

Debt in America

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Debt in America

Debt is becoming a four-letter word in today's discussions of personal finances in the United States. It can bring to mind people struggling to keep their heads above water. But some types of debt can help people build wealth rather than hold people back. The ability to repay both "good" and "bad" debt, however, is key to the economic security of families—and the country.

Credit—another word for debt—is often constructive. Taking on debt to buy a home, for example, can be an important savings tool; paying one's mortgage each month builds equity automatically, even if home values do not appreciate. The same can be said for student loans; college is still a good investment on average, at least for the roughly half of people who complete degrees (e.g., Avery and Turner 2012; Gale et al. 2014; Greenstone et al. 2013). But debt that funds current consumption or results from an unexpected emergency (e.g., medical debt) can burden Americans far into the future with little or no offsetting benefit. Debt—even debt taken on for positive reasons—can lead to financial stress, associated health risks, and insolvency if it cannot be repaid.¹

The accumulation of household debt has received far less research and media attention than has increasing disparities in income and wealth accumulation.² Similarly, few studies have examined the geographic concentrations of indebtedness, despite similar research on the spatial patterns of income inequality and economic mobility.³ This brief advances our knowledge of these fields. It details the debt side of individual balance sheets and explores spatial patterns of debt holding in the United States.

What Are Our Numbers Based On?

We use 2013 credit bureau data from TransUnion to examine Americans' total debt, then separately assess their mortgage and non-mortgage debt.⁴ Mortgage debt captures the debt people take on to purchase a home, and non-mortgage debt encompasses many other types of personal debt, including vehicle loans, education loans, and credit card debt. It also encompasses debt in collections, which can include unpaid medical and utility bills.

These credit bureau data describe people with credit files and do not represent the roughly 22 million US adults (9 percent of the population) with no credit file.⁵ Because adults without a credit file are more likely to be financially disadvantaged, our data underrepresent low-income consumers. Our analyses also exclude debts such as loans from friends or family, or loans outside the financial mainstream, such as payday or pawnshop loans. For more information on our data and methodology, see the box on page 7.

Where Is Debt Concentrated?

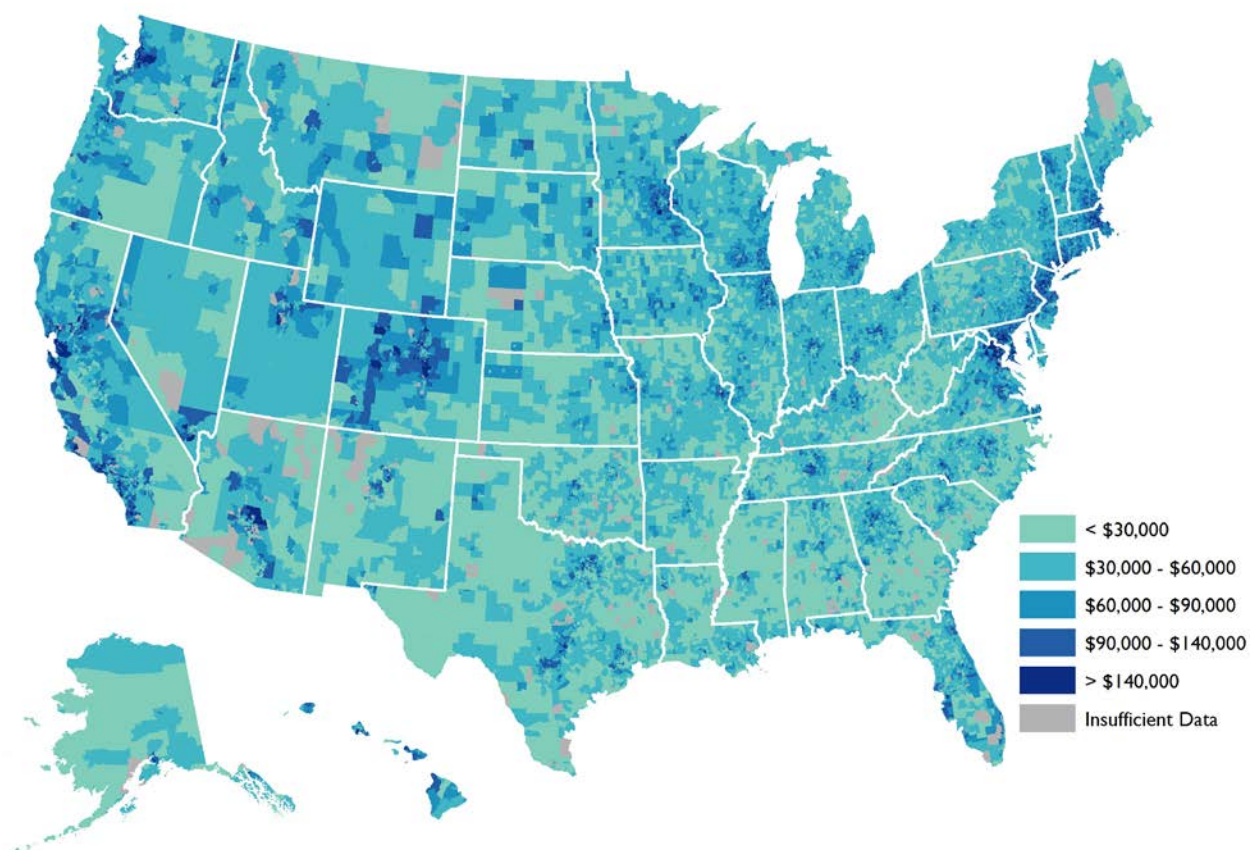
In September 2013, average total debt per American with a credit file stood at \$53,850.⁶ People with mortgages hold far more debt (\$209,768) than those without mortgages (\$11,592).⁷ But not everyone carries debt. Twenty percent of Americans with credit reports do not have any recorded debt.

