

This Economic Update may include opinions, forecasts, projections, estimates, assumptions and speculations (the "Contents") based on currently available information which is believed to be reliable and on past, current and projected economic, political and other conditions. There is no guarantee as to the accuracy or completeness of the Contents of this Economic Update. The Contents of this Economic Update reflect judgments made at this time and are subject to change without notice, and the information and opinions herein are for general information use only. Regions specifically disclaims all warranties, express or implied, with respect to the use of or reliance on the Contents of this Economic Update or with respect to any results arising therefrom. The Contents of this Economic Update shall in no way be construed as a recommendation or advice with respect to the taking of any action or the making of any economic, financial or other plan or decision.

Regions Footprint: Metro Area Personal Bankruptcies

Data on metro area level personal bankruptcy filings for Q4 2015 have recently been released. For the group of 103 in-footprint metro areas we track in our *Monthly Economic Data Summary* there were a total of 282,248 filings in 2015, which reflects an 8.1 percent decline from the 307,220 filings in 2014. For the U.S. as a whole, filings declined by 9.9 percent in 2015. Within the Regions footprint, filings declined in both the East (down 10.7 percent) and Mid-America (down 7.8 percent) regions in 2015, but rose by 1.3 percent in the South region. In what follows we provide a brief explanation of the data itself and then offer some general comments on trends within the Regions footprint.

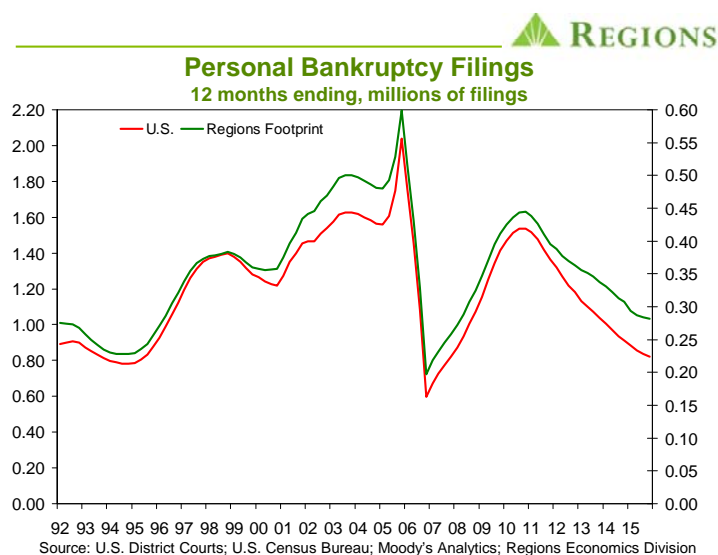
The chart to the side shows the number of filings nationally and within the Regions footprint on a quarterly basis going back to 1992. Filings are counted by households, not by individuals (roughly 40 percent of all filings are joint filings by spouses). On the metro area level, the bankruptcy data are presented on a "12-months ending" basis, and come with a lengthy lag. This is mainly a function of the fact that the U.S. District Courts, the point of origin for the data, compile the data on a county level basis, which itself takes time but then the data must be aggregated up to the MSA level. So, while as of April 28 we know that for the U.S. as a whole filings fell 8.5 percent in the 12-month period ending March 31, 2016, it will be some time yet before we have the Q1 results on the metro area level.

For personal bankruptcies, there are three different filing options available – Chapter 7, Chapter 9, and Chapter 13.

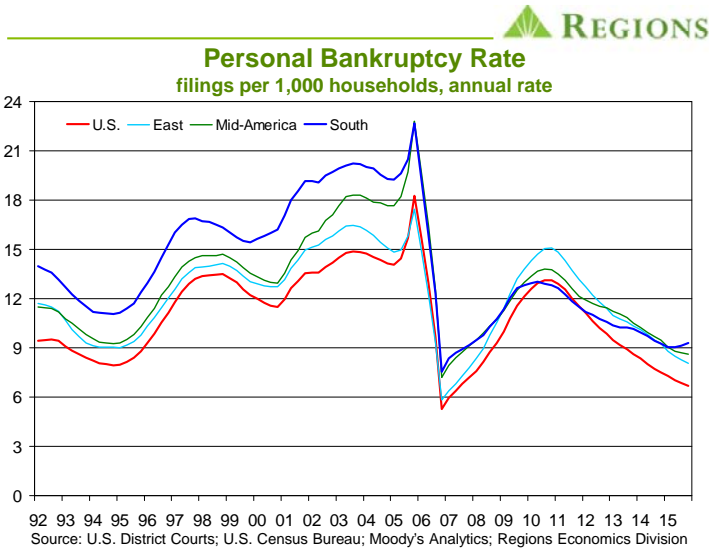
The differences basically boil down to differences in provisions for protection of assets and repayments of outstanding debts. Chapter 7 is the most "filer friendly" form of personal bankruptcy, as it basically entails liquidation of debts while on the other extreme Chapter 13 entails the bankruptcy court setting up a repayment plan under which those who file for bankruptcy repay their debt over time.

