

Statement of Michelle M. Harner*

at the Hearing on

Bankruptcy Law: Overview and Legislative Reforms

Before the

Subcommittee on the Administrative State, Regulatory Reform, and Antitrust

of the Committee on the Judiciary

U.S. House of Representatives

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Chairman Fitzgerald, Ranking Member Nadler, and members of the Subcommittee, I am Michelle M. Harner, United States Bankruptcy Judge for the District of Maryland. I would like to preface my remarks by saying that I am testifying on my own behalf as a bankruptcy professional and Judge, and that my comments are my own and intended to inform and help explain certain matters relating to U.S. bankruptcy law. I do not represent other members of the Judiciary, the Judicial Conference of the United States, the Fourth Circuit Judicial Council, the Administrative Office of the U.S. Courts, or any other governing body or organization.

I have been a bankruptcy professional for over 30 years. I was first introduced to bankruptcy law in law school at The Ohio State University College of Law, and I have been a diligent student of bankruptcy law ever since. Despite my many roles in the bankruptcy community—from a Partner at the law firm Jones Day, to a tenured Law Professor at the University of Maryland Francis King Carey School of Law, to now a bankruptcy judge—I have never stopped studying, analyzing, and dissecting our bankruptcy laws. I served as the Reporter to the American Bankruptcy Institute Commission to Study the Reform of Chapter 11 (2012–2014), the Chair of the Working Group on Individual Bankruptcy Reform of the National Bankruptcy Conference (2021–2022), and the Co-Chair of the American Bankruptcy Institute Subchapter V Task Force (2023–2024). I also served as the Associate Reporter to, and am now a member of, the Advisory Committee on the Federal Rules of Bankruptcy Procedure.

Based on those experiences, I would like to provide the Subcommittee with information and data concerning three areas of bankruptcy law that I understand are of interest to the Subcommittee: (i) subchapter V of chapter 11 of the Bankruptcy Code; (ii) chapter 13 of the Bankruptcy Code; and (iii) the treatment of student loans in bankruptcy. Before addressing each of these three topics, however, I also offer the following general information about the U.S. bankruptcy system:

- During the 2024 calendar year, 517,308 bankruptcy cases were filed in the United States. Notably for purposes of today’s hearing, approximately 2,582 of those were filed under subchapter V of chapter 11, and approximately 197,244 were filed under chapter 13.¹
- Drilling down on the numbers for purposes of today’s hearing, all the chapter 13 cases (by definition) and 399 of the subchapter V cases involved individual debtors.

¹ The data included in this Statement generally come from one of two sources: (i) U.S. Courts, Statistical Reports, referred to herein as “U.S. Courts Data” and available at [Bankruptcy Filings Statistics](#); and/or (ii) Ed Flynn, Consultant, American Bankruptcy Institute, referred to herein as “ABI Data” and attached as Appendix A to this Statement.

In addition, approximately, 298,049 chapter 7 cases involved individual debtors. (ABI Data/U.S. Courts)

- A recent law review article concludes that “overall, taking into account estimates of repeat filers, *one in eleven adults* in the United States has turned to the bankruptcy system for help at some point during their lives.”²
- When faced with economic or financial crisis, individuals and businesses turn to the U.S. bankruptcy system for assistance. For example, in the period after the 2007–2008 financial crisis, the respective numbers of bankruptcy cases filed in the United States were as follows: 1,117,771 in 2008; 1,473,675 in 2009; 1,593,081 in 2010; 1,410,653 in 2011; and 1,221,091 in 2012. (U.S. Courts Data)
- On an average annual basis, creditors receive over \$5 billion in recoveries in individual bankruptcy cases and even greater recoveries in business cases. (ABI Data)
- The dual objectives in every bankruptcy case are to provide the “honest but unfortunate” debtor with a fresh financial start and to maximize returns to the debtor’s creditors.

As suggested by these data, the U.S. bankruptcy system affects thousands of individuals and businesses (both as debtors and creditors) every year. It is important to the U.S. economy, as well as to American families, businesses, and communities. The bankruptcy system works, but like most things, is not perfect. I appreciate the Subcommittee holding this hearing to focus on the bankruptcy system and how it can be made even better.

I. Subchapter V Cases

Smaller businesses are the backbone of the U.S. economy. Indeed, as of 2024, the United States was home to approximately 34,752,434 small businesses, representing over 99% of all U.S. businesses.³ These businesses employ individuals; contribute to local, national, and global markets; support their communities; and often represent family or other small entrepreneurial enterprises. Yet, these businesses also encounter financial distress, and until 2019, the United States did not have an effective bankruptcy option for smaller businesses.

In fact, as early as 1996, judges and commentators were calling for bankruptcy reform to help smaller businesses reorganize and pay back their creditors.⁴ During the 2012–2014 study of the American Bankruptcy Institute Commission to Study the Reform of Chapter 11 (the “ABI

² Pamela Foohey, *The Periphery of Bankruptcy Law: The Importance of Non-Bankruptcy Issues in Consumer Bankruptcy*, 98 AM. BANKR. L.J. 527, 528–529 (2024) (emphasis added).

