

# NBKRC Monthly Bankruptcy Filings Report (May 2012)

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May 3, 2012

Bankruptcy filings plummeted in April, from 124,000 in March to less than 102,000 in April, a 19% decline. Some of the decline reflects the common elevation of filings in March (normally the highest filing month of the year). But even on a seasonally adjusted basis (taking account of the normal pattern of filings through the year), filings were down by 13% in April, and a remarkable 25% from last April. That 25% drop is the largest year-on-year drop since 2006 (the first year after the 2005 bankruptcy bill that sharply truncated filings).

Nationwide, there have been about 1725 filings per million adults so for this year, one for every 580 adults. Interestingly enough, as the tide of bankruptcy filings finally begins to recede, regional disparities also have started to diminish. Thus, the States with the highest filing rates this year are not even at twice the national rate: Tennessee, Georgia, and Nevada, all with about 2900 filings per million adults. To be sure, the highest filing rates are increasingly concentrated in the Southeast. For example, all ten of the highest-filing counties in the Nation are in Georgia or Tennessee – led by Shelby County, Tennessee (Memphis), with a rate of more than 6,000 filings per million adults (more than three times the national average). More broadly, above-average filings dominate two large swathes, one cutting across the old industrial sector from Michigan to Georgia, and the other the far Southwest (Figure 1). At the other side of the spectrum, the five States with the lowest filing rates are scattered throughout the Nation: the lowest are Alaska, Washington, D.C., North Dakota, Vermont, and South Carolina (all with rates between a third and half of the national average).

The Southeast is distinctive in another way, its remarkably high share of Chapter 13 filings. Although the national share of filings under Chapter 13 is less than 30%, many states have an unusually high share of filings under that Chapter. And all of the nine States with more than 40% of their filings under Chapter 13 are from the deep South, led by Louisiana with 64% of its filings under Chapter 13 (Figure 2). Those states, in order after Louisiana, are Alabama, Texas, North Carolina, South Carolina, Tennessee, Georgia, Mississippi, and Arkansas.

There is also considerable disparity in the rate at which overall filing rates are dropping. For the first time in years, every State has fewer filings this year than at the same time last year. As Figure 3 illustrates, the sharpest dropoffs

are in the Pacific Southwest, which had the highest filing rates for much of 2010 and 2011: filings are down more than 20% this year in Arizona, Nevada, California, and Hawaii.

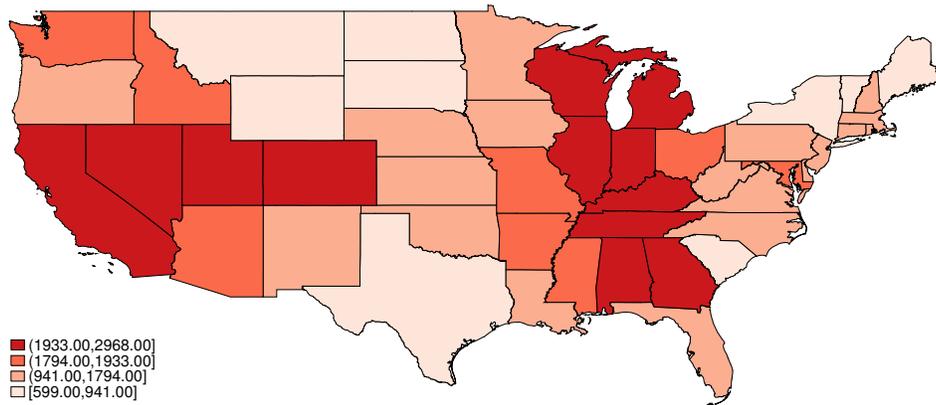


Figure 1: Filings per Million (2012 Year to Date)

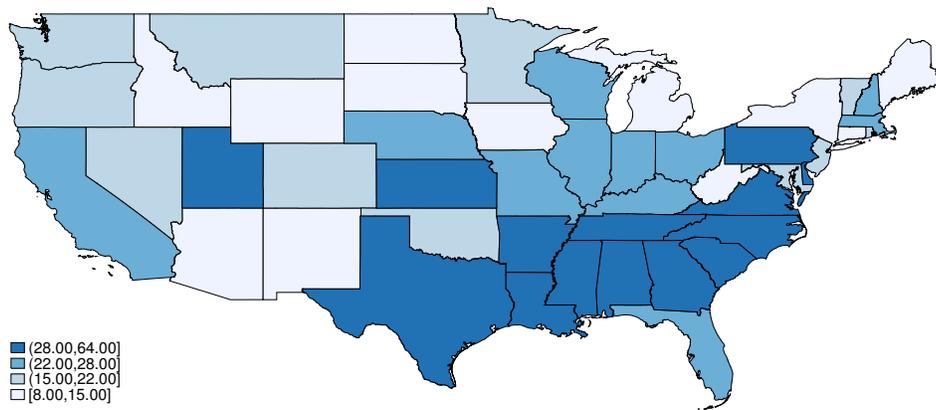


Figure 2: Chapter 13 Share

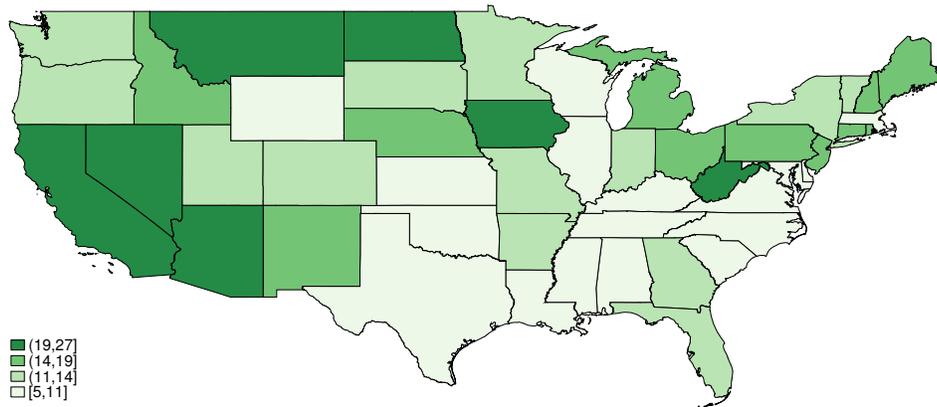


Figure 3: % Decline in Filing Rates (2012-2011)