Our more cognizant readers will detect an unusual pattern in the data over the 2005-06 period. Well, okay, it's so obvious that even our less cognizant readers will detect it. Either way, this reflects the impact of the *Bankruptcy Abuse Prevention and Consumer Protection Act* of 2005, a major reform of the bankruptcy system that tightened eligibility requirements and, most notably, made it significantly harder to file for bankruptcy under Chapter 7. In order to do so after the legislation, one must submit to a means test and any filer with income above the median income in their state who is deemed able to afford at least \$100 a month towards paying down debt is not allowed to file under Chapter 7 but instead must file under Chapter 13 and thus pay down their debts over time. Additionally, before filing for bankruptcy one must now undergo credit counseling in a government-approved program and there are requirements mandating post-filing financial management education programs. In terms of the impact on filings, there was, for most provisions of the law, a 180-day window between when the law was signed by the President and when the law went into effect, thus leading to a surge of filings by those grasping at the last chance to file under Chapter 7.

As is seen in the above chart, patterns in filings for the Regions footprint as a whole are largely similar to those seen nationally. But, clearly there are significant differences in scale, i.e., the raw number of filings is not directly comparable. The same is true when we look at the data on a metro area level – it is hard to compare, say, the Atlanta GA MSA with the Decatur AL MSA on the basis of the number of filings in each MSA. As an alternative, it is common to scale the number of filings by either population or households, so that we can compare metro areas of differing sizes. Since personal bankruptcy filings are measured on the basis of households, that is the



correct scaling factor, and most of our discussion and analysis of trends in bankruptcy filings is done on the basis of filings per 1,000 households.



The chart to the side shows the number of personal bankruptcy filings per 1,000 households for the U.S. and for the three broad geographic regions within our footprint. On this basis, the incidence of bankruptcy is greater for each of the three broad regions than for the U.S. as a whole – in 2015 there were 6.692 filings per 1,000 households in the U.S. as a whole while there were 8.454 filings per 1,000 households within the Regions footprint. As can be seen in the chart, the personal bankruptcy rate for the South region ticked higher at the end of 2015, consistent with the increase in the number of filings noted above.

Empirical work on bankruptcy has proven difficult, at least in terms of generating firm conclusions as to the drivers of personal bankruptcy filings. It would seem, a priori, changes in employment status or a significant reduction in income would be the obvious economic drivers. But, looking at the chart to the side, it is clear that filings embarked on a

prolonged and steady increase in the mid-1990s – or, in other words, right in the middle of one of the longest and broad based economic expansions on record. Digging deeper into filings, factors such as medical catastrophe and divorce have also been shown to be significant drivers, though these are much harder to model if one is trying to generate a means with which to forecast bankruptcy filings. Finally, to the extent small businesses are incorporated as S-corporations, a business failure could easily result in a personal bankruptcy filing as opposed to a business bankruptcy filing. Another factor that in the past had been linked to personal bankruptcy filings was casino-based gambling. It was not uncommon for those metro areas in which casinos were present, or at least in close proximity, to have a higher incidence of personal bankruptcy. At present, however, with the internet basically giving people greater access to gambling regardless of whether they are close to a physical gaming location, it is harder to pin down the impact of gambling on personal bankruptcy filings.

