

BANKRUPTCY BY THE NUMBERS

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Chapter 13 Disbursements in Fiscal Year 2000: Steady Growth

In April of this year we reported on aspects of stability and growth in chapter 13 disbursements during 1998 and 1999.^{2/} Here we present an update for fiscal year 2000 in the context of the earlier work.

Filings.

For the districts served by the U.S. Trustee Program, peak filings in chapter 13 occurred in 1998, with just under 367,000 filings.^{3/} The equivalent number for 1999 was 351,708, and for 2000 it was 346,406. From the peak, filings have declined by about 6%. The decline occurred generally throughout the nation with a few pockets of exception. There appears to be a more recent reversal, toward higher filing numbers, but it is quite modest in chapter 13 compared to the abrupt increase in chapter 7 filings.^{4/}

Total disbursements

The total disbursements made to chapter 13 creditors during each of the past three fiscal years are shown in table 1. The amount for year 2000 represents a 6% increase over year 1999 and a 19% increase over year 1998. By this time, chapter trustees are disbursing almost \$3.5 billion annually.

^{1/} All views expressed in this article are those of the authors, and do not necessarily represent the views of the Executive Office for United States Trustees or the Department of Justice.

^{2/} Gordon Bermant and Ed Flynn, Sources of Variability in Chapter 13 Performance. Amer. Bankr. Inst. J. April, 2001, p.20

^{3/} This number does not include filings from Alabama and North Carolina, which are served by the Bankruptcy Administrators. The peak for the nation as a whole was in 1997, with slightly more than 403,000 filings. The national number for fiscal year 2000 is 383,894.

^{4/} See the most recent filing statistics at <http://www.uscourts.gov/>

Table 1. Total Disbursements by Standing Chapter 13 Trustees (\$million)

Fiscal Year	1998	1999	2000
Disbursement	\$2,918	\$3,258	\$3,469

Disbursements to Creditors

During the 1990s, the proportion of total disbursements going to the three major creditor types was remarkably consistent from year to year: secured creditors received between 53% and 58%, priority creditors between 9% and 12%, and unsecured creditors between 18% and 22%. The numbers and proportions for the last three years are shown in table 2.

Table 2. How Disbursements Were Allocated, 1998-2000 (\$million)

	1998	1999	2000
Secured* (%)	\$1,700 (58%)	\$1,882 (58%)	\$1,956 (56%)
Priority (%)	\$275 (9%)	\$297 (9%)	\$290 (8%)
Unsecured (%)	\$536 (18%)	\$645 (20%)	\$754 (22%)
Other (%)	\$406 (14%)	\$433 (13%)	\$469 (14%)

***Includes payments of ongoing mortgages in the districts where that practice is followed.**

Between 1998 and 2000, payments to secured creditors increased by 15%, and payments to general unsecured creditors increased by more than 40%. The “Other” category comprises a number of items⁵, of which one are the costs of the chapter 13 trustees’ operations themselves, which has remained quite constant at between 4.6% and 4.7% of total disbursements.

Geographical variation

As shown in tables 3 and 4, debtors from just a few states contribute the majority of payments to creditors. The six states with the largest disbursements to all creditors remained constant over the three year period, with amounts shown in table 3. The returns to unsecured creditors from those states are also shown in table 4. The last row in each table shows the percentage of national disbursements contributed by these six states. Each table is sorted according to the size of the disbursement in FY2000.

⁵ See Bermant and Flynn, *supra* note 2, for a complete list of the items in this category.

Table 3. Total Disbursements to Secured, Priority, and Unsecured Creditors (\$million)

	1998	1999	2000
Tennessee	\$303	\$331	\$343
Texas	\$256	\$286	\$295
Georgia	\$248	\$278	\$283
California	\$232	\$250	\$256
Florida	\$119	\$148	\$181
Ohio	\$116	\$131	\$148
% of National Total	51%	50%	50%

Table 4. Disbursements to Unsecured Creditors (\$million)

	1998	1999	2000
Texas	\$44	\$57	\$70
California	\$49	\$60	\$68
Tennessee	\$53	\$59	\$65
Georgia	\$41	\$48	\$55
Ohio*	\$31	\$37	\$43
Florida*	\$19	\$26	\$33
% of National Total	44%	44%	44%

***These states were not among the top 6 states in all three years, but were close to it, and are shown here for ease of presentation.**

The contributions of these six states to creditor disbursements is largely, but not completely, a function of their case volumes. Case volumes, in turn, are largely, but not completely, a function of state population. The exception among these states is Tennessee, which is sixteenth in state population but fourth in chapter 13 filings, behind only Georgia, California, and Texas. Yet, as shown, Tennessee consistently leads the nation in total returns to creditors. When ongoing mortgage payments are removed from the payments to secured creditors column, Tennessee is no longer number one but remains in the top five states. It also ranks consistently in the top five in payments to unsecured creditors, again as a function of case volume.⁹

⁹ Data are not available for Alabama and North Carolina.

Disbursements per case

Table 5 shows estimates of the average amount distributed by each case for the nation as a whole, over the life of the case, for cases in 1998, 1999, and 2000.⁷ From this, we can see that average disbursements to general unsecured creditors increased by 22% while total disbursements and those to all creditors increased 3% and 4%, respectively.

Table 5: Disbursements per case

	1998	1999	2000
Total Disbursements	\$9,720	\$10,009	\$10,039
Disbursed to Creditors	\$8,369	\$8,677	\$8,678
Disbursed to Unsecureds	\$1,787	\$1,981	\$2,182

When disbursements per case are analyzed for each state, different jurisdictions emerge as national leaders: Michigan, Washington, Oklahoma, Vermont, and West Virginia, for example. In our opinion, disbursements per case can and should become a meaningful measure of chapter 13 case administration, once we learn how to correct for the many factors that contribute to the observed differences across jurisdictions.

⁷ See www.usdoj.gov/ust for a description of the method used.