³ Data from <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/>.

⁴ See, e.g., A. Thomas Small, *Suggestions for the National Bankruptcy Review Commission: Small Business Reorganization Chapter*, 4 AM. BANKR. INST. L. REV. 550, 550 (1996).

Commission”), the ABI Commission heard testimony from judges, practitioners, financial consultants, and academics regarding how chapter 11 of the Bankruptcy Code failed smaller businesses and the dire need for reform. The ABI Commission studied the data and previous proposals put forth by, among others, the National Bankruptcy Conference, and included reform recommendations in its Final Report for what it called SMEs (small or medium-sized enterprises).⁵

Congress enacted the Small Business Reorganization Act of 2019 (SBRA) on August 23, 2019.⁶ SBRA was codified as subchapter V of chapter 11 of the Bankruptcy Code and became effective on February 19, 2020.⁷ Under subchapter V, a smaller business can file and seek court approval (i.e., confirmation) of a plan of reorganization that proposes to repay its creditors (typically over a period of three to five years). A subchapter V trustee is appointed in every case to help facilitate the negotiation of a consensual subchapter V plan.

By all objective measures, subchapter V is working well. The subchapter streamlines the reorganization process for smaller businesses, allowing them to exit bankruptcy and begin repaying their creditors more quickly. According to the ABI Data, “[b]etween February 19, 2020, and June 30, 2025, there were 10,269 chapter 11 cases filed under Subchapter V. They accounted for more than one quarter of all chapter 11 case filings (37,106) during this period.” In addition, debtors confirm plans of reorganization in over 50% of subchapter V cases, with over 60% of those confirmations being achieved on a consensual basis under section 1191(a) of the Bankruptcy Code.

One issue currently facing financially distressed smaller businesses is whether they are eligible to file a subchapter V bankruptcy case. At present, a business must have less than \$3,424,000 in noncontingent, liquidated debt to file a subchapter V case. 11 U.S.C. § 101(51D). The ABI Commission *in 2014* determined that smaller businesses with approximately \$10 million in noncontingent, liquidated debt needed assistance and were not well-suited for reorganization under a traditional chapter 11 case. Likewise, a prior bill on smaller business reorganizations introduced *in 2010* (and based on the recommendation of the National Bankruptcy Conference) suggested a \$7.5 million limit.⁸

Notably, subchapter V used a \$7.5 million debt cap for eligibility during most of its existence, through June 21, 2024. The ABI Data shows that approximately 26.2% of subchapter V cases filed prior to June 2024 were in between the lower debt cap and \$7.5 million of debt, and that *those businesses were confirming subchapter V plans at a higher rate than businesses with*

⁵ Am. Bankr. Inst. Comm’n to Study the Reform of Chapter 11, 2012–2014, Final Rep. & Recommendations (2014) 275–283, <http://commission.abi.org/full-report>.

⁶ Small Business Reorganization Act of 2019, Pub. L. No. 116-54, 133 Stat. 1079 (Aug. 23, 2019) (effective Feb. 19, 2020).

⁷ See *id.*

⁸ See Whitehouse Bill, S. 3675, 111th Cong. (2010).

*lower debt caps.*⁹ These higher success rates are beneficial to creditors as well. Before subchapter V, general creditors in small business cases did not typically receive significant distributions because “administrative costs and priority tax claims frequently consume the bulk of unencumbered property in confirmed Chapter 11s.”¹⁰ Subchapter V, by design, substantially reduces these costs, thereby making reorganization more feasible for smaller businesses and providing the opportunity to increase recoveries to general creditors.

Based on the data, many smaller businesses no longer have a viable restructuring opportunity under the Bankruptcy Code. The issues with chapter 11 identified by the ABI Commission in 2014 remain for those excluded businesses (and their creditors).

II. Chapter 13 Cases

Chapter 13 of the Bankruptcy Code allows an individual to repay creditors under a three- to five-year repayment plan. The Bankruptcy Code contains certain requirements for confirmation of a chapter 13 plan and provides a debtor with a discharge of most prepetition debt upon completion of the repayment plan. A chapter 13 debtor, like a chapter 7 individual debtor, cannot seek to discharge certain debt, including domestic support obligations, certain taxes, and, in most cases, student loan debt.

An individual most often files a chapter 13 case to try to save a home or a car.¹¹ Chapter 13 generally allows the debtor to retain possession of most all assets, while the debtor can usually retain only exempt assets in a chapter 7 case. Chapter 13 provides an opportunity for a debtor to repay some debt while keeping most assets under the protection of the automatic stay of section 362 of the Bankruptcy Code.

As noted above, individuals filed 197,244 chapter 13 cases in 2024. This represents an increase in filings over 2023. It is somewhat difficult to gauge the outcomes of chapter 13 cases, but the ABI Data over the past ten years suggest that between 40–50% of chapter 13 debtors complete their plan payments. A chapter 13 trustee generally is responsible for distributing plan payments to secured creditors, administrative creditors, and unsecured creditors.