Average debt varies substantially across the United States, from less than \$30,000 in many localities to more than \$140,000 in others (figure 1). Total debt is high along the Pacific Coast in California, Oregon, and Washington. Another prominent area is the portion of the East Coast from Washington, DC, through Boston. It is no surprise, then, that among the nine census divisions, total debt is highest in the Pacific (\$69,831) and New England (\$68,401; table 1). This is followed by the Mountain division, at \$59,563. The Pacific, New England, and Mountain divisions also have the highest levels of average total debt relative to

average household income.⁸ People in these areas may have higher debt because they have higher incomes or more assets, providing them with greater access to credit. The Pacific and New England divisions have relatively high housing prices, which is an important driver of total debt. Conversely, two southern divisions—East South Central and West South Central—have the lowest levels of debt (\$39,137 and \$39,931, respectively), along with the lowest levels of debt relative to household income.⁹

FIGURE 1

Total Debt



Source: Authors' calculations based on September 2013 TransUnion data.

Notes: Data are displayed at the census tract level. Census tracts with fewer than 10 observations in our sample are identified as having insufficient data.

TABLE I

Debt, Income, and House Prices by Census Division (2013 dollars)

Census division	Average total debt	Average mortgage debt	Average non-mortgage debt	Average household income	Median house prices
Northeast					
New England	68,401	50,518	17,883	86,283	273,638
Middle Atlantic	54,799	37,610	17,189	80,582	237,011
Midwest					
East North Central	47,251	31,720	15,532	65,877	142,044
West North Central	52,175	36,133	16,043	67,020	147,320
South					
South Atlantic	53,633	37,495	16,138	71,632	167,713
East South Central	39,137	24,605	14,532	57,510	125,810
West South Central	39,931	24,671	15,260	65,843	128,043
West					
Mountain	59,563	43,386	16,177	70,511	180,294
Pacific	69,831	54,573	15,259	82,134	315,135
United States	53,850	37,952	15,898	72,253	174,410

Sources: Total debt, mortgage debt, and non-mortgage debt from authors' calculations based on September 2013 TransUnion data. Household income and house prices from 2012 American Community Survey.

Notes: The states in each of the nine census divisions are as follows: New England = Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont; Middle Atlantic = New Jersey, New York, and Pennsylvania; East North Central = Illinois, Indiana, Michigan, Ohio, and Wisconsin; West North Central = Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota; South Atlantic = Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia; East South Central = Alabama, Kentucky, Mississippi, and Tennessee; West South Central = Arkansas, Louisiana, Oklahoma, and Texas; Mountain = Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, Utah, and Wyoming; Pacific = Alaska, California, Hawaii, Oregon, and Washington.

Outside the coastal areas, Colorado and Minnesota stand out as having relatively high debt levels and high debt levels relative to income (appendix table A.1).¹⁰ Five southern states—Mississippi, West Virginia, Arkansas, Louisiana, and Oklahoma—have the lowest debt levels. They also tend to have low debt levels relative to income.

In general, low-debt areas tend to be low-income areas. The correlation between local-level (i.e., census tract) average debt and local-level average income is 0.75, suggesting that the two tend to move together. These lower-debt, lower-income areas also tend to be less populous.

While states are important political boundaries, they are not important organizers of indebtedness for most of the country. Among the largest 100 metropolitan statistical areas, or MSAs, some areas have remarkably high average debt levels—mostly where homeownership is prevalent and prices are high. The San Jose MSA, for example, has the highest average debt in the country at \$97,150, with several other California MSAs not far behind (appendix table A.2). Four of the 10 most indebted MSAs are in California. Other major West Coast MSAs, like Seattle, also have high average debt levels (\$84,519), as does Honolulu (\$87,241). MSAs with the lowest levels of average debt are McAllen, Texas (\$23,546), El Paso, Texas (\$32,665), Youngstown, Ohio (\$32,774), and Scranton, Pennsylvania (\$37,742).