Personal Bankruptcy Rates, Regions Metro Areas
filings per 1,000 households, annual rate, 2015

Twenty Lowest		Twenty Highest	
2015		2015	
Austin-Round Rock, TX	1.890	Jackson, MS	12.255
Iowa City, IA	1.893	Shreveport, LA	12.542
Gainesville, FL	2.296	Macon, GA	12.885
Greenville, SC	2.378	Little Rock, AR	13.074
Longview, TX	2.671	Birmingham, AL	13.247
Houston, TX	2.869	Rome, GA	13.482
Spartanburg, SC	2.974	Savannah, GA	13.492
Waterloo, IA	3.066	Dalton, GA	13.515
Charlotte, NC-SC	3.237	Chicago, IL	13.955
Crestview, FL	3.269	Atlanta, GA	14.316
Charleston, SC	3.360	Albany, GA	14.539
Cedar Rapids, IA	3.373	Tuscaloosa, AL	15.257
Tyler, TX	3.489	Chattanooga, TN	15.777
Champaign-Urbana, IL	3.658	Monroe, LA	16.026
Tallahassee, FL	3.672	Mobile, AL	16.034
Wilmington, NC	3.700	Jackson, TN	16.783
Panama City, FL	3.759	Cleveland, TN	17.910
Naples, FL	3.916	Montgomery, AL	18.963
Des Moines, IA	4.154	Dothan, AL	20.511
Dallas, TX	4.216	Memphis, TN	26.994

Source: U.S. District Courts; U.S. Census Bureau; Moody's Analytics; Regions Economics Division

As we think about the increase in the personal bankruptcy rate in the South region in 2015, it is reasonable to suspect economic drivers as the primary culprit. For instance, there are a few Louisiana metro areas included in this region, metro areas with high exposure to the energy industry and a relatively low degree of economic diversity. Also, smaller metro areas in Alabama and Mississippi whose economies have yet to register much improvement in the years following the 2007-09 recession have also seen filings, and bankruptcy rates, tick higher. The table to the side shows the in-footprint metro areas with the highest and lowest personal bankruptcy rates in 2015. The pages that follow present some historical data on personal bankruptcy rates for each in-footprint metro area, organized on the basis of the three broad regions.

As noted above, there are any number of factors that impact the number of personal bankruptcies in a given economy. This of course makes it difficult to come up

with broad, one-size fits all explanations for patterns in filings. Nonetheless, our hope is the data presented herein at least add another lens through which to gather some insight into how a given metro area is performing economically and financially.



Economics Division

EAST REGION

Personal Bankruptcy Rate, Filings per 1,000 Households

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
CENTRAL FLORIDA:										
Deltona-Daytona Beach-Ormond Beach, FL	3.942	6.735	10.668	14.520	15.643	12.901	11.358	9.832	8.435	6.842
Gainesville, FL	2.049	2.579	3.506	4.623	4.631	4.189	3.806	2.939	2.975	2.296
Jacksonville, FL	5.282	7.641	10.263	13.543	13.979	11.834	10.257	9.820	7.535	6.927
Ocala, FL	3.245	4.551	6.454	9.171	10.066	9.152	8.207	6.717	5.611	4.462
Orlando-Kissimmee-Sanford, FL	3.138	5.612	10.123	16.641	19.479	15.728	13.680	12.120	10.631	8.305
Palm Bay-Melbourne-Titusville, FL	2.370	4.645	8.465	11.744	12.576	10.526	9.247	8.502	6.664	5.292
Tallahassee, FL	3.482	4.034	5.533	6.563	6.621	5.678	4.924	4.437	4.160	3.672
SOUTH FLORIDA:										
Fort Lauderdale-Pompano Beach-Deerfield	3.197	5.312	8.770	13.167	16.459	14.027	11.843	10.586	10.399	8.672
Miami-Miami Beach-Kendall, FL	4.341	5.780	9.618	13.687	20.816	18.747	16.569	17.515	15.615	11.879
West Palm Beach-Boca Raton-Delray Beach	1.912	3.456	5.621	8.686	10.748	9.732	7.994	7.951	7.097	5.172
WEST FLORIDA:										
Cape Coral-Fort Myers, FL	2.002	5.153	11.282	16.867	16.703	11.732	8.266	6.352	5.454	4.412
Lakeland-Winter Haven, FL	4.880	6.801	9.747	13.236	13.610	10.762	9.027	7.863	6.506	5.345
Naples-Immokalee-Marco Island, FL	1.187	2.950	6.375	11.410	12.252	9.420	7.610	5.766	9.841	3.916
North Port-Sarasota-Bradenton, FL	2.472	5.169	8.889	12.225	12.315	8.916	7.162	5.993	5.114	4.252
Punta Gorda, FL	2.034	4.663	8.114	11.224	11.884	8.784	7.425	6.098	4.392	4.482
Tampa-St. Petersburg-Clearwater, FL	4.378	6.709	9.606	13.386	14.388	11.004	9.334	8.330	7.128	6.034
GEORGIA/SOUTH CAROLINA:										
Albany, GA	13.347	15.290	19.340	18.507	18.345	15.272	16.021	15.961	14.935	14.539
Athens-Clarke County, GA	5.903	7.671	9.102	10.972	11.651	11.150	9.286	8.792	8.082	7.174
Atlanta-Sandy Springs-Roswell, GA	11.478	14.563	17.421	22.163	24.811	23.236	19.597	16.786	14.960	14.316
Augusta-Richmond County, GA-SC	10.337	12.335	14.575	15.812	14.145	12.354	11.466	11.738	11.936	10.332
Charleston-North Charleston, SC	3.030	3.833	4.691	5.121	5.197	4.448	3.997	3.813	3.489	3.360
Columbia, SC	5.235	5.458	5.798	6.181	5.772	4.807	5.069	5.160	5.189	4.437
Columbus, GA-AL	10.730	11.435	14.078	15.292	15.464	13.258	11.747	10.927	10.949	10.866
Dalton, GA	13.896	16.446	22.709	25.114	22.349	19.936	17.774	17.508	15.769	13.515
Gainesville, GA	9.994	11.930	14.785	21.266	21.969	21.566	18.154	12.690	11.448	10.113