⁹ For a thorough discussion of the history of subchapter V, the effectiveness of subchapter V, and the debt caps used for subchapter V eligibility, see Final Report of the American Bankruptcy Institute Subchapter V Task Force (2023–2024), available at abi.org. For the recommendation of the National Bankruptcy Conference, see Letter dated December 8, 2023, <http://nbconf.org/wp-content/uploads/2023/12/Maintaining-Sub-V-Cap-12.5.2023.pdf> (recommending a debt cap of \$7.5 million).

¹⁰ *A Proposal for Amending Chapter 12 to Accommodate Small Business Enterprises Seeking to Reorganize*, National Bankruptcy Conference (Dec. 17, 2009), at 5, <http://nbconf.org/wp-content/uploads/2015/07/NBC-Small-Business-Rept-Dec-17-2009.pdf>, (citing, *inter alia*, Douglas G. Baird, Arturo Bris & Ning Zhu, The Dynamics of Large and Small Chapter 11 Cases: An Empirical Study 5, 33 (Int'l Ctr. for Fin. at Yale Sch. of Mgmt., Working Paper No. 05-29, 2007), <http://ssrn.com/abstract=866865>).

¹¹ The debtor also may file a chapter 13 case because the debtor is ineligible to file a chapter 7 case under the means test of section 707 of the Bankruptcy Code.

To be eligible for chapter 13, an individual currently must have less than \$526,700 in noncontingent, liquidated unsecured debt and less than \$1,580,125 in noncontingent, liquidated secured debt. For several years prior to June 21, 2024, individuals were eligible for chapter 13 if they had less than \$2,750,000 in noncontingent, liquidated debt. That single debt cap eliminated eligibility litigation over the bifurcation of secured claims into secured and unsecured, as permitted by section 506 of the Bankruptcy Code, and permitted individuals with debt that exceeded one of the two debt caps under current law to still file a chapter 13 case.¹²

The existing unsecured and secured debt cap amounts also may not be adequate given that all debt—not just that subject to discharge—must be counted for eligibility purposes. Thus, tax debt and student loan debt, which might be substantial, count in calculating the amount of unsecured and secured debt in a chapter 13 case. According to the ABI Data, approximately 2,000 individuals per year are no longer eligible for chapter 13 under the reduced eligibility caps. Notably, those 2,000 individuals are also likely ineligible for chapter 7 (because of the means test) and not well-suited for a chapter 11 case. Thus, like some of the smaller businesses discussed above, some financially distressed individuals may be shut out of the bankruptcy system.¹³

III. Student Loans

As generally known, it is difficult to discharge student loan debt in a bankruptcy case.¹⁴ Thus, despite the \$1.8 trillion in outstanding student loan debt, most individuals cannot seek to reduce that debt or discharge it through the bankruptcy process. Section 523(a)(8) of the Bankruptcy Code provides that a bankruptcy case does not discharge student loan debt, “unless

¹² In general, a creditor’s claim is secured to the value of the underlying collateral and is unsecured for any amounts above that collateral value; the latter is commonly referred to as a deficiency claim. For example, if a debtor’s mortgage debt is \$400,000.00 and the debtor’s home is valued at \$200,000.00, the creditor’s claim may be bifurcated for purposes of determining the debtor’s eligibility for chapter 13, even though the debtor may not be able to modify the mortgage claim in the chapter 13 case.

¹³ For the recommendation of the National Bankruptcy Conference, see Letter dated May 18, 2023, <http://nbconf.org/wp-content/uploads/2023/12/2023-05-18-NBC-Recommendation-on-Chap-13-Debt-Cap.pdf> (recommending a single, higher debt cap).

¹⁴ The history of student loans in bankruptcy is interesting in that student loans were originally dischargeable under the Bankruptcy Act of 1898, like any other unsecured debt. The law has changed over time, but it is not clear whether that change has fostered greater repayment on student loans. Indeed, the Federal Student Loan Portfolio breakdown by age and debt size suggests that a large portion of the outstanding student loan debt is held by Americans age 62 or older. See Appendix B; also available at <https://studentaid.gov/data-center/student/portfolio>.

Notably, many of the reported bankruptcy cases suggest that individuals seeking a discharge of their student loan debt are older and are not necessarily new or recent graduates. See, e.g., *Educ. Credit Mgmt. Corp. v. Waterhouse*, 333 B.R. 103 (W.D.N.C. 2005) (reversing, in part, bankruptcy court decision, and denying discharge of entirety of student loan debt for 51 year debtor); *In re Blake*, 377 B.R. 502 (E.D. Tex. 2007) (reversing bankruptcy court decision that discharged student loan debt and remanding proceeding involving 48 year old debtor); *In re Randall*, 628 B.R. 772, 775 (Bankr. D. Md. 2021) (granting partial discharge of student loan debt for 68 year old debtor); *In re Bell*, 633 B.R. 164 (Bankr. W.D. Va. 2021) (granting discharge of student loan debt for 67 year old debtor); *In re Little*, 607 B.R. 853, 856 (Bankr. N.D. Tex. 2019) (denying discharge of student loan debt for 58 year old debtor).

excepting such debt from discharge under this paragraph would impose an undue hardship on the debtor and the debtor's dependents"¹⁵ 11 U.S.C. § 523.

