no offsetting income. Medical expenses are among the greatest and most difficult to anticipate. Nearly 11.6 million children had no health insurance in 2000,38 poten-

34. See USDA, Expenditures on Children by Families, 2000 ANNUAL REPORT (2000).
35. Id. at ii tbl.ES-1.
36. USDA, RELEASE NO. 0138.00, USDA REPORT ESTIMATES CHILD BORN IN 1999 WILL COST $160,140 TO RAISE, available at www.usda.gov/news/releases/2000/01/0138 (Apr. 27, 2000). The report notes that low-income families are projected to spend $117,390 to rear a child, while upper-income families should expect to spend $233,850 over the seventeen year period. Id.
37. See USDA, supra note 34, at 4, 12.
tially exposing their families to economic catastrophe with a single illness or accident. Even among families with insurance, however, the economic risk associated with a child's illness or accident is not erased. Medical costs from a child born with a serious heart defect or one who develops leukemia can easily outrun a family's lifetime insurance cap of $1,000,000.\footnote{About 60\% of all employer-provided health insurance plans have a pre-set lifetime maximum amount that the policy will pay if someone requires expensive medical care. \textit{See} Jeffords Enlists Starpower Behind Bill to Lift Lifetime Insurance Caps, \textit{51} FAULKNER & GRAY, INC. MEDICINE & HEALTH, June 9, 1997, IAC (SM) Newsletter Database (TM). An estimated 1500 people each year incur medical expenses in excess of their caps, effectively becoming uninsured just when they most need coverage. \textit{Id.} Lifetime caps tend to be about $1 million, but some firms' benefit packages are much smaller, with about 7\% of workers under conventional insurance, 4\% of those with preferred provider plans (PPOs) capped below $1 million, and 2\% with lifetime caps of $250,000 or less. Julie Appleby, \textit{Insurance Caps Leave Some Struggling to Pay}, USA TODAY, April 5, 2001, at 3B.} But even more common and less threatening events can put a family into a financial tailspin. Five days in the hospital for a child with a serious bout of pneumonia or abdominal surgery can cost an insured family more than their budget allows. An insurance co-payment of 20\% means that, while the insurance company is paying hundreds of thousands of dollars, the family will still have to find a way to pay tens of thousands. Costs not borne by insurance, such as rehabilitation therapy and at-home care, can also quickly absorb every spare dollar in a 2001 median household income of $42,151.\footnote{See Table HINC-04, supra note 3.}

Even healthy children can be a constant financial drain. The government documents the usual expenses, but costs can move in very different directions. Families intent on providing middle class lives—and middle class opportunities—for their children try to buy homes in suburbs with good schools. Families determined to keep their children safe often buy bigger, newer cars. Families hoping to give their children educational opportunities may enroll them in pre-school and after-school tutoring and help them pay for college. These expenses are large—and they are relentless. Once an individual commits to a home mortgage, car loan, or school tuition, the bills keep rolling in—even if mom loses her job or dad has a heart attack. The cost of children can also be measured on the income side.

Parents, particularly single parents, have fewer earning opportunities if they have children at home. Children reduce income opportunities. Daycare centers insist that children be
picked up by a certain time, reducing a parent's opportunity to work later in the evenings. That, in turn, can reduce overtime income or make promotions less likely. Jobs that require substantial travel are often difficult for parents to manage, which cuts back on employment opportunities.

The interactive effects of these costs can cause the total to multiply. If a child is ill, a parent usually stays home. This means that an illness has both an expense and an income consequence for a household with children. A parent who moves to the suburbs to provide better schools for a child not only spends more on home and property taxes, but must also spend more on transportation, as well as lose more time commuting. The point in this discussion is not to quantify these difficulties, but merely to note the variety of ways in which a child can put ordinary, middle class parents at greater economic risk than their childless counterparts. The combination of routine expenses, the risks of extraordinary expenses, and the pressures on a wage earner who must balance home and work obligations makes these families economically precarious.

THE SPECIAL BURDEN OF PROVIDING FOR OTHERS

Children impose very real costs on families, but they may have another economic effect that further increases their families' economic vulnerability. Children may make downward economic adjustment more difficult.

