

Chapter 13 Case Filings Show National and State Trends

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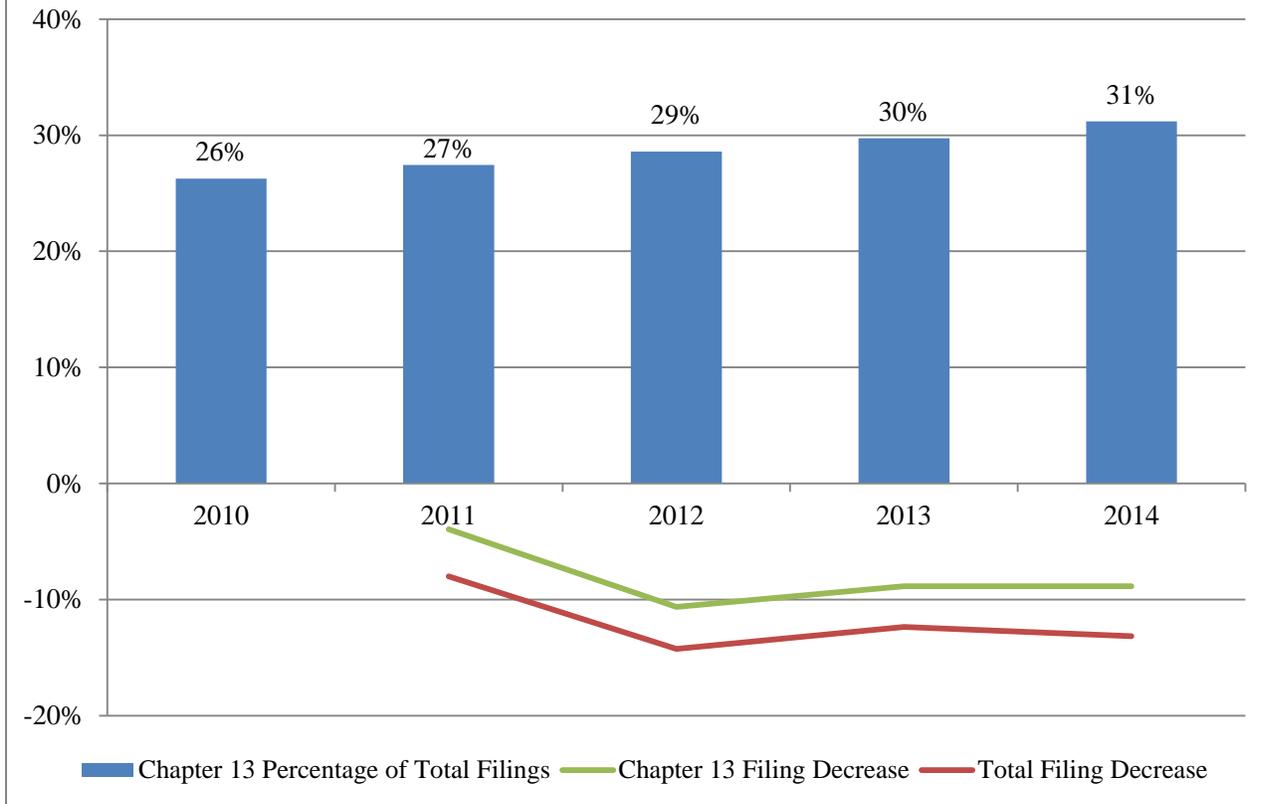
Following several years of increases, total bankruptcy filings have been in a steady decline since fiscal year (FY) 2010. Chapter 13 filings are declining, but at a lesser rate than overall filings. As a result, chapter 13 filings are becoming a greater proportion of overall filings. The concentration of chapter 13 filings varies substantially between states. Consequently, a few states have a disproportionate impact on national chapter 13 totals.

Overall Filing Trends

From FY 2010 through FY 2014, overall filings declined by 40 percent while chapter 13 filings declined by 28 percent. Chapter 13 filings as a percentage of total filings increased in each of the last four fiscal years. This increase is attributable to the different rates of change. With chapter 13 filings decreasing by a lesser rate than filings overall, they make up an increasingly large share of the total. Chart 1 illustrates this relationship and displays the percentage of chapter 13 filings and the rate of decrease for both chapter 13 and total filings from year to year. Filings are following a similar pattern but at different rates for each chapter, with chapter 13 filing declines varying between 4 percent and 11 percent and overall filing declines varying between 8 percent and 14 percent. After four fiscal years of decreasing at a lower rate than filings overall, chapter 13 filings had risen from 26 percent of all filings in FY 2010 to 31 percent of all filings in FY 2014.