The Bankruptcy Code does not define the term “undue hardship.” The courts generally have developed two standards to evaluate undue hardship: the *Brunner* test and the totality of circumstances test. The *Brunner* test stems from a decision from the United States Court of Appeals for the Second Circuit in *Brunner v. New York State Higher Education Services, Corp.*, which is followed by a majority of circuits.¹⁶ The United States Court of Appeals for the Eighth Circuit and certain lower courts follow the totality of circumstances test.¹⁷ Commentators debate the meaningful difference between the two tests, though the Eighth Circuit has suggested that its approach is “less restrictive.”

Under either test, the presumption is that student loan debt (as identified in the Bankruptcy Code) is not dischargeable. It is worth noting that, in addition to the undue hardship standard, a debtor also must file a complaint to commence an adversary proceeding against the lender and bears the burden of proof to demonstrate that the undue hardship standard of section 523(a)(8) of the Bankruptcy Code is satisfied. As a result, relatively few student loan debts are addressed or discharged in bankruptcy. Yet, as noted above, student loan debt is included in calculating an individual's debt for chapter 13 eligibility and may also impact an individual's means test calculation for purposes of chapter 7 eligibility.¹⁸

In closing, I want to again thank the Subcommittee for holding today's hearing. I would be happy to provide any additional information or data that might be helpful to the Subcommittee on these or other bankruptcy-related topics.

¹⁵ Specifically, the statute described nondischargeable student loan debt as debt for

(A)(i) an educational benefit overpayment or loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or nonprofit institution; or

(ii) an obligation to repay funds received as an educational benefit, scholarship, or stipend; or

(B) any other educational loan that is a qualified education loan, as defined in section 221(d)(1) of the Internal Revenue Code of 1986, incurred by a debtor who is an individual;

11 U.S.C. § 523(a)(8).

¹⁶ 831 F.2d 395 (2d Cir. 1987). Under the *Brunner* test, the Court must evaluate the following three factors: (1) that the debtor cannot maintain, based on current income and expenses, a “minimal” standard of living for herself and her dependents if forced to repay the loans; (2) that additional circumstances exist indicating that this state of affairs is likely to persist for a significant portion of the repayment period of the student loans; and (3) that the debtor has made good faith efforts to repay the loans.

¹⁷ See, e.g., *In re Long*, 322 F.3d 549, 554–55 (8th Cir. 2003).

¹⁸ For the recommendation of the National Bankruptcy Conference, see Study of Individual Bankruptcy Cases (2022) 12–13, http://nbconf.org/wp-content/uploads/2022/11/Consolidated-Report-Individual-Debtor-Reform-Project-NBC_Final_Nov-15-2022.pdf (recommending changes to the standard for discharging student loans in bankruptcy).