Personal bankruptcy often follows a serious economic reversal. About two-thirds of all bankruptcies occur after one or both adults in a household have had a serious interruption in income, such as a layoff, cutback in hours, downsizing, outsourcing, or some other euphemism that means income has been cut sharply.41 Nearly half of all families file for bankruptcy in the aftermath of a serious medical problem.42 Divorce has hit more than one in five families in bankruptcy.43 In the 2001 sample, nearly nine out of ten filers listed at least one of these three reasons in explaining their bankruptcy petitions.44

41. See SULLIVAN, WARREN & WESTBROOK, supra note 1, at 78-107.
43. Sullivan, Warren & Westbrook, supra note 13. In the 2001 sample, 23.1% of the petitioners were divorced, and another 9.0% were separated, with many of those people in the middle of a divorce. Id.
44. Id. Combined job, medical, and divorce problems affected 86.6% of all
Job losses, medical problems, and divorces happen to people with children and to people with no children, but adults' responses to these problems may be different in families with children than in those without. Families with children may be much slower to cut expenses, thereby making themselves more vulnerable than families with no children. If so, this would be another plausible explanation for the high proportion of families with children in bankruptcy.

Cutbacks for families with children may be more difficult for a host of very practical reasons. Moving out of a home entails high transaction costs, and families with deteriorating credit know they are unlikely to qualify for another home loan. If people with children live in neighborhoods far from public transportation, giving up a car may mean no transportation to a job. Tuition may not be refundable, and educational loans come due whether or not a person is employed. Parents often must keep paying daycare to reserve a child's place in the center as well as free the parent for job interviews and another paying job. In other words, the configuration of expenses for families may make it more difficult for them to adjust to economic reversals, and that difficulty may be reflected in higher bankruptcy filing rates.

It may also be harder for families with children to cut back on expenses for deeply held psychological reasons. To face economic reversals for oneself may be much easier than imposing those reversals on someone else, especially on a much-loved child. To give up an expensive home may be hard enough for an adult, but when it means that a child will be forced to change schools and leave friends, resistance may deepen. To shift to cheaper daycare means uprooting children and placing them in a less desirable place. To tell a child that there will be no more money for books and college tuition is to cut a child's lifetime chances for success—something many parents will put off as long as they possibly can.

Economists might recommend at the first sign of economic trouble that families cut back sharply on all expenses. But parents may be disproportionately reluctant to follow such advice, particularly when it means cutting back on expenditures that directly affect their children and what they see as their children's future. If parents are slow to move down the economic ladder, they may be more likely to find themselves in the filers in the 2001 sample. *Id.*
bankruptcy.

THE ULTIMATE POLICY QUESTION

Bankruptcy is not simply a way to reduce debt for people who make improvident credit decisions; it is a tool to deal with reversals that threaten the economic survival of the household. If families with children are disproportionate users of the bankruptcy system, then the question is squarely posed: Should we provide more economic support to those who are rearing children? The support might take the form of enhanced financial support for families, such as children's health insurance, subsidized day care, better schools in all neighborhoods, more expansive after-school programs, college scholarships for middle class kids, tax breaks for parents, and so on. Alternatively, help might come indirectly in the form of a stronger safety net in bankruptcy, offering a more accessible escape valve for the families that get into trouble and more restrictions on creditors who attempt to take away a family's home or cars. It is possible, of course, that relief might come in varying degrees in both forms.

The answer to the question of greater support for families is not obvious. It requires a shared vision about our collective responsibility to support children. A bankruptcy judge in Oklahoma recently declared that a family in Chapter 13 bankruptcy was committed to giving its creditors all its disposable income, which meant that the couple could not spend any money over the next three to five years on fertility treatments. After all, said the court, children are "simply another lifestyle choice" that creditors are not required to subsidize. Other bankruptcy judges have said that parents cannot send their children to college or pay $600 a month for daycare if it means paying less to

46. Id.
47. See, e.g., In re Staub, 256 B.R. 567, 570-71 (Bankr. M.D. Pa. 2000). The court held that a debtor in Chapter 7 was abusing the bankruptcy system by paying college expenses for his child rather than filing for Chapter 13 and paying that money to his creditors. Id. at 571.
48. See, e.g., In re Kitson, 65 B.R. 615, 621-22 (Bankr. E.D.N.C. 1986). The court held that a couple in Chapter 13 bankruptcy with both parents working could not claim an expense of $600 for daycare for their four year old and infant because the court was certain that less expensive daycare centers were available. Id. Once again, the court required that the money that would have gone to daycare be paid to the creditors. Id.
credit card companies. These judges may or may not represent widely held views, seeing contractual obligations to pay 18% interest on a loan as taking precedence over discretionary expenses for children. But a positivist would note the growing number of children with no health insurance and the deterioration of many of our public schools as evidence of a collective decision that an increasing fraction of the cost of rearing a child should be born by the family unit that gave birth to the child and not by the public generally. This is not the place to resolve the larger questions about family support, but it is the place to note that bankruptcy policies fit squarely into these larger issues.

