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Article published February 23, 2005

Ohio found high in bankruptcies

Increase in rate led nation early in decade; rank now 8th

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Ohio's bankruptcy rate rose faster than that of any other state at the beginning of this decade, and the Buckeye State has the eighth highest rate in the nation, reports released by research institutes yesterday show.

Bankruptcy rates for both Ohio and the United States reached a record high in 2003, the latest year the reports deal with.

There were 7.7 personal bankruptcy filings for every 1,000 people living in Ohio, up from 4.6 in 2000, and there were 5.5 for every 1,000 people in the United States, according to studies from the Center for American Progress and Policy Matters Ohio.

A weak labor market likely affected the bankruptcy rate in Ohio, which had 236,900 fewer jobs at the end of last year than at the beginning of the recession in March, 2001, said Amy Hanauer, executive director of Policy.

"I think a lot of it is probably due to the job losses," she said.

But the reports seem to question how much of a factor Ohio's jobless rate is. Sixteen other states had higher unemployment rates, and 26 states had lower levels of personal disposable income, the state study shows.

Ohio's rate isn't a surprise to David Fickel, supervising clerk for the U.S. Bankruptcy Court in Toledo. The northern Ohio district, which includes courts in Toledo, Cleveland, and other cities north of Columbus, had the fourth highest filing volume among 94 districts in the nation in last year's third quarter, the U.S. Courts' most recent statistics show.

The Toledo court, which covers 21 northwest Ohio counties, had 5,531 bankruptcy filings in 2000 and set successive filing records in each of the following four years.

Filings reached 10,623 last year, and last month's bankruptcies were higher than they were in January, 2004.

"We're still seeing very significant increases," Mr. Fickel said.

Health-care costs, credit card debt, and losses of jobs or overtime are common problems among bankruptcy filings locally, Mr. Fickel said.

Some people use credit cards to get cash advances to pay bills, increasing their debt, he said.

One reason for more bankruptcies, the studies say, is the "unprecedented levels of borrowing."

For the first time since the Federal Reserve Bank began collecting figures in 1952, the average U.S. household had debt totaling more than 115 percent of disposable income, the studies say.

Federal and state officials need to beef up regulations on consumer credit, Ms. Hanauer said.

The federal government allows excessive credit card fees, for example, and Ohio permits payday loan businesses to charge high interest rates on advances, she said. Thirteen states ban the payday establishments, she added.

The only other Midwestern state with a higher rate than Ohio was Indiana at 8.9 personal bankruptcy filings for every 1,000 people, according to the reports.

But, by 2003, Ohio residents were 3.5 times more likely to file bankruptcy than they were in 1980.

Michigan had the nation's 18th highest rate in 2003, at 6.2. That figure was more than four times its rate in 1980.

Tennessee had the highest rate nationwide at 11.1 personal bankruptcy filings for every 1,000 people, and Alaska had the lowest at 2.1, the studies show.

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