Debt is spread unequally across America. Ranking census tracts from most to least indebted, the top 20 percent of tracts account for 42 percent of all debt holdings in America. Meanwhile, the bottom 20 percent of tracts account for just 6 percent of US debt.¹¹ The high-debt census tracts (top 20 percent) tend to be in the more populous coastal states, but all 50 states and DC are represented.

How Is Mortgage Debt Distributed across the Country?

Average US mortgage debt among people with a credit file was \$37,952 in 2013, which is 70 percent of average total debt. The 21 percent of people with mortgage debt, however, have average mortgage debt of \$177,982 (median \$136,165).¹²

Total debt is largely driven by mortgage debt, and the geographic distribution of mortgage debt mirrors total debt. In fact, the correlation between total debt and mortgage debt is 0.96, indicating a nearly one-to-one relationship between census tract average total debt and average mortgage debt. Consistent with the distribution of average total debt, average mortgage debt is highest in the Pacific (\$54,573), New England (\$50,518), and Mountain (\$43,386) divisions, and lowest in the West South Central (\$24,671) and East South Central (\$24,605) divisions (table 1). Hawaii has the highest average mortgage debt (\$67,300), and Mississippi has the lowest (\$16,864).

More revealing than mortgage debt alone is mortgage debt relative to income. West Coast states remain among the top in the nation, with high levels of mortgage debt relative to income (figure 2). Several pockets in the Mountain division also have high levels of mortgage debt relative to income, including census tracts in Colorado, Utah, Idaho, and western Montana. Other prominent areas are in the upper Midwest (Minnesota and Wisconsin), the East Coast corridor from Virginia to Maine, and Florida. At the other end of the spectrum, southern states from Texas to the Carolinas (except Florida) have more areas with low levels of mortgage debt relative to income.

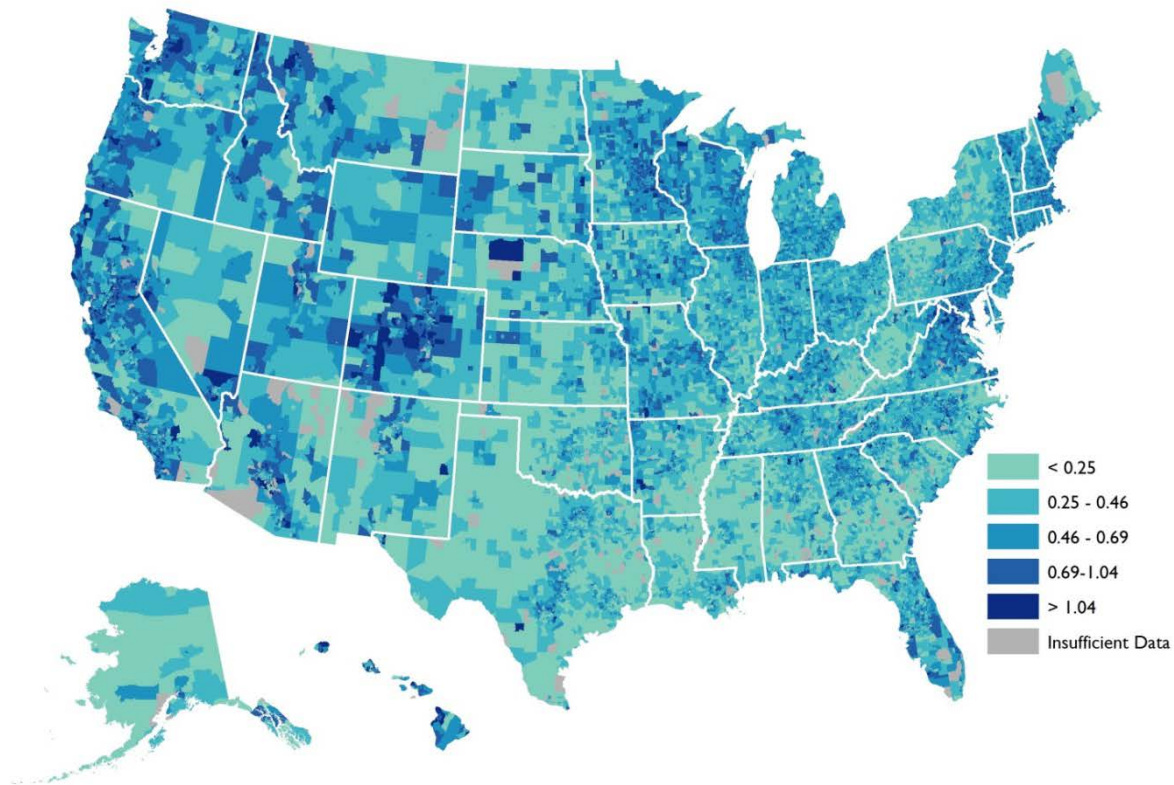
Ranking states by mortgage debt relative to income, the five with the highest relative debt are in the West (Hawaii, Washington, Colorado, Idaho, and Oregon); the five with the lowest relative debt are in the South (Mississippi, Texas, West Virginia, Louisiana, and Oklahoma).¹³ While one might expect states with high mortgage debt relative to income to have a high proportion of homeowners, this is not the case. Hawaii, Washington, Colorado, Idaho, and Oregon all have homeownership rates below the national average, while states with low mortgage debt relative to income do not have consistently higher or lower average homeownership rates.¹⁴