I have argued in other contexts that the bankruptcy system offers a vision deep into our collective values. The data presented here provide further evidence of that claim by showing that our economic structures are putting middle class families rearing children at disproportionate economic risk and further illuminating the question of the kind of economic support families should have. The data also support the claim that bankruptcy is a deeply interwoven part of our social and economic structure. The policy decisions we make about bankruptcy, deciding how much protection it will offer and how readily available it will be to families in trouble, will affect the economic well-being of millions of middle class Americans—adults and children alike.

APPENDIX

Consumer Bankruptcy Project III, 2001

Data for Phase III of the Consumer Bankruptcy Project were collected during the first half of 2001 from cases filed during 2001 from the same five states as in the 1991 Consumer Bankruptcy Project: California, Texas, Illinois, Pennsylvania, and Tennessee. Rather than collecting data from multiple districts within each state, the 2001 data were collected in a single district in which a single city dominated the bankruptcy filings. Data were collected in Los Angeles, California (Bankr. C.D. Cal.); Dallas, Texas (Bankr. N.D. Tex.); Philadelphia, Pennsylvania (Bankr. E.D. Pa.); Chicago, Illinois (Bankr. N.D. Ill.); and Nashville, Tennessee (Bankr. M.D. Tenn.). On designated days, the questionnaires were distributed to all debtors awaiting their meetings with their case trustees (the so-called Section 341 meetings, named after the section of Title 11 of the United States Code that requires the meeting be held and that debtors attend).

A pretest was conducted in the District of Massachusetts in February 2001 to test the questionnaire and the distribution methods, to gauge expected response rates, to time how long it took to complete the questionnaire, and to pre-test the questionnaire for any questions that were ambiguous or difficult to understand. The questionnaire was modified, retested, and put into the field.

In the five sample districts, questionnaires were distributed to all individual debtors filing bankruptcy in Chapter 7 and Chapter 13. In almost all cases, the questionnaires were distributed and completed at the Section 341 meetings, although a few people took their questionnaires home and returned them by mail a few days later. In some districts, the Chapter 7 and Chapter 13 trustees distributed and collected the questionnaires; in other districts, we trained a local person to complete the distribution and collection, with the cooperation of the trustees. Response rates were higher when the trustees distributed the questionnaires, approaching 100 percent in Tennessee where the trustees distributed all the questionnaires and approximately 90 percent in Texas and Illinois when the Chapter 13 trustees distributed the questionnaires. When a representative of the project distributed the questionnaires, the response rates were lower, about 55 percent in Pennsylvania.
and 45 percent in California.

A cover sheet on the questionnaire explained to debtors that their participation was entirely voluntary and guaranteed confidentiality for any information the subjects revealed. The debtors were asked for information concerning their sex, age, education, employment, marital status, race or ethnicity, number and age of dependents, home ownership status, alternatives to bankruptcy that were tried, reasons for filing for bankruptcy, and several other topics. In addition, debtors were given an opportunity to describe, in their own words, the reasons for their bankruptcy. A copy of the questionnaire is reproduced below.

Joint petitioners filled out a single questionnaire, but there was space to ask demographic information about both petitioners. In total, approximately 3000 questionnaires were returned; 250 from each state were systematically sampled resulting in a core sample of 1250 debtor questionnaires. A reproduction of the project questionnaire appears below.
Consumer Bankruptcy Survey

You have been selected to be part of a study of consumer bankruptcy. This study is intended to provide factual information to assist lawyers, judges, and lawmakers to understand who the people are who file for bankruptcy and what their problems are.

Three professors are conducting this survey. Dr. Teresa Sullivan is a sociologist at The University of Texas at Austin. Professor Elizabeth Warren is a law professor at Harvard University. Professor Jay Westbrook is a law professor at the University of Texas. They have frequently studied people in bankruptcy.

The study is funded by non-profit institutions, and no other person, sponsor, or organization has a financial interest in this study.

Your cooperation in this study is entirely voluntary. You may skip any question you do not wish to answer. Your refusal to participate in this study will not in any way affect your bankruptcy case or your future relations with any of the universities involved.

We are interested in a statistical picture of bankruptcy. You are important to that picture, because the picture will not be accurate without your response. Your name and case number will not be identified in any of our published studies and will not be disclosed to anyone who is not working on the study. All workers in this study have agreed to keep all information confidential.

This questionnaire takes about five minutes, on average, to complete. You are welcome to add any comments or clarification, if you wish. Your attorney may assist you. Please complete the questionnaire before leaving, and return it to the person who has given it to you.