Economics Division

EAST REGION

Personal Bankruptcy Rate, Filings per 1,000 Households

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Greenville-Anderson-Mauldin, SC	3.179	3.444	3.899	4.571	3.887	3.284	3.064	2.672	2.584	2.378
Macon, GA	13.870	16.347	17.795	19.665	18.841	17.089	16.589	15.539	13.592	12.885
Rome, GA	9.901	13.081	17.284	16.627	16.530	14.377	14.895	15.281	11.785	13.482
Savannah, GA	12.339	13.881	17.097	18.524	17.291	16.508	15.326	14.399	12.905	13.492
Spartanburg, SC	3.523	4.094	4.425	4.676	4.773	3.735	3.613	3.197	3.048	2.974
Valdosta, GA	11.422	14.987	16.288	16.302	15.366	13.202	13.957	12.595	11.586	10.463
Warner Robins, GA	9.825	12.280	14.978	16.683	16.527	15.493	12.142	12.561	12.041	11.582
EAST TENNESSEE/NORTH CAROLINA/VIRGINIA:										
Charlotte-Concord-Gastonia, NC-SC	4.494	4.971	5.447	6.686	6.746	5.613	5.196	4.520	3.476	3.237
Chattanooga, TN-GA	13.501	16.572	19.868	22.644	21.148	20.055	18.351	17.333	15.559	15.777
Cleveland, TN	15.909	18.059	23.324	26.220	23.307	21.639	18.889	18.706	18.059	17.910
Johnson City, TN	4.041	6.428	9.210	12.074	11.802	9.898	7.282	7.107	6.997	6.819
Kingsport-Bristol-Bristol, TN-VA	4.518	7.300	10.114	13.098	12.258	10.511	8.474	7.837	7.325	6.674
Knoxville, TN	7.011	9.764	12.900	15.358	13.354	12.361	11.241	9.655	8.812	8.092
Morristown, TN	8.087	11.927	14.309	19.291	15.542	14.183	12.283	11.054	10.008	9.314
Raleigh, NC	5.001	6.174	6.909	8.731	7.854	7.228	6.657	5.401	5.105	4.370
Wilmington, NC	2.940	3.243	4.657	6.715	6.617	6.718	6.165	4.862	3.449	3.700
U.S.	5.291	7.200	9.312	12.137	13.093	11.510	9.875	8.622	7.510	6.692
REGIONS TOTAL	6.646	8.572	10.635	13.316	14.227	12.497	11.328	10.389	9.356	8.454
EAST REGION	5.809	7.819	10.524	13.818	15.094	13.146	11.383	10.317	9.236	8.068

