

## Chapter 13 Disbursement Statistics and the Impact of Case Filing Trends

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In this article we review chapter 13 caseload and disbursement statistics from fiscal years 2009 through 2013, and discuss the relationship between case filing trends and chapter 13 disbursements.

### Fiscal Year Caseload Statistics

#### *Number and Percentage of Active Chapter 13 Cases*

Through the end of Fiscal Year (FY) 2013, the number of chapter 13 cases remained high, and for the third consecutive year standing trustees administered close to 1 million cases. Table 1 shows the total number of active cases at the end of each of the last five fiscal years and the percentage changes from the prior fiscal year. The slight drop in cases during FY 2013 followed a four-year increase in the number of cases administered.

Fiscal Year	Number	Percentage Change
2009	798,052	5%
2010	882,096	11%
2011	954,998	8%
2012	980,641	3%
2013	955,942	-3%

#### *Disbursements in Chapter 13 Cases in FY 2013*

Total disbursements for FY 2013 were \$7.4 billion, up 3 percent compared to FY 2012. The highest distributions were payments to secured creditors, which received half of total disbursements, followed by general unsecured creditors, which received 29 percent. Mortgage payments, a subset of secured creditor payments, accounted for a little over half of total disbursements to secured creditors.

Table 2 shows the total disbursements from chapter 13 cases in FY 2013, and the breakdown of distributions to creditors, debtor’s attorney fees, trustee fees and other costs, as a percentage of total disbursements.

Total Disbursements	\$7,379,849,825	Percentage
Secured Creditors	\$3,717,766,398	50%
Priority Creditors	\$431,273,144	6%
General Unsecured Creditors	\$2,133,469,770	29%
Debtor's Attorney	\$644,538,767	9%
Trustee Fees	\$353,834,908	5%
Other Costs	\$98,966,838	1%

*Trends in Chapter 13 Disbursements*

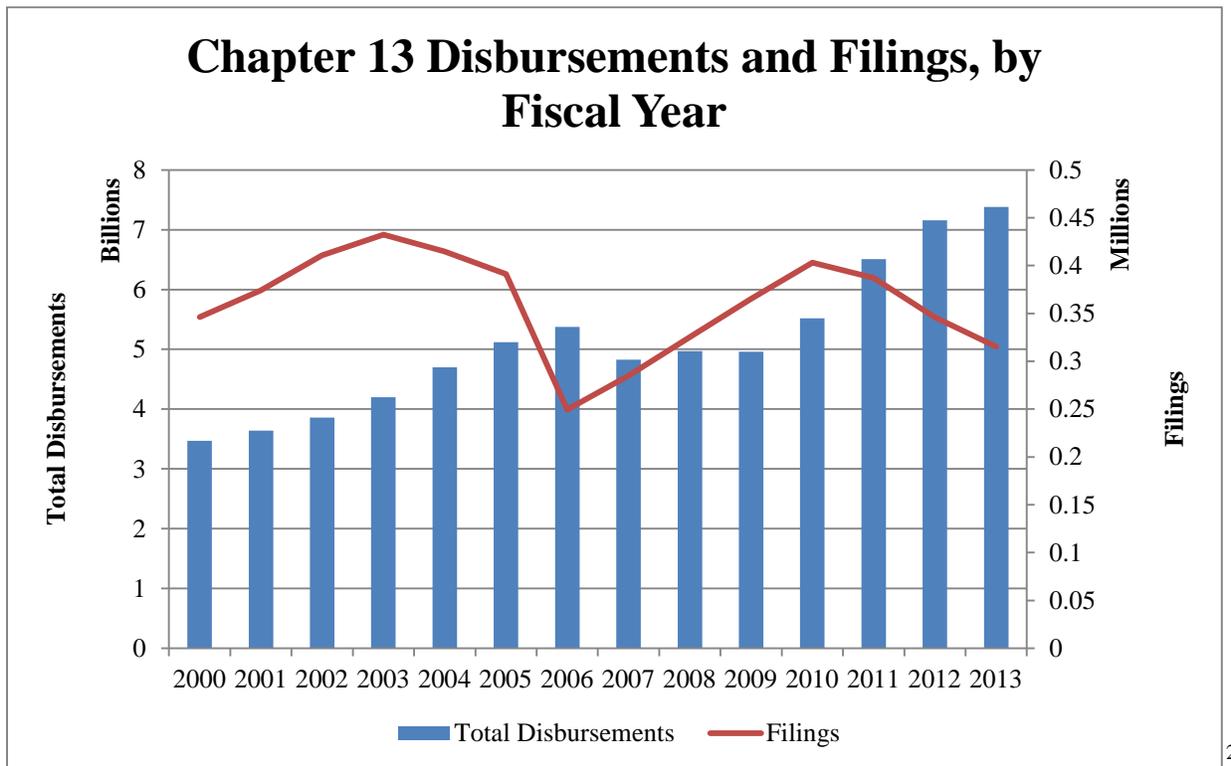
In the last five fiscal years, total disbursements rose nearly 50 percent from \$5 billion in FY 2009 to \$7.4 billion in FY 2013. During this time, the percentage of total disbursements paid to general unsecured creditors increased from 22 percent to 29 percent. While secured creditors received the highest percentage of total disbursements, payments to secured creditors declined to 50 percent of total disbursements in FY 2013 from 55 percent in FY 2009. Priority creditors, debtor’s attorney fees and trustee compensation remained steady over the last five fiscal years averaging 5 percent, 10 percent and 5 percent respectively.