The geographic picture of mortgage debt relative to median home values differs from that of mortgage debt relative to income. In fact, mortgage debt to home value is highest in the middle of the country.¹⁵ Among census divisions, West North Central has the highest level of mortgage debt relative to home values, followed by Mountain and East North Central. By contrast, the New England and Pacific divisions have the lowest levels of mortgage debt relative to home values. Mortgage debt to home value may be higher in the middle of the country for various reasons, including lower growth in housing values relative to mortgage amounts and differences in foreclosures and strategic defaults.

Mortgage debt is more spatially concentrated than is total debt. The top 20 percent of census tracts account for 48 percent of US mortgage debt, while the bottom 20 percent represent just 3 percent (recall that their total debt numbers were 42 percent and 6 percent, respectively). These high-debt census tracts (top 20 percent) tend to be in the more populous coastal states, but all 50 states and DC are represented. This finding also follows from spatial housing concentrations at the tract level; homeownership is ubiquitous in some tracts, while renters dominate in others (Pendall and Theodos forthcoming).

FIGURE 2

Mortgage Debt Relative to Income



Sources: Mortgage debt from authors' calculations based on September 2013 TransUnion data. Household income data from 2008–12 American Community Survey.

Notes: Data are displayed at the census tract level and represent average census tract mortgage debt divided by average census tract household income. Census tracts with fewer than 10 observations in our sample are identified as having insufficient data.

How Is Non-Mortgage Debt Distributed across the Country?

Far more people with credit files hold non-mortgage debt than mortgage debt, but the non-mortgage debt balances are much smaller. Average non-mortgage debt among people with credit files stood at \$15,898 in September 2013 and is held by 80 percent of this population.¹⁶ Among the 80 percent of credit file holders with non-mortgage debt, the average value of that debt is about \$4,000 higher (\$19,966). That more Americans have non-mortgage debt than mortgage debt isn't surprising; credit outside the mortgage market funds many different types of investment and consumption through credit cards, vehicle loans, and student loans. Non-mortgage debt also includes debt in collections, which adds, among other things, delinquent medical debt and unpaid utility bills. It does not, however, include debts such as payday loans and personal loans from friends or family.

The patterns of non-mortgage debt across the country differ from patterns observed of total debt and mortgage debt. Regional variation in average non-mortgage debt is relatively limited, ranging from \$14,532 in the East South Central division to \$17,883 in New England—a \$3,351 difference (see table 1).

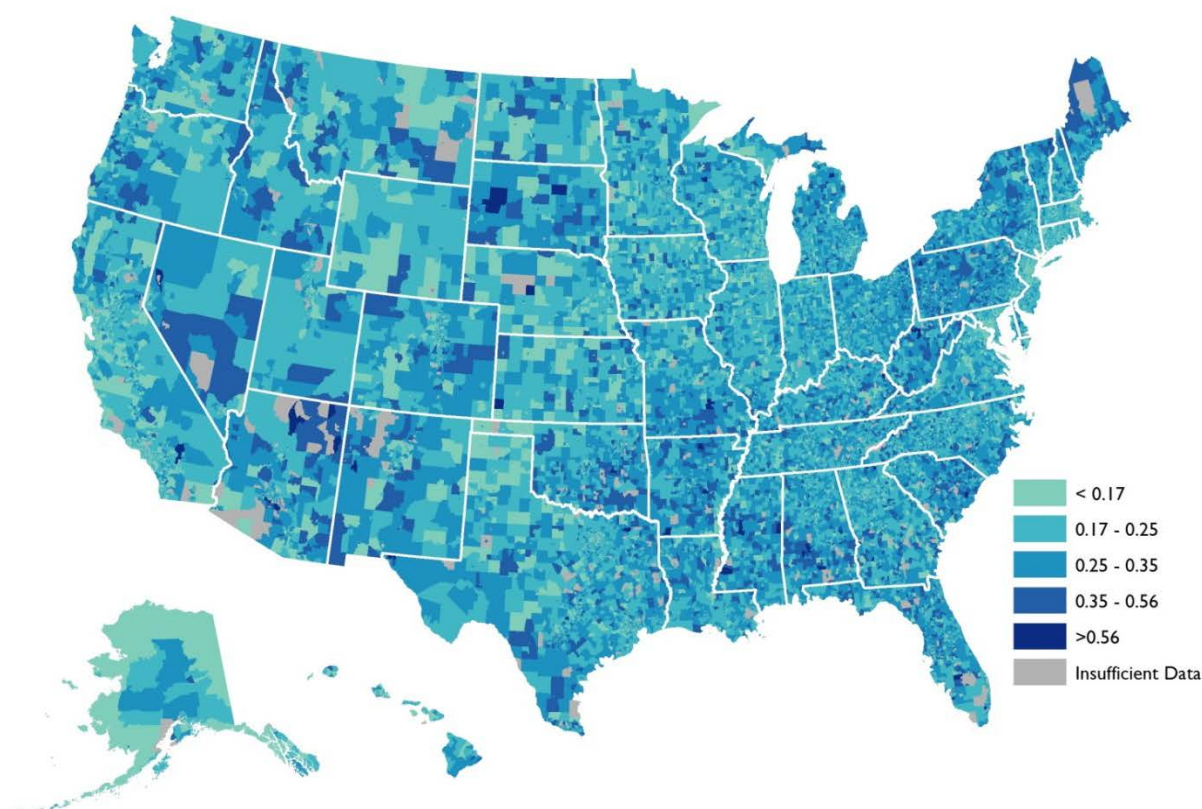
Non-mortgage debt relative to income is spread across the United States more broadly than mortgage debt relative to income (figure 3).¹⁷ That said, several interesting patterns are apparent. Though the South

