

Debt Limit Brinkmanship Costs to Families Methodology

- To estimate the cost of an increase in borrowing rates due to debt limit brinkmanship for various types of loans, we first found the most recent data on loan amounts, interest rates, and loan terms.
 - **Mortgage** data is calculated from [Realtor.com](#) Economic Research's January 2023 median home listing price data by state. Assuming a 20% down payment, the median loan amount is 80% of the median listing price. The national average mortgage interest rate for a 30-year fixed-rate conforming loan is from the [Mortgage Bankers Association](#) for the week ending March 10, 2023. Up-to-date mortgage rate data by state was not available while we worked on the report, but historical patterns suggest that state-by-state differences are small enough that the national average is an acceptable stand-in.
 - **Auto loan** data is from the Federal Reserve (table [g19](#)) and includes new car loans from finance companies (i.e. dealerships), as well as new car loans from banks with 60 or 72 month terms. The Fed also publishes data (table [g20](#)) on used car loans.
 - **Credit card** interest rate data is from the [Fed](#) and refers to the rate for accounts with an active balance. The average credit card debt held by those with a balance is from [LendingTree](#) and is for early 2021. Data on the typical duration that credit card debt is held was not available.
 - **SBA loan** data is from the Kansas City Fed's [Small Business Lending Survey](#) and refer to the third quarter of 2022. Average loan amounts are calculated by dividing the total loan amount by the number of loans.
 - **Private student loan** amounts are from the [Education Data Initiative](#) and refer to the current outstanding balance, as data on the original loan amount was not available. Interest rate data is the average from [Forbes](#)' recommended private student loans.
- We assume a **70-basis-point increase** in interest rates for all loans, based on Treasury's [report](#) of what happened to the conventional 30-year mortgage rates in 2011. This may be a conservative estimate of the impact since that estimates predated the S&P downgrade that followed later in the year.
 - Similarly, the [Council of Economic Advisers](#) highlighted that mortgage rates rose between 70 and 80 basis points in the two months after the 2011 debt-ceiling crisis passed.
 - Estimating future impacts using past data always involves some uncertainty, which is why we used more conservative impact estimates when extrapolating costs in 2023.
- We then calculate the monthly payment with and without the interest rate increase to find the additional cost due to the 70-basis-point interest rate increase. Lifetime costs are calculated by multiplying the monthly costs by an estimate of the loan's term.

- In cases where there are multiple typical fixed-rate loan structures (such as new car loans), we average the costs.
- For credit card data, we calculate costs by taking the difference in interest payments before and after the rate increase, since data on the term of the loan was not available.

Additional District Data Methodology

- The district fact sheets use estimates for the 118th Congress district boundaries based on data from the 2021 American Community Survey found [here](#). Data are pulled from the Economic profile sheet (DP03) available for all districts via the FTP site.
 - For this fact sheet, the economic characteristics examined are the number of families with social security income, average annual social security income, and the number of people with public insurance.
- To obtain the monthly social security amount, the number of recipient families is multiplied by the annual average social security income and then divided by 12.
- The number of families with social security income and the number of people with public insurance are rounded to the nearest thousand. The monthly social security amount is rounded to the nearest million.