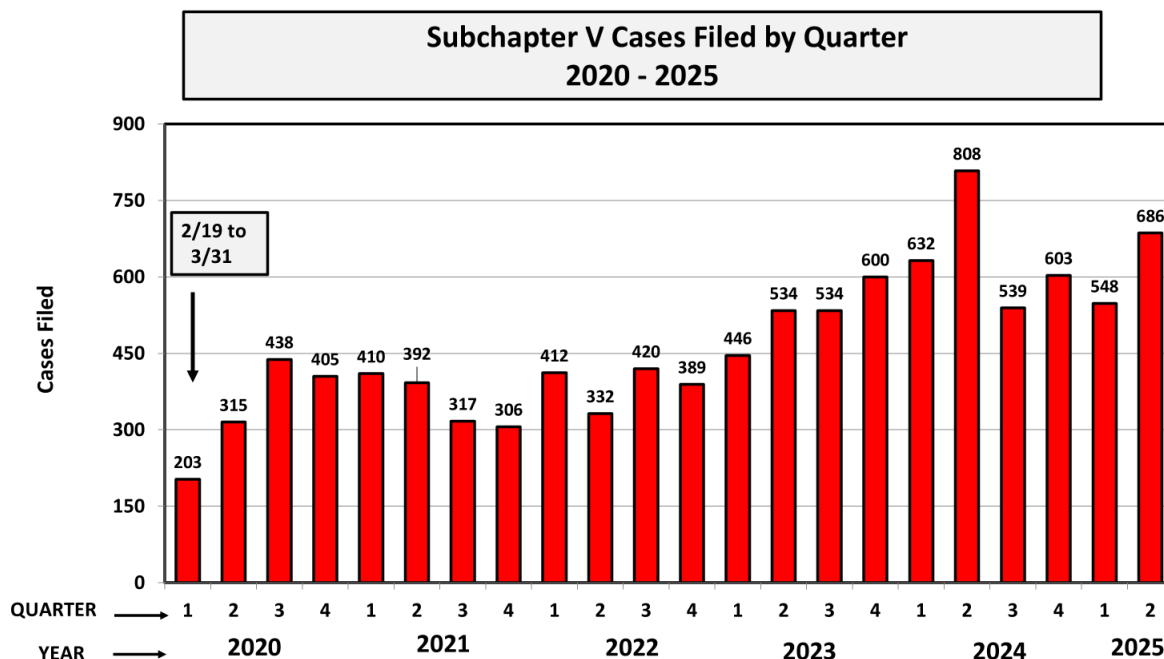
APPENDIX A

The data set forth in this Appendix are based on the research of Ed Flynn, a consultant with the American Bankruptcy Institute, Alexandria, Virginia.

Subchapter V Cases

Data on Subchapter V comes from two primary sources. Data on filings is compiled by the ABI based on a review of PACER records, which is usually done within a few days of case filing. Information on case outcomes is from the EOUST. This database was last updated with information through December 31, 2024. Also, some of this data comes from the AOUSC and is subject to an agreement between the two agencies that limits the disclosure of certain information.

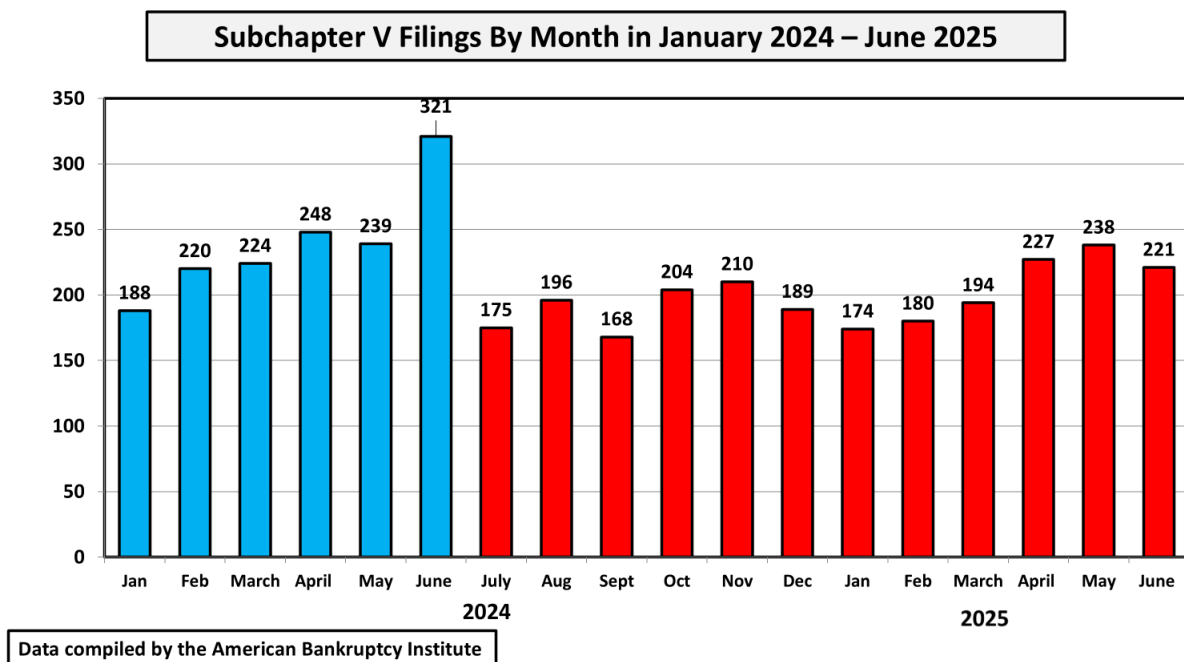
Filings: Between February 19, 2020, and June 30, 2025, there were 10,269 chapter 11 cases filed under Subchapter V. They accounted for more than one quarter of all chapter 11 case filings (37,106) during this period. As the following chart shows, Subchapter V filings were at record levels in the first half of 2024 but dropped off after because of the lower debt ceiling eligibility level.



Impact of the Lower Debt Ceiling: When Subchapter V took effect on February 19, 2020, it had a debt ceiling of \$2,725,625 for small businesses looking to proceed under subchapter V. (This amount was subsequently adjusted to \$3,024,725 pursuant to 11 U.S.C. § 104, and then to \$3,424,000 in April 2025.) That debt cap was raised in 2020 to \$7.5 million.

After not receiving another extension prior to June 21, 2024, the subchapter V debt eligibility limit statutorily receded from \$7.5 million to \$3,024,725 (adjusted to \$3,424,000 in April 2025). The effect on

filings was immediate. Subchapter V filings during the second half of 2024 were down by 20 percent from the first half of the year. So far in 2025, Subchapter V filings are trending up, but have still been below the monthly totals in early 2024.