has comparatively low levels of mortgage debt relative to income, it has high non-mortgage debt relative to income. Conversely, California has comparatively high mortgage debt relative to income but has low non-mortgage debt relative to income. In fact, California is second only to the District of Columbia in lowest level of non-mortgage debt relative to income.¹⁸

Non-mortgage debt is also less spatially concentrated than either total or mortgage debt. The top 20 percent of tracts in non-mortgage debt represent 32 percent of US non-mortgage debt totals. The bottom 20 percent of tracts account for 10 percent of the value of all US non-mortgage debt.

FIGURE 3

Non-Mortgage Debt Relative to Income



Sources: Non-mortgage debt from authors' calculations based on September 2013 TransUnion data. Household income data from 2008–12 American Community Survey.

Notes: Data are displayed at the census tract level and represent average census tract non-mortgage debt divided by average census tract household income. Census tracts with fewer than 10 observations in our sample are identified as having insufficient data.

What Do These Findings Mean?

This brief adds to the complex picture of Americans' balance sheets and describes variations in personal debt levels across the country.¹⁹ Mortgage debt drives total debt, with the correlation between local area average total debt and average mortgage debt standing at 0.96. This is consistent with the fact that a home is generally people's largest purchase and that roughly two-thirds of homeowners have a mortgage. Higher mortgages can also affect other spending and, thus, other debts.

Total debt and mortgage debt are highly concentrated in affluent, high-cost markets, mostly along the west and east coasts. Taxpayers in these coastal areas are much more likely to itemize their tax deductions than people in the country's interior,²⁰ and with these higher deductions come greater tax subsidies for homeownership.

By contrast, non-mortgage debt (and non-mortgage debt relative to income) is more spatially dispersed. Some of this debt may be taken on to help people improve their economic positions, such as for postsecondary education, while other debts may accumulate because consumption outpaces income. Not captured here are loans outside the financial mainstream, such as payday and auto title loans. Use of these alternative loans is more highly concentrated in the South (Federal Deposit Insurance Corporation 2013; McKernan et al. 2013; Prager 2009), suggesting greater financial stress for these families.

Debt, more favorably known as credit, is critical to community stability and health as it helps families purchase homes—a stabilizing force. Debt also allows for other important investments, such as higher education. But as the financial crisis painfully demonstrated, excessive debts can undermine community stability and lead to home foreclosures, bankruptcy, and ruined credit. Research on consumer credit, spending, and savings necessarily requires a baseline understanding of household debt. While future research will dig deeper into the different types of non-mortgage debt and work toward identifying the types of debt most associated with financial distress, this brief presents the first comprehensive exploration of the spatial patterns of debt holding in the United States.

Data and Methodology

Data for this brief come primarily from TransUnion credit bureau records from September 2013. We use a random sample of 7 million individual-level records verified in the past 12 months, or a roughly 3 percent sample of the US adult population. They include only people with a credit file (thick or thin). These data allow us to investigate credit characteristics down to the census tract level.

The credit bureau data are supplemented with measures of mean household income and median home values from the American Community Survey (ACS). We use data from the 2012 ACS for analyses by census division and state. We use the 2008–12 five-year ACS estimates for the census tract–level analyses, to maintain sufficient sample size at small geographies.

