

Bankruptcy Filings Soar Nationwide. In KY, Not So Much...

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It's no shock that the economy is tanking. Many factors are driving more people into filing for relief under the bankruptcy code. Rising credit card interest rates (even if you've always paid on time!), increased mortgage payments, medical bills, and unemployment are some of the contributing factors.

Things are tough all over. But I was shocked to read that compared to last year, the number of filings nationwide has risen by nearly 35%, according to statistics available on the United States Courts' website.

The total number of cases filed in FY 2008 (ending on September 30) was 1,042,806. In 2009, the number was 1,402,816. The percent change is 34.5. Compare this change to the difference between FY 2005 and FY 2006, when BAPCA (the new bankruptcy laws) went into effect.

2005 - 1,782,643

2006 - 1,112,542

The number of filings **dropped** by 37.6%. Many cases were filed in 2005 in anticipation of the changes in bankruptcy law. We're not back up to those levels yet, thankfully.

I decided to take a closer look at the statistics (available at uscourts website) to see how Kentucky stacks up.

Good news for Kentuckians! Our increase is far below the national rate. And, the Western District of Kentucky's (which includes Louisville) number is lower than the Eastern District's number of new cases filed:

In the Eastern District:

2008 - 9,684

2009 - 12,249

26.5% increase

Compared to the Western District:

2008 - 10,753

2009 - 12,474

16% increase

What's going on here? I don't have an answer and I hesitate to speculate.

Wondering which district had the highest increase? As a former bankruptcy debtor auditor, I would have guessed California, Georgia, or Florida. I was dead wrong. Aside from the Virgin Islands (whose numbers rose from 15 to 31 cases (an increase of 106.7%, the winner is Arizona. A whopping **83.4%** more cases were filed there from the 12 month period ending 9/30/08 (16,908) to the period ending 9/30/09 (31,017).

And what state had the lowest increase? The Western District of New York (which includes Buffalo and Rochester), with 9,113 filed in FY 08, and 9,457 in FY09, an increase of only 3.8%. The Northern Mariana Islands district was the only one with a decrease -- from 14 in FY08 to 11 in FY09.

What does this all mean? Durned if I know. But it sure is interesting. I don't think I'll be shuffling off to Buffalo any time soon, though.