Debt Amounts: The following chart includes only cases filed during the periods when the Subchapter V debt ceiling was \$7.5 million.¹⁹ About 26.2% of Subchapter V cases have been between the old and new debt limits.

¹⁹ These data are based on raw numbers, with no independent investigation concerning whether the court or the parties subsequently determined the debt amounts to be higher or lower in the particular case. Thus, for example, a case showing on the docket as initially reporting debt above \$7,500,000, may not in fact have noncontingent and liquidated debt above that amount.

Subchapter V Cases By Debt Amount 2/19/2020 to 6/30/2023				
	Under \$2,725,625	Up to \$7,500,000	Over \$7,500,000	Not Reported
Total Filed	2,597	989	192	1,014
Cases Still Open	1,288	529	114	476
Total Closed or Converted	1,309	460	78	538
Confirmed	525	204	45	172
Dismissed	543	161	17	297
Converted and Closed	75	29	4	9
Converted & Still Open	142	62	12	37
Other Outcomes	24	4	0	23

The confirmation rate has been higher for cases with debts above the original limit. This gap is expected to rise slightly as more cases are closed by the courts.

Subchapter V Cases By Debt Amount 2/19/2020 to 6/30/2023				
	Under \$2,725,625	Up to \$7,500,000	Over \$7,500,000	Not Reported
Total Filed	2,597	989	192	1,014
Total Closed or Converted	1,309	460	78	538
Percent Closed or Converted	50.4%	46.5%	40.6%	53.1%
Confirmed	40.1%	44.3%	57.7%	32.0%
Dismissed	41.5%	35.0%	21.8%	55.2%
Converted and Closed	5.7%	6.3%	5.1%	1.7%
Converted & Still Open	10.8%	13.5%	15.4%	6.9%
Other Outcomes	1.8%	0.9%	0.0%	4.3%

Outcomes: The EOUST reports that: “Compared to other (non-subchapter V) chapter 11 small business cases, subchapter V cases have had approximately double the percentage of confirmed plans and a 20 percent lower dismissal percentage, as well as a shorter time to confirmation. Of subchapter V cases with confirmed plans, 68 percent of the confirmed plans have been consensual plans.”

Chapter 11 Outcomes Through December 31, 2024:

Disposition	Chapter 11 Small Business (Non-Subchapter V)		Subchapter V
	FY 2017 – FY 2019	FY 2020 – FY 2023	FY 2020 – FY 2023
Pending Without Confirmed Plan	1%	2%	3%
Plan Confirmed	31%	23%	52%
Converted	15%	22%	13%
Dismissed	54%	53%	32%
Total	100%	100%	100%
Median Months to Confirmation	10.8	10.4	6.6
Median Months to Dismissal	6.0	4.2	4.9

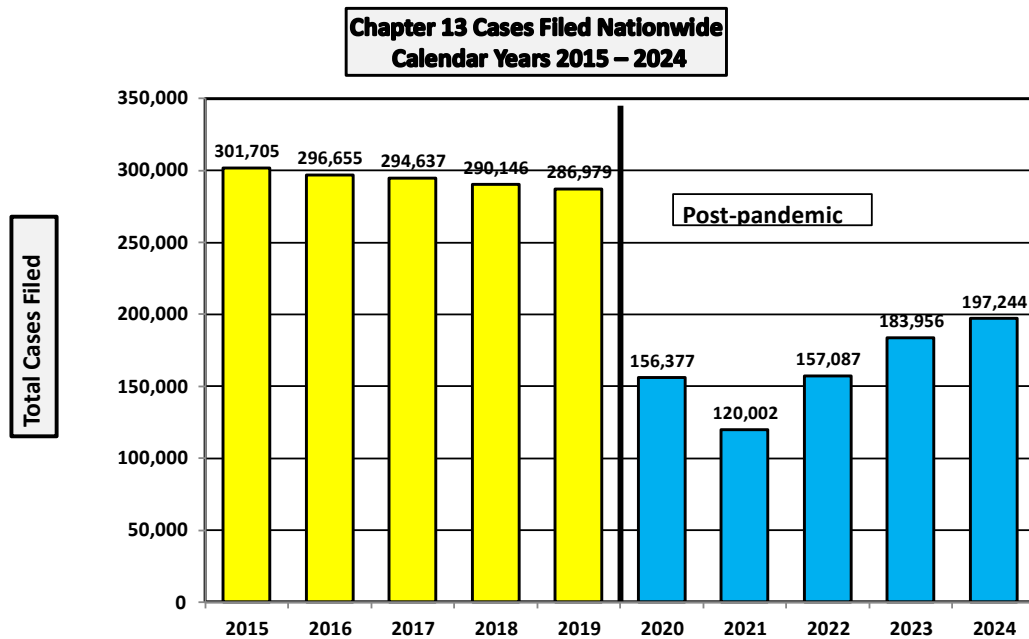
Refilings: Two different methods give rather different results. The ABI has reviewed the PACER record for all chapter 11 case filings. From February 19, 2020 through June 30, 2025 there were 10,054 unique Subchapter V cases filed. Of these cases, 203 ended up refiling, generating a refiling rate of two percent.

