U.S. Trustees (USTP)

FY 2020 Budget Request At A Glance	
FY 2019 Continuing Resolution:	$225.9 million (1,028 positions; 371 attorneys)
Current Services Adjustments:	+$1.3 million
Program Changes:	+$0
FY 2020 Budget Request:	$227.2 million (1,028 positions; 371 attorneys)
Change From FY 2019 Continuing Resolution:	+$1.3 million (+0.6%)

Mission:

The United States Trustee Program's mission is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public.

Organization:

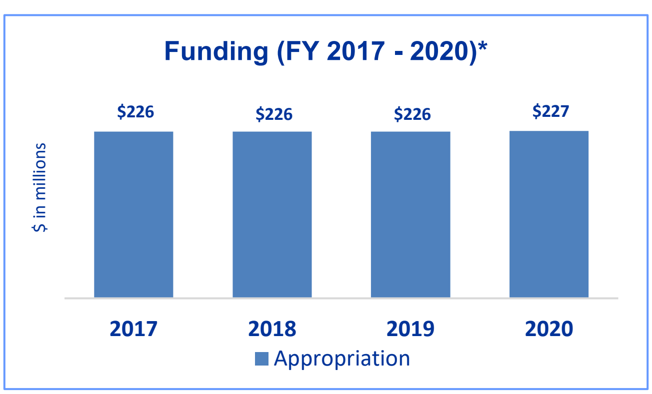
The USTP is managed by an Executive Office in Washington, DC, which is headed by a Director, a career appointee in the Senior Executive Service, who provides comprehensive policy and management direction to the U.S. Trustees and their staffs. The USTP operates in 88 judicial districts through a system of 21 regions, each headed by a U.S. Trustee, and 90 district office locations. It does not operate in the judicial districts established for Alabama and North Carolina.

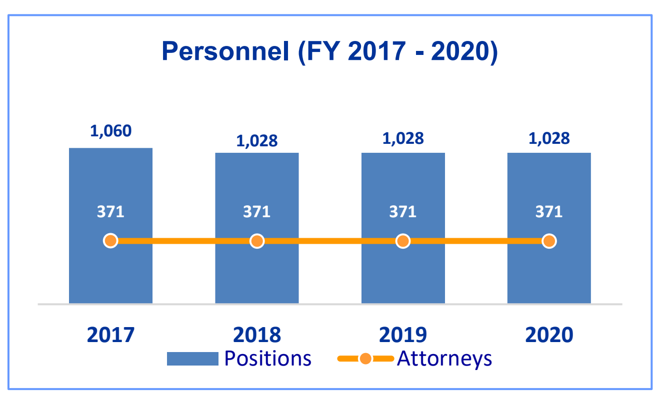
Resources:

The FY 2020 budget request for USTP totals $227.2 million, which is a 0.6% increase over the FY 2019 Continuing Resolution.

Personnel:

The USTP's direct positions for FY 2020 total 1,028 positions and are the same as the FY 2019 Continuing Resolution.





* FY 2019 annualized CR

FY 2020 Strategy:

The USTP or the "Program", is a litigating component of the Department whose mission is to promote the integrity and efficiency of the nation's bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public. The Program was established to address growing public concern about the lack of an impartial and neutral overseer to prevent fraud, dishonesty and overreaching within the United States bankruptcy system. It is the only organization to address multi-jurisdictional violations, targeting misconduct by national law firms, creditors, and fraudsters, while also combatting abuse committed by debtors. To faithfully execute its mission, the Program conducts a broad range of administrative, regulatory, and enforcement activities, which include:

- Appointing and supervising approximately 1,300 private trustees who distribute on average nearly $10 billion annually from the assets of bankruptcy estates.
- Policing billions of dollars in fees paid annually to attorneys, investment bankers, and other financial professionals who participate in the liquidation of bankruptcy estates or the reorganization of companies.
- Taking more than 30,000 civil enforcement actions each year (both in and out of court) to ensure that all parties comply with the Bankruptcy Code and Rules.
- Making more than 2,000 criminal referrals each year and assisting in the prosecution of bankruptcy crimes.
- Approving and monitoring about 240 agencies and providers of mandatory pre-bankruptcy credit counseling and pre-discharge financial education.
- Enforcing the statutory "means test" that applies to consumer debtors.
- Participating in approximately 100 appeals annually to bankruptcy appellate panels, district courts, courts of appeals, and the Supreme Court to promote consistency in case law and compliance with statutory requirements.