Methods and geography

The map figures are created in ArcMap 10 using Jenks natural breaks and are based on census tract–level means. Census tracts are small statistical subdivisions that do not cross county lines and are designed to have approximately 4,000 residents, though the actual number varies widely. Census tract spatial size also varies widely, depending on population density. The 2010 census has just over 73,000 census tracts, and our sample has sufficient data (at least 10 individuals) in over 72,000 tracts. The ratios displayed in figures 2 and 3 are calculated as the tract mean of the debt component divided by tract mean income. Table 1 presents sample means by census divisions, which are groupings of states that subdivide regions.

Definitions

- Total debt is the sum of mortgage debt and non-mortgage debt.^a
- Mortgage debt is the total balance of mortgage trades, including mortgages on primary or secondary residences, but not home equity loans.
- Non-mortgage debt is the sum of non-mortgage trades and debt in collection. Non-mortgage trades include the total balance of open trades, excluding mortgages, as well as trade lines that have been closed but not charged off into collections. Debt in collection includes closed trades that have been charged off as well as the total collection balance of debts reported to the bureau by collection agencies. While mortgage debt could result in collections activity, it is very rare.

Trimming

Each component of total debt (mortgage trades, non-mortgage trades, and debt in collections) is trimmed at roughly 0.1 percent at the top of the distribution. We then remove individuals from each component if they are trimmed in any one component, creating a 0.25 percent trim off the total sample. This trimming removes outliers from all elements and maintains sample consistency across all three debt measures.

a. Informal loans to family and friends are not included, nor are payday loans, pawn loans, or other alternative financial services.

APPENDIX TABLE A.1

Debt, Income, and House Prices by State (2013 dollars)

State	Average total debt	Average mortgage debt	Average non-mortgage debt	Average house-hold income	Median house price
Alabama	38,784	23,686	15,097	58,210	124,999
Alaska	68,524	49,249	19,275	85,975	248,678
Arizona	55,831	39,525	16,307	65,788	153,712
Arkansas	37,162	22,706	14,456	54,906	109,171
California	69,697	54,833	14,864	83,359	354,501
Colorado	74,340	56,742	17,597	77,606	238,330
Connecticut	70,591	52,525	18,066	96,180	271,710
Delaware	60,199	42,769	17,430	75,547	230,213
District of Columbia	65,532	49,635	15,896	103,652	467,426
Florida	47,181	31,038	16,143	65,167	150,364
Georgia	46,668	31,440	15,228	66,581	144,378
Hawaii	83,810	67,300	16,510	83,006	503,850
Idaho	58,059	41,151	16,908	59,573	156,756
Illinois	53,353	37,366	15,987	76,299	173,091
Indiana	42,183	27,539	14,644	62,167	124,491
Iowa	46,626	31,490	15,136	65,466	128,144
Kansas	45,236	30,289	14,947	67,591	131,999
Kentucky	40,309	26,008	14,301	57,566	122,564
Louisiana	38,077	22,916	15,162	61,800	141,537
Maine	53,095	35,601	17,494	62,030	174,816
Maryland	76,583	58,868	17,715	94,160	283,987
Massachusetts	73,156	55,503	17,653	90,576	328,527
Michigan	43,377	28,484	14,894	63,951	117,389
Minnesota	67,652	50,093	17,559	77,374	181,005
Mississippi	31,065	16,864	14,201	53,446	101,257
Missouri	47,214	31,641	15,573	62,196	136,971
Montana	53,171	37,484	15,687	60,867	187,498
Nebraska	46,776	31,746	15,030	66,072	130,173
Nevada	51,226	36,372	14,854	67,008	152,900
New Hampshire	67,805	47,957	19,847	81,747	239,446
New Jersey	67,398	49,522	17,876	95,457	316,149
New Mexico	46,497	31,692	14,805	60,147	159,800
New York	51,472	35,549	15,923	82,630	285,001
North Carolina	47,516	32,300	15,215	62,709	152,291
North Dakota	49,039	31,158	17,881	73,553	144,581
Ohio	44,183	27,634	16,549	63,692	129,463
Oklahoma	38,639	23,330	15,310	61,178	115,969
Oregon	60,752	45,245	15,506	65,866	227,169
Pennsylvania	50,615	32,009	18,606	70,352	166,191
Rhode Island	57,700	41,418	16,282	73,717	238,025
South Carolina	45,756	29,762	15,994	59,904	137,478
South Dakota	51,120	33,073	18,047	63,724	136,261
Tennessee	42,378	27,967	14,411	60,416	139,812
Texas	40,757	25,395	15,362	71,763	131,086
Utah	62,969	47,681	15,289	72,924	202,616
Vermont	57,816	39,330	18,486	69,646	220,067
Virginia	74,279	56,922	17,358	85,877	241,272
Washington	73,380	56,612	16,768	76,926	246,548
West Virginia	33,970	19,355	14,615	54,676	101,866
Wisconsin	51,940	37,403	14,537	66,985	167,612
Wyoming	55,914	39,428	16,486	69,214	190,136
United States	53,850	37,952	15,898	72,254	174,410

Sources: Total debt, mortgage debt, and non-mortgage debt from authors' calculations based on September 2013 TransUnion data. Household income and house prices from 2012 American Community Survey.