The AOUSC has begun to track Subchapter V cases, and this data is now included in the IDB. Debtors report if they have filed an earlier case in any chapter during the past eight years. Of the 2,611 cases filed during 2024, 253 reported an earlier filing (9.7%). This is comparable to the refiling rate for non-Subchapter V chapter 11 cases; it also could include a prior case under the Bankruptcy Code prior to the enactment of Subchapter V.

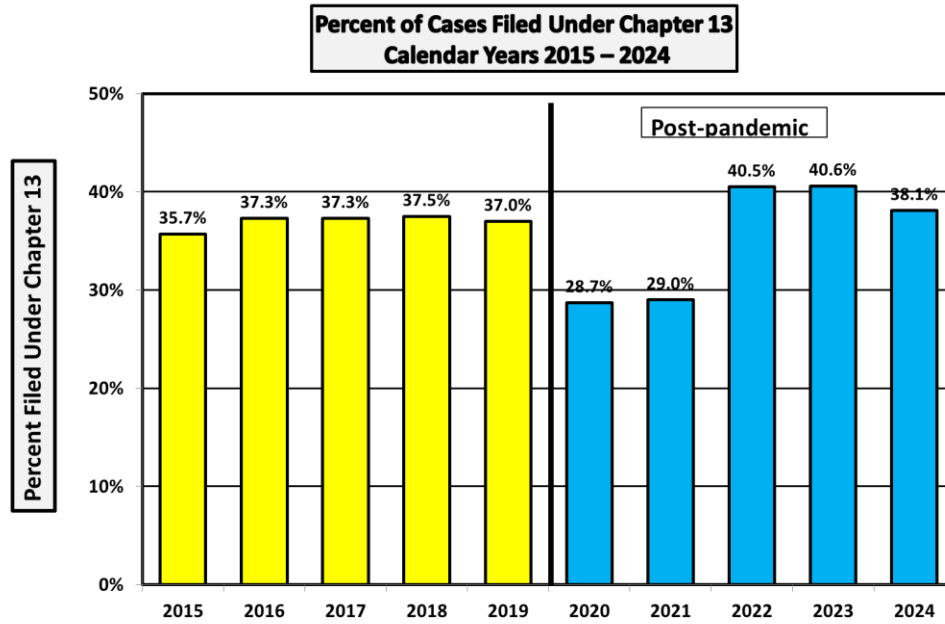
Chapter 13:

There are two sources for the following data on chapter 13 cases. Filing statistics are from the Administrative Office of the United States Courts (AOUSC). Data on collections and distributions is from the Executive Office for United States Trustees (EOUST). The EOUST data is for Fiscal Years ending September 30 and does not include any cases filed in North Carolina and Alabama, which are under the Bankruptcy Administrator Program.

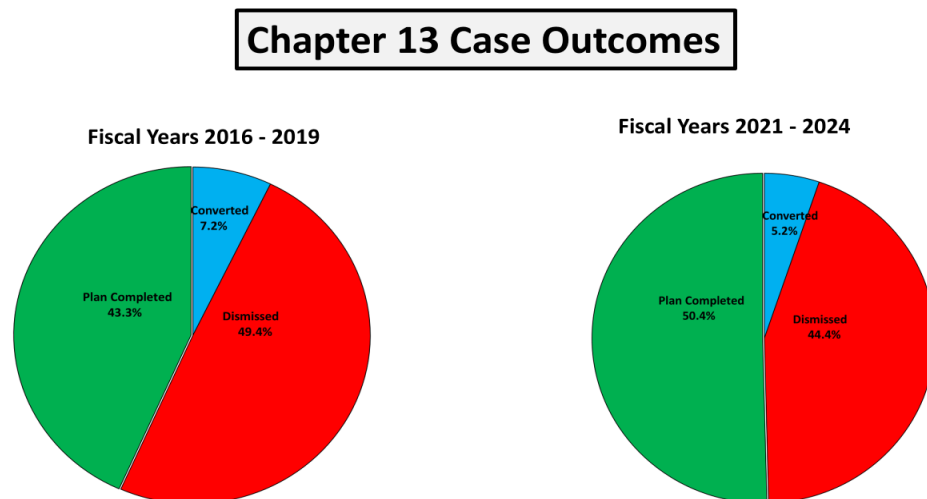
Filings: Chapter 13 case filings fell off sharply after March 2020 due to the pandemic. Filings started to rebound in 2022 but are still well below pre-pandemic levels.



The drop in chapter 13 filings early in the pandemic resulted in a lower percentage of all bankruptcy cases being filed under chapter 13. This changes in 2022, because chapter 13 filings began their post-pandemic rebound about a year before chapter 7 filings started to increase.



Outcomes: The percentage of chapter 13 cases that were closed after successful repayment plan completion has increased since the pandemic. However, these data may be skewed by the fact that cases with completed plans have a longer lifespan than cases that are converted or dismissed.