We would like to speak with some of the participants in our study for short follow-up telephone calls. Our principal funding agencies have made it possible for us to pay participants $50 for their time in completing each of these telephone calls, for a total of $150. If you are willing to participate further participation, please give us the information needed to reach you in the space provided at the end of this form.

The names, addresses, and telephone numbers of the researchers are:

Elizabeth Warren
Leo Gottlieb Professor of Law
Harvard Law School
Cambridge, MA 02138
(617) 495-3101

Dr. Teresa Sullivan
Vice President and Dean of Graduate Studies
University of Texas at Austin
Main Building 101, 09400
Austin, TX 78712-1111
(512) 471-7213
## DEBTOR QUESTIONNAIRE

Directions: This form should be completed for any person filing for bankruptcy in any chapter. In the case of a joint filing, questions 1-7 should be answered for both petitioners. Completion of this form is entirely voluntary. No information from this form will be used in any way during your bankruptcy case, nor will any data collected be identified to you individually.

Case # __________________________ Chapter of filing  □ Chapter 7 □ Chapter 13
Case number is printed in your notice of today's meeting, or your attorney will have it.
If you do not have your case number, you can put your name.

<table>
<thead>
<tr>
<th>Question</th>
<th>First or Principal Petitioner</th>
<th>Second Petitioner (if joint)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Sex</td>
<td>□ Male</td>
<td>□ Male</td>
</tr>
<tr>
<td></td>
<td>□ Female</td>
<td>□ Female</td>
</tr>
<tr>
<td>2. Age (print each person's age at last birthday.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Current marital status (check one box for each person.)</td>
<td>□ Married, living with spouse</td>
<td>□ Married, living with spouse</td>
</tr>
<tr>
<td></td>
<td>□ Married, not living with spouse</td>
<td>□ Married, not living with spouse</td>
</tr>
<tr>
<td></td>
<td>□ Widowed</td>
<td>□ Widowed</td>
</tr>
<tr>
<td></td>
<td>□ Divorced</td>
<td>□ Divorced</td>
</tr>
<tr>
<td></td>
<td>□ Never married</td>
<td>□ Never married</td>
</tr>
<tr>
<td>3a. Have you experienced a change in marital status since Jan. 1999?</td>
<td>□ Yes</td>
<td>□ Yes</td>
</tr>
<tr>
<td></td>
<td>□ No</td>
<td>□ No</td>
</tr>
<tr>
<td>4. Education (check one box for highest level of school COMPLETED).</td>
<td>□ No school</td>
<td>□ No school</td>
</tr>
<tr>
<td></td>
<td>□ 8th grade or less</td>
<td>□ 8th grade or less</td>
</tr>
<tr>
<td></td>
<td>□ 9th, 10th, or 11th grade</td>
<td>□ 9th, 10th, or 11th grade</td>
</tr>
<tr>
<td></td>
<td>□ 12th grade, no diploma</td>
<td>□ 12th grade, no diploma</td>
</tr>
<tr>
<td></td>
<td>□ High school graduate</td>
<td>□ High school graduate</td>
</tr>
<tr>
<td></td>
<td>□ Some college</td>
<td>□ Some college</td>
</tr>
<tr>
<td></td>
<td>□ Bachelor's degree</td>
<td>□ Bachelor's degree</td>
</tr>
<tr>
<td></td>
<td>□ Advanced degree</td>
<td>□ Advanced degree</td>
</tr>
<tr>
<td>5. Please describe your current work status</td>
<td>□ Currently employed</td>
<td>□ Currently employed</td>
</tr>
<tr>
<td></td>
<td>□ Not employed, seeking work</td>
<td>□ Not employed, seeking work</td>
</tr>
<tr>
<td></td>
<td>□ Not employed, not seeking work</td>
<td>□ Not employed, not seeking work</td>
</tr>
<tr>
<td>5a. Since 1 Jan 1999, have you experienced an interruption of at least two weeks in work-related income? (For example, through layoff or illness.) Please check all that apply.</td>
<td>□ Yes, through layoff, firing, etc.</td>
<td>□ Yes, through layoff, firing, etc.</td>
</tr>
<tr>
<td></td>
<td>□ Yes, through illness or injury</td>
<td>□ Yes, through illness or injury</td>
</tr>
<tr>
<td></td>
<td>□ Yes, for other reasons</td>
<td>□ Yes, for other reasons</td>
</tr>
<tr>
<td></td>
<td>□ Not employed at all since Jan. 1999</td>
<td>□ Not employed at all since Jan. 1999</td>
</tr>
</tbody>
</table>
5b. Since January 1999, has your work changed in any of these ways?  
- Choose one: No change, Income changed: More, Less; Hours changed: More, Less; Has not been employed since January 1999

5c. What kind of work do you do?