MID-AMERICA REGION

Personal Bankruptcy Rate, Filings per 1,000 Households

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
ARKANSAS:										
Fayetteville-Springdale-Rogers, AR-MO	5.279	7.869	11.153	14.484	13.901	11.700	10.008	8.371	7.020	5.673
Fort Smith, AR-OK	5.282	6.918	8.768	10.276	10.930	9.843	8.094	7.970	6.787	6.006
Hot Springs, AR	10.164	11.849	14.865	18.081	19.187	15.611	12.255	13.197	10.324	9.239
Jonesboro, AR	8.673	10.287	11.064	13.852	13.624	10.794	9.729	8.438	7.828	7.932
Little Rock-North Little Rock-Conway, AR	10.582	12.485	14.134	16.291	16.477	15.404	14.249	14.143	13.656	13.074
ARKANSAS/LOUISIANA/TEXAS:										
Alexandria, LA	10.412	11.692	12.315	14.172	16.789	15.177	13.310	12.735	11.725	12.070
Longview, TX	2.554	3.000	3.097	4.051	4.218	3.598	3.236	3.387	2.595	2.671
Monroe, LA	14.709	16.865	20.024	22.682	21.434	21.243	19.549	21.126	19.708	16.026
Shreveport-Bossier City, LA	15.415	18.768	20.278	21.600	19.884	17.873	18.158	17.416	15.783	12.542
Texarkana, TX-AR	5.711	7.337	7.512	7.835	7.608	6.550	5.875	6.344	5.992	4.872
Tyler, TX	3.892	4.773	5.597	5.577	5.416	4.527	4.511	3.805	3.713	3.489
INDIANA/ILLINOIS/EAST KENTUCKY:										
Bloomington, IN	5.477	6.860	9.207	9.539	9.484	6.927	6.578	6.621	5.563	4.222
Bloomington, IL	5.550	7.430	9.639	11.219	11.313	9.195	7.288	6.230	5.912	4.689
Champaign-Urbana, IL	4.633	6.195	6.528	7.406	7.912	6.758	5.409	4.925	4.427	3.658
Chicago-Naperville-Elgin, IL-IN-WI	6.288	8.610	12.149	16.564	19.251	17.091	16.563	16.019	14.922	13.955
Decatur, IL	7.577	10.534	11.137	12.560	14.581	12.433	11.925	10.611	10.382	10.117
Evansville, IN-KY	7.685	10.367	12.416	15.159	14.564	12.732	12.666	12.187	10.392	9.005
Indianapolis-Carmel-Anderson, IN	10.224	14.099	17.352	19.994	20.353	16.445	15.430	13.875	11.822	10.771
Kokomo, IN	8.135	14.197	17.244	21.658	19.397	15.797	14.715	11.737	12.172	9.947
Lafayette-West Lafayette, IN	4.325	7.079	8.463	10.016	10.081	8.302	6.856	6.562	5.779	4.842
Louisville/Jefferson County, KY-IN	9.409	11.769	13.910	15.805	15.870	14.284	12.633	11.544	10.918	9.280
Peoria, IL	7.445	10.135	13.045	14.769	13.259	11.004	9.399	8.960	7.755	7.104
Springfield, IL	4.994	7.610	8.740	9.941	10.779	8.743	7.585	7.559	6.547	5.493
Terre Haute, IN	9.701	13.018	17.060	18.864	17.562	15.953	13.175	11.953	10.333	9.404
METRO TEXAS:										
Austin-Round Rock, TX	3.293	3.667	3.643	4.620	4.762	3.977	3.488	2.742	2.178	1.890
Dallas-Plano-Irving, TX	5.234	6.089	6.126	7.535	7.905	7.064	6.892	5.551	4.937	4.216
Fort Worth-Arlington, TX	6.109	7.021	7.179	9.182	9.419	7.890	7.641	6.323	5.693	5.241
Houston-The Woodlands-Sugar Land, TX	3.895	4.637	3.984	4.588	5.506	5.075	4.413	3.514	3.093	2.869



MID-AMERICA REGION

Personal Bankruptcy Rate, Filings per 1,000 Households

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
MISSOURI/IOWA/WEST KENTUCKY:										
Cedar Rapids, IA	3.526	5.499	5.574	7.828	7.137	5.757	4.731	4.434	3.736	3.373
Columbia, MO	9.553	12.835	13.325	15.680	14.051	11.416	10.175	8.510	6.142	5.401
Des Moines-West Des Moines, IA	5.539	7.693	8.868	10.755	10.859	8.196	6.662	5.845	4.936	4.154
Iowa City, IA	2.169	3.703	3.875	5.522	4.909	3.508	3.069	2.295	2.205	1.893
Jefferson City, MO	7.085	10.716	11.999	13.032	12.017	9.997	9.411	8.379	6.524	5.700
Springfield, MO	5.720	7.945	9.466	10.962	11.871	9.727	9.282	7.430	6.436	5.397
St. Louis, MO-IL	7.850	10.061	11.658	14.279	15.599	14.096	13.715	12.464	10.901	10.263
Waterloo-Cedar Falls, IA	4.019	4.821	5.243	5.995	6.326	5.232	4.598	4.029	3.775	3.066
MIDDLE TENNESSEE:										
Clarksville, TN-KY	7.872	9.842	11.391	12.857	13.706	11.590	10.946	11.107	10.551	9.938
Nashville-Davidson--Murfreeseboro--Franklin	10.003	12.008	14.942	17.324	16.260	14.809	13.568	12.066	10.807	9.712
WEST TENNESSEE:										
Jackson, TN	18.668	22.344	26.883	28.123	23.512	20.494	19.663	18.626	20.267	16.783
Memphis, TN-MS-AR	25.953	30.531	32.473	34.212	33.016	31.579	31.436	31.124	28.747	26.994
U.S.	5.291	7.200	9.312	12.137	13.093	11.510	9.875	8.622	7.510	6.692
REGIONS TOTAL	6.646	8.572	10.635	13.316	14.227	12.497	11.328	10.389	9.356	8.454
MID-AMERICA REGION	7.202	9.108	10.704	12.982	13.753	12.132	11.434	10.500	9.485	8.630