Chart 1.

Chapter 13 Filings by Fiscal Year



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Chapter 13 Filings by State

Chapter 13 filings vary greatly from state to state, ranging from 6 percent to 70 percent of filings. These extremes are even more pronounced at the district level, with some judicial districts having chapter 13 percentages as high as 80 percent. The top jurisdictions with a predominant concentration in chapter 13 filings, or more than half of total filings, are Louisiana, Puerto Rico, South Carolina, Tennessee, Texas, Georgia, Arkansas and Mississippi. States with the fewest chapter 13 filings, or less than 10 percent of total filings, are Idaho, South Dakota, Iowa and New Mexico.

Distribution of Chapter 13 Filings

The distribution of chapter 13 filings among states has been consistent for the last several years. Georgia and California are the top contributors to the national totals and together account for 20 percent of chapter 13 filings. At least half of chapter 13 filings have come from the same six states in each of the last five fiscal years: Georgia, Florida, California, Tennessee, Illinois and Texas. Florida, California and Illinois are among the top contributing states purely by volume of filings and not because of a heavy concentration of chapter 13 filings. In fact, these three states

¹ Official filings exclude Alabama and North Carolina but include territories under the jurisdiction of the United States Trustee Program. Source: Administrative Office of United States Courts.

are at most average in the percentage of chapter 13 filings, with California being below the national average.

Influential States in Chapter 13 Filing Totals

Although chapter 13 filing totals have not been as volatile as chapter 7 filing totals, recent chapter 13 decreases were still as high as 11 percent, in FY 2012. Almost half of the decrease in FY 2012 was concentrated in California, Georgia and Ohio, which together accounted for approximately 20,000 of the 41,000 drop in overall chapter 13 filings. California, Georgia and Texas have consistently had a substantial impact on chapter 13 trends, contributing as much as 70 percent of the decrease, in FY 2013. Likewise, these three states have had the same effect when filings are on the rise. For example, in FY 2009², California, Georgia and Texas made up 48 percent of the overall increase in chapter 13 filings. This is not surprising given that Georgia and Texas are not only high volume filing states but they also have a heavy concentration of chapter 13 filings. Table 1 displays the year-to-year percentage change from FY 2011 to FY 2014, the three most influential states in chapter 13 filings, and the percentage of the overall decrease attributable to filings in these states.

Fiscal Year	Change in Chapter 13 Filings	Three Most Influential States	Percentage of Decrease Resulting from Three Most Influential States
2011	-4%	FL, NY, MD	49%
2012	-11%	CA, GA, OH	48%
2013	-9%	CA, GA, TX	70%
2014	-9%	CA, GA, TX	54%

Impact of Chapter 13 Increases

The intensity of decline in chapter 13 filings has been muted by states that have experienced an increase in filings. While chapter 7 filings are almost uniformly up or down during filing cycles, there is more variability when it comes to whether chapter 13 filings are increasing or decreasing in a state. For example, in FY 2011 there were 11 states with chapter 13 increases but just one with a chapter 7 increase. California and Georgia (two of the most influential chapter 13 filing states) had increases in chapter 13 filings during FY 2011, softening the overall chapter 13 decrease to just 4 percent. The largest chapter 13 filing decline of the last four fiscal years came in FY 2012, when only three states had an increase of at least 100 chapter 13 filings. Table 2 shows the states having an increase of at least 100 chapter 13 filings during the past four fiscal years, as well as the size of the filing increase, when overall filings were dropping nationwide.

² In FY 2009, total filings increased by 35 percent.

Table 2. States with Chapter 13 Filing Increases of 100 or More							
FY 2011		FY 2012		FY 2013		FY 2014	
State	Filings Increase	State	Filings Increase	State	Filings Increase	State	Filings Increase
CA	4,846	IL	1,225	IL	2,238	FL	1,217
GA	1,582	WI	308	MD	625	NJ	500
UT	487	SC	226	MS	526	MD	396
DE	241			PA	431	LA	253
WI	211			AR	356	UT	109
RI	166			PR	233	CT	101
NH	119			FL	124		

Conclusion

Total bankruptcy filings have decreased during each of the past four fiscal years. Chapter 13 filings have declined, but at a much lesser rate than overall filings. Trends in chapter 13 filings are in part driven by a few states with common characteristics, such as a heavy concentration in chapter 13 filings or an overall high volume of filings. Most states have experienced smaller decreases under chapter 13 than overall and some states have continued to post increases in chapter 13 filings even as the overall trend was down. These factors have combined to make chapter 13 filing totals somewhat more stable than bankruptcy filings overall.