5d. If employed, how many years with the same employer?

5e. At any time during the past two years, were you self-employed?  
- Choose one: Yes, No

6. Are you entitled to receive child support or alimony?  
- Choose one: Yes, No

6a. Are you required to pay child support or alimony?  
- Choose one: Yes, No

7. Does everyone for whom you are financially responsible currently have some form of medical insurance?  
- Choose one: Yes, No

7a. Has there been a gap of one month or longer in health insurance coverage during the past two years for any person for whom you are financially responsible?  
- Choose one: Yes, No

7b. Have you or someone for whom you are financially responsible incurred medical bills not covered by insurance in excess of $1,000 during the past two years?  
- Choose one: Yes, No

8. Please identify the age and relationship (e.g., son, stepson, foster child, parent, spouse, ex-spouse, significant other, etc.) of those people to whom you contribute financial support. Please do not list a husband or wife who is filing this petition jointly, but please include a non-filing spouse or ex-spouse or significant other person whom you help to support.

<table>
<thead>
<tr>
<th>Person</th>
<th>Age</th>
<th>Relationship</th>
<th>Living in your home</th>
<th>Living elsewhere</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Person 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Person 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Person 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Person 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Person 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If there are more than six people in your household, please tell us how many and their ages and relationship to you:
9. As for your home today, do you:  
- own  
- rent  
- live with family or friends; don't pay rent

9a. Within the past five years, have you owned a home that you lost or sold for financial reasons?  
- Yes  
- No

9b. These questions are for current homeowners only; others can skip to the next page:

What year did you purchase your current home?  
Is this the first home you’ve bought?  
- Yes  
- No

Would you please tell us something about your home mortgages or home equity lines of credit?

<table>
<thead>
<tr>
<th>Loan 1</th>
<th>Loan 2</th>
<th>Loan 3</th>
<th>Loan 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of lender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year you took out mortgage</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Are you current on all payments?  
- Yes  
- No

What was the reason for taking out the loan (Check all that apply):  
- To buy this house, condo, etc  
- To refinance to get a lower interest rate  
- To refinance to lower payments by stretching loan over longer time  
- To pay for home repairs or improvements  
- To finance a business  
- To pay educational expenses  
- To pay medical expenses  
- To buy other goods or services  
- To pay off other debts  
- Other

Do you have more than four mortgages on your home?  
- Yes  
- No
10. With which group do you identify, if any? (Check all that apply.)
   
   First or Principal Petitioner:
   - □ African-American, Black
   - □ Asian-American
   - □ Hispanic, Latino/a
   - □ White
   - □ Other ___________________________ □ None

   Second Petitioner (if joint):
   - □ African-American, Black
   - □ Asian-American
   - □ Hispanic, Latino/a
   - □ White
   - □ Other ___________________________ □ None

11. People often try other measures before filing bankruptcy. Please check any of the following you have used before filing for bankruptcy.
   - □ Consumer Credit Counseling
   - □ Financial Adviser
   - □ Home Equity Loans
   - □ Negotiated with Creditors
   - □ Asked Friends or Relatives for Help
   - □ General Consolidation Loan
   - □ Something Else (what?) ___________________________

12. People give many reasons for filing bankruptcy. Please check all of those that apply to your situation.
   - □ Job problems
   - □ Illness or injury of self or family member
   - □ Divorce or family breakup
   - □ May lose home (eviction, foreclosure)
   - □ Victim of fraud or crime
   - □ Addition of a family member
   - □ Gambling
   - □ Alcoholism or drug addiction
   - □ Trouble in managing money
   - □ Something else (what?) ___________________________

   We would like to know what happened to you. Please turn this paper over and tell us your story. Write down as much as you want.

   $150 for three short phone calls with university researchers

   I am willing to participate in brief follow up calls. I understand that I will receive $50 for completing each of these calls.

   Name (print) ___________________________ Signature ___________________________

   Telephone number ___________________________ Best time to call □ Day □ Evening

   Sometimes telephone numbers change or people move. Please give us the names and phone numbers of two other people who are always able to contact you so we may ask for help in reaching you, if necessary. We will identify ourselves as associated with our universities and explain that you gave us permission to call, but we will not mention bankruptcy or the subject of the call.

   Alternate contact #1, Name ___________________________ Phone Number ___________________________

   Alternate contact #2, Name ___________________________ Phone Number ___________________________