APPENDIX TABLE A.2

Debt by Metropolitan Statistical Area, MSA (2013 dollars)

MSA	Average total debt	Average mortgage debt	Average non-mortgage debt	MSA	Average total debt	Average mortgage debt	Average non-mortgage debt
Akron, OH	46,054	28,036	18,018	Madison, WI	64,676	49,328	15,348
Albany, NY	56,141	37,466	18,676	McAllen, TX	23,546	11,091	12,455
Albuquerque, NM	56,507	41,001	15,506	Memphis, TN	40,607	25,418	15,189
Allentown, PA	56,813	38,472	18,341	Miami, FL	46,540	30,754	15,786
Atlanta, GA	55,204	38,724	16,480	Milwaukee, WI	52,144	37,455	14,688
Augusta, GA	40,987	26,269	14,718	Minneapolis, MN	78,137	59,147	18,990
Austin, TX	58,866	41,631	17,235	Nashville, TN	54,743	38,861	15,882
Bakersfield, CA	46,105	32,425	13,680	New Haven, CT	57,798	40,787	17,011
Baltimore, MD	72,634	54,971	17,663	New Orleans, LA	42,983	27,557	15,426
Baton Rouge, LA	45,915	29,530	16,385	New York, NY	60,885	44,631	16,255
Birmingham, AL	44,851	29,016	15,835	North Port, FL	51,112	34,948	16,164
Boise City, ID	64,355	46,886	17,469	Ogden, UT	66,271	50,920	15,351
Boston, MA	79,767	61,275	18,491	Oklahoma City, OK	44,502	28,378	16,124
Bridgeport, CT	94,609	74,399	20,210	Omaha, NE	55,679	38,541	17,138
Buffalo, NY	39,140	22,700	16,440	Orlando, FL	49,968	33,504	16,464
Cape Coral, FL	49,288	32,954	16,334	Oxnard, CA	95,903	78,068	17,834
Charleston, SC	62,486	44,052	18,434	Palm Bay, FL	47,782	31,510	16,272
Charlotte, NC	57,449	40,286	17,163	Philadelphia, PA	62,280	43,592	18,688
Chattanooga, TN	38,918	24,443	14,475	Phoenix, AZ	60,456	43,330	17,126
Chicago, IL	58,498	42,015	16,483	Pittsburgh, PA	43,795	23,974	19,822
Cincinnati, OH	53,187	36,285	16,902	Portland, OR	70,919	54,850	16,069
Cleveland, OH	44,624	27,378	17,246	Providence, RI	59,605	43,180	16,425
Colorado Springs, CO	73,621	55,037	18,584	Provo, UT	68,256	52,470	15,787
Columbia, SC	51,342	32,681	18,661	Raleigh, NC	67,256	50,112	17,144
Columbus, OH	52,904	35,135	17,768	Richmond, VA	62,323	45,235	17,088
Dallas, TX	46,316	30,820	15,495	Riverside, CA	58,825	43,976	14,849
Dayton, OH	43,861	28,195	15,667	Rochester, NY	43,043	25,432	17,611
Deltona, FL	44,265	27,580	16,685	Sacramento, CA	71,605	55,725	15,880
Denver, CO	77,138	59,094	18,045	Salt Lake City, UT	61,712	46,688	15,024
Des Moines, IA	59,758	42,851	16,906	San Antonio, TX	46,531	28,954	17,577
Detroit, MI	44,531	29,671	14,860	San Diego, CA	78,282	61,997	16,284
El Paso, TX	32,665	18,034	14,631	San Francisco, CA	92,010	75,780	16,230
Fresno, CA	45,138	32,239	12,899	San Jose, CA	97,150	81,929	15,220
Grand Rapids, MI	47,652	32,543	15,109	Scranton, PA	37,742	20,800	16,942
Greensboro, NC	42,800	28,230	14,570	Seattle, WA	84,519	66,580	17,939
Greenville, SC	42,872	28,550	14,321	Spokane, WA	57,820	41,775	16,045
Harrisburg, PA	55,248	35,374	19,874	Springfield, MA	46,464	31,867	14,596
Hartford, CT	64,011	46,697	17,314	St. Louis, MO	54,814	37,974	16,840
Honolulu, HI	87,241	70,271	16,970	Stockton, CA	55,742	42,235	13,508
Houston, TX	42,784	27,452	15,332	Syracuse, NY	41,440	23,575	17,865
Indianapolis, IN	48,898	32,412	16,486	Tampa, FL	47,767	31,171	16,596
Jackson, MS	40,078	24,319	15,759	Toledo, OH	41,650	24,320	17,330
Jacksonville, FL	54,546	36,627	17,919	Tucson, AZ	50,817	36,270	14,547
Kansas City, MO	54,649	38,438	16,211	Tulsa, OK	43,254	27,786	15,468
Knoxville, TN	44,246	30,268	13,978	Virginia Beach, VA	65,052	47,721	17,331
Lakeland, FL	38,350	22,952	15,397	Washington, DC	95,560	76,860	18,700
Las Vegas, NV	49,325	34,634	14,692	Wichita, KS	43,152	28,031	15,121
Little Rock, AR	46,700	29,368	17,333	Winston, NC	42,042	27,678	14,365
Los Angeles, CA	64,778	50,371	14,407	Worcester, MA	67,073	49,358	17,714
Louisville, KY	45,999	30,833	15,166	Youngstown, OH	32,774	16,528	16,246