SOUTH REGION

Personal Bankruptcy Rate, Filings per 1,000 Households

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
CENTRAL ALABAMA:										
Auburn-Opelika, AL	8.659	8.577	9.908	13.975	14.743	13.643	14.487	12.281	10.997	12.050
Dothan, AL	11.084	12.884	17.570	20.420	19.600	18.849	18.261	19.008	18.910	20.511
Montgomery, AL	9.009	10.833	14.915	18.000	17.711	16.845	17.558	18.635	18.038	18.963
NORTH ALABAMA:										
Decatur, AL	8.737	11.531	12.404	17.861	16.115	13.328	10.845	10.811	9.078	9.307
Florence-Muscle Shoals, AL	10.159	12.507	13.436	16.890	15.815	13.058	11.986	12.024	10.354	9.737
Huntsville, AL	8.084	8.970	11.003	12.580	12.720	11.588	10.864	10.376	9.482	9.510
NORTH-CENTRAL ALABAMA:										
Anniston-Oxford-Jacksonville, AL	9.402	10.039	14.314	17.701	18.395	16.583	12.027	11.494	9.147	10.713
Birmingham-Hoover, AL	13.596	15.081	16.694	19.026	19.084	16.710	15.547	14.351	12.820	13.247
Gadsden, AL	7.880	10.194	12.300	16.783	15.641	13.032	11.258	8.876	9.422	9.488
Tuscaloosa, AL	14.106	17.016	21.436	24.500	22.666	19.877	20.133	18.666	16.375	15.257
SOUTH ALABAMA/FLORIDA PANHANDLE:										
Crestview-Fort Walton Beach-Destin, FL	2.638	4.050	6.881	9.274	8.615	6.212	5.595	4.321	3.959	3.269
Mobile, AL	10.897	15.683	20.558	24.090	22.935	20.638	17.837	17.532	16.073	16.034
Panama City, FL	3.139	3.927	5.880	7.715	8.327	6.389	5.388	4.406	3.972	3.759
Pensacola-Ferry Pass-Brent, FL	3.867	5.082	8.089	9.568	9.976	7.737	6.068	6.042	5.153	4.732
SOUTH LOUISIANA:										
Baton Rouge, LA	4.443	6.301	5.878	6.536	6.650	6.437	5.965	5.461	5.218	4.975
Houma-Thibodaux, LA	3.952	5.481	5.602	7.516	8.452	6.585	6.273	6.043	5.477	6.189
Lafayette, LA	5.064	6.522	6.463	7.947	8.052	7.265	6.573	6.257	6.099	6.754
New Orleans-Metairie, LA	3.010	4.231	5.154	6.648	7.397	6.700	5.968	5.698	5.431	5.166
SOUTH MISSISSIPPI:										
Gulfport-Biloxi-Pascagoula, MS	3.625	4.689	5.986	7.542	8.647	8.676	7.684	8.069	6.936	7.263
Hattiesburg, MS	3.295	4.864	6.163	7.477	6.978	6.774	6.287	6.575	5.900	6.249
Jackson, MS	11.340	14.735	13.794	15.237	15.245	14.856	14.332	14.709	12.899	12.255
U.S.	5.291	7.200	9.312	12.137	13.093	11.510	9.875	8.622	7.510	6.692
REGIONS TOTAL	6.646	8.572	10.635	13.316	14.227	12.497	11.328	10.389	9.356	8.454
SOUTH REGION	7.531	9.189	10.768	12.808	12.835	11.494	10.580	10.158	9.250	9.292