Fiscal Year	Total Disbursements (in billions)	Secured Creditors	Priority Unsecured	General Unsecured	Debtor's Attorneys	Trustee Fees	Other Costs
2009	5.0	55%	5%	22%	11%	6%	1%
2010	5.5	54%	5%	23%	12%	6%	1%
2011	6.5	54%	5%	24%	11%	5%	1%
2012	7.2	52%	6%	27%	10%	5%	<1%
2013	7.4	50%	6%	29%	9%	5%	1%

## Total Disbursements and Bankruptcy Filings

Chapter 13 annual disbursement trends generally lag a few years behind case filing trends, although the multi-year chapter 13 plan repayment term mutes the effect of changes in annual filings. The pattern may have become elongated with five-year chapter 13 repayment plans for all above-median income debtors under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA).<sup>1</sup> See 11 U.S.C. § 1325(b).

Chart 1 depicts chapter 13 bankruptcy case filings and case disbursements by fiscal year. The chart shows that the number of chapter 13 filings rose in four of the five years prior to BAPCPA, with a corresponding rise in disbursements about three years behind. After increasing for four fiscal years, bankruptcy filings again peaked in FY 2010 and decreased through FY 2013. There was a corresponding increase in case disbursements in 2010, continuing for four years through FY 2013. We expect case disbursements to be flat or dip slightly in FY 2014, and then begin a gradual downward trend in subsequent years.



<sup>1</sup> Factors other than case filings and plan repayment term, such as the number of cases dismissed in a given year, may also affect disbursements.

<sup>2</sup> Filing statistics are from the Administrative Office of the U.S. Courts (<http://www.uscourts.gov/Statistics/BankruptcyStatistics.aspx>). This chart does not include filings in Alabama and North Carolina, which are not covered by the U.S. Trustee Program.

## Conclusion

In the last five fiscal years, chapter 13 annual disbursements have risen to over \$7 billion. The percentages of total distributions to priority unsecured creditors, debtor's attorneys and trustee fees have remained steady, while the percentages of distributions to general unsecured creditors are up 7 percent and to secured creditors are down 5 percent since FY 2009. The decline in filings since FY 2010 will likely soon be reflected in chapter 13 annual disbursements, with a downward trend emerging in FY 2015 after flat or slightly lower disbursements in FY 2014.