Source: Authors' calculations based on September 2013 TransUnion data.**Note:** MSA name refers to the largest city within the MSA.

Notes

¹ Financial stress has been linked with negative health outcomes (e.g., Choi 2009; Keese and Schmitz 2010).

² Research on debt includes Boshara and Emmons (2012). Research on income and wealth inequality includes Congressional Budget Office (2011, 2013), Kenworthy and Smeeding (2013), and Wolff (2013).

³ Researchers have noted striking spatial patterns in income inequality and economic mobility (Bee 2012; Chetty et al. 2014; and Weinberg 2011).

⁴ See our companion brief, “Delinquent Debt in America,” for a look at debt past due and debt in collections.

⁵ Karen Harris, “Full Utility Reporting: Panacea or Scourge for Low-Income Consumers?” *The Shriver Brief* (blog), Sargent Shriver National Center on Poverty Law, July 18, 2012, <http://www.theshriverbrief.org/2012/07/articles/asset-opportunity/full-utility-reporting-panacea-or-scourge-for-low-income-consumers/>. The 2013 US population is estimated to be 316 million, with 76.7 percent of Americans (242 million) age 18 or older (US Census Bureau 2014).

⁶ Debt for the typical, or median, person was substantially lower at \$4,877.

⁷ The median values are \$165,227 and \$1,494, respectively.

⁸ Authors’ calculations based on data presented in table 1 (average total debt divided by average household income).

⁹ Home prices are strongly related to debt levels; the correlation between state average total debt and state median home prices is quite high at 0.8.

¹⁰ Information on debt relative to income is based on authors’ calculations of data presented in appendix table A.1.

¹¹ This metric is calculated using average consumer-level debt by census tract to rank all tracts. We then divide the ranked tracts in quintiles, sum the means of each quintile, and use these summed values to calculate the percent of total debt in that quintile. This method weights each tract in our sample containing 10 or more individuals identically. Those tracts with fewer than 10 observations are excluded.

¹² The 21 percent figure should not be confused with the percentage of households with a mortgage. The US homeownership rate, which measures the share of households that own their homes, stood at roughly 65 percent in 2013 (Robert R. Callis and Melissa Kresin, “Residential Vacancies and Homeownership in the First Quarter 2014,” *US Census Bureau News* CB14-16, April 29, 2014, <http://www.census.gov/housing/hvs/files/currenthvspress.pdf>). Of these owner households, about two-third have a mortgage (Nalina Varanasi, “Free and Clear American Homeowners,” Zillow Real Estate Research, January 9, 2013, <http://www.zillow.com/research/free-and-clear-american-mortgages-3681/>), meaning that roughly 44 percent of households have a mortgage. Since only the legal holder(s) of each mortgage has the associated mortgage debt appear on their credit report, we expect the percentage of adults with a mortgage to be lower than the percentage of households with a mortgage. Double-counting is possible if our sample includes two people who hold the same mortgage. We expect that double-counting is rare in our 3 percent sample.

¹³ Authors’ calculations based on the data presented in appendix table A.1 (average mortgage debt divided by average household income).

¹⁴ Homeownership data used in this analysis comes from the 2012 American Community Survey.

¹⁵ Mortgage debt is also highly correlated with home values (0.65), though modestly less than it is with income.

¹⁶ The median value is \$3,027.

¹⁷ A similar pattern emerges when comparing the geographic distribution of non-mortgage debt to mortgage debt.

¹⁸ Authors’ calculations based on the data presented in appendix table A.1.

¹⁹ As discussed above, this analysis is limited to people with a credit file and excludes debts such as loans from friends or family, or loans outside the financial mainstream, such as payday or pawnshop loans.

²⁰ Benjamin H. Harris, “Stark Variation in Taxpayer Use of Itemized Deductions, County by County,” *Up Front* (blog), Brookings Institution, March 6, 2014, <http://brook.gs/1nSoTJ8>.

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