Chapter 13 Debt Limits: The debt ceiling for chapter 13 eligibility is set pursuant to 11 USC Section 109(e). On June 21, 2024, the chapter 13 debt ceiling was reduced from \$2.75 million in total debt to \$465,275 in unsecured debt and \$1,395,875 in secured debt. Those amounts were adjusted in April 2025 to \$526,700 and \$1,580,125, respectively. The higher debt ceiling had been in effect for two years prior to the reduction. Based on a review of data from the Integrated Data Base, which is made available by the Federal Judicial Center, the following findings emerge:

- Prior to June 21st nearly two percent had debts higher than the current limits, compared to less than one percent of the post-June 21 filers. (These debtors will be referred to as high debt debtors.)
- About 2,000 would-be chapter 13 debtors per year are no longer eligible for chapter 13 due to the lower debt ceiling.
- Based on the characteristics of the high debt cases, they appear to be the types of cases that would be highly successful in chapter 13.
- There are three possible options for the debtors who are not eligible for chapter 13:
 1. File under chapter 11
 2. File under chapter 7
 3. Not file at all
- Chapter 11 filings by individuals did increase slightly after the chapter 13 debt ceiling reduction.
- There was also a small increase in chapter 7 cases in which the debts were above the new chapter 13 debt ceiling.
- However, it appears that the majority of the people who are now barred from chapter 13 chose not to file at all.

Student Loans

Data on student loans owed by bankruptcy debtors are not included in any Government database. However, a rough estimate can be made based on the amount of general unsecured debt that is not discharged in bankruptcy. Nearly all this non-discharged debt consists of student loans.

If this methodology is valid, during 2024 about 30 percent of chapter 13 debtors and slightly under 30 percent of chapter 7 debtors had student loan debt, nearly all of which will not be discharged in bankruptcy.

Chapter 13 Cases Filed in 2024		
Amount of Student Loan Debt	Percent of Chapter 13 Debtors	Percent of Debtors with Student Loans
None	69.9%	
Under \$10K	6.4%	21.2%
\$10K - \$25K	6.3%	21.0%
\$25K - \$50K	6.1%	20.3%
\$50K - \$100K	6.6%	21.8%
Over \$100K	4.7%	15.7%

Chapter 7 Cases Filed in 2024		
Amount of Student Loan Debt	Percent of All Chapter 7 Debtors	Percent of Chapter 7 Debtors Who Have Student Loan Debt
None	70.3%	
Under \$10K	7.2%	24.1%
\$10K - \$25K	6.9%	23.3%
\$25K - \$50K	6.4%	21.6%
\$50K - \$100K	5.9%	19.9%
Over \$100K	3.3%	11.2%

APPENDIX B

Age and Debt Size Student Loan Debt Chart

	24 or Younger		25 to 34	
Debt Size	Dollars Outstanding (in billions)	Borrowers (in millions)	Dollars Outstanding (in billions)	Borrowers (in millions)
Less than 5K	\$4.83	1.67	\$6.09	2.13
5K to 10K	\$13.63	1.90	\$17.70	2.39
10K to 20K	\$24.12	1.67	\$46.53	3.19
20K to 40K	\$34.69	1.32	\$106.49	3.74
40K to 60K	\$6.15	0.13	\$67.57	1.38
60K to 80K	\$3.08	0.04	\$44.10	0.65
80K to 100K	\$2.04	0.02	\$25.91	0.29
100K to 200K	\$5.88	0.04	\$79.30	0.57
200K+	\$1.87	0.01	\$93.59	0.31

	35 to 49		50 to 61		62 and Older	
Debt Size	Dollars Outstanding (in billions)	Borrowers (in millions)	Dollars Outstanding (in billions)	Borrowers (in millions)	Dollars Outstanding (in billions)	Borrowers (in millions)
Less than 5K	\$5.29	2.02	\$2.28	0.88	\$1.27	0.52
5K to 10K	\$13.91	1.87	\$6.29	0.84	\$3.26	0.44
10K to 20K	\$37.88	2.60	\$15.90	1.09	\$7.29	0.50
20K to 40K	\$87.26	3.01	\$34.36	1.19	\$13.99	0.49
40K to 60K	\$87.70	1.78	\$34.13	0.69	\$12.96	0.26
60K to 80K	\$81.97	1.19	\$33.00	0.48	\$12.25	0.18
80K to 100K	\$57.73	0.65	\$27.26	0.31	\$10.33	0.12
100K to 200K	\$143.55	1.04	\$78.54	0.57	\$31.67	0.23
200K+	\$131.28	0.43	\$58.31	0.20	\$28.47	0.10

Notes:

Due to rounding and timing differences, the total figures may differ slightly from those in the Portfolio Summary report.

Source: This page is a reproduction of the chart at “Portfolio by Age and Debt Size” at <https://studentaid.gov/data-center/student/portfolio> (visited on July 11, 2025)