In addition, the USTP is the only national enforcement agency that can identify significant fraud and abuse trends, and marshal resources against emerging threats to the integrity of the bankruptcy system. These currently include:

- Fraudulent conduct and other violations by consumer debtor attorneys. Lawyers who are incompetent or dishonest or who fail to satisfy minimal professional obligations impede the debtor's "fresh start" and add costs to creditors and the entire system.
- Businesses and individuals who seek to use federal bankruptcy laws to reorganize marijuana businesses and liquidate marijuana assets in violation of the Controlled Substances Act. This work supports the Department's broader marijuana-related goals and objectives.
- Fraud and abuse relating to asbestos trusts created in bankruptcy. The Program engages in targeted enforcement activity to address this growing concern. Most recently, the Program objected to the debtor company's proposed candidate for appointment as a representative for future claimants in three cases involving asbestos bankruptcy trusts.

For more than a decade, the USTP took on substantial additional responsibilities conferred by statute, and expanded its capacity to combat fraud and abuse committed by debtors, creditors, professionals, and other third parties while absorbing budget and staffing reductions. Despite this workload expansion, the Program's staffing is 26 percent below FY 2007 levels, a year which preceded the last surge in bankruptcy filings. In response, the Program has consolidated functions; re-deployed staff throughout the country to address local workload and national initiatives; used shared services in partnership with other agencies and other divisions within the Department of Justice; reduced space, including co-locating offices; and centralized information technology staff reporting lines to more efficiently utilize personnel resources and eliminate backfill requirements for vacant positions. These measures have enabled the Program to maximize the use of its resources and while the FY 2020 budget request will allow the Program to maintain operations, the USTP will continue to explore further efficiencies within its work processes, technology systems and operating structure through FY 2020.

The USTP is funded through appropriations made by Congress that are offset primarily by a portion of fees paid by bankruptcy debtors and deposited into the United States Trustee System Fund ("Fund"). These fees are dependent on the number of bankruptcy cases filed, which can be volatile. Historically, bankruptcy filings have generally increased about two-thirds of the time and decreased the other one-third. Following a doubling in the number of bankruptcy filings from FY 2007 to FY 2010, filing rates have been declining since FY 2011. Compared to FY 2017, filing totals in FY 2018 were down by two percent with chapter 11 filings down slightly. Currently, the USTP anticipates a slight increase in overall filings beginning in FY 2019.

With the decline in bankruptcy filings over the past eight years, the unrestricted balance in the Fund was exhausted during FY 2017 and the Program fell short of offsetting the FY 2017 appropriation. In anticipation of this issue, the USTP set forth a proposal to adjust quarterly fees for the largest chapter 11 debtors. A modified version of the proposal was enacted in October 2017 with the passage of the Bankruptcy Judgeship Act of 2017, Pub. L. No. 115-72. As a result, the FY 2018 appropriation was fully offset by bankruptcy fees collected and on deposit in the Fund, and the Program anticipates fully offsetting the FY 2019 and FY 2020 budget requests as well.[1] The amended fee structure is effective January 1, 2018 and for each fiscal year through September 30, 2022 (FY 2022). The fee increase will sunset after five years, so the USTP will need to re-evaluate the fee structure prior to FY 2023.

FY 2020 Program Changes:

The budget proposal includes funds for current services for USTP. No program changes are requested.

[1] The amended fee structure was effective January 1, 2018, and applies for each fiscal year through FY 2022. The fee schedule, however, will revert to the prior schedule for any fiscal year in which the balance of the Fund equals or exceeds $200 million as of the end of the prior fiscal year. The USTP anticipates ending FY 2019 with a Fund balance below $200 million, and therefore projects the amended fee structure will be in effect through FY 2020.

U.S. Trustees
(Dollars in Thousands)

	U.S. Trustees		
	Pos	**FTE**	**Amount**
2018 Appropriation	**[1,028]**	**981**	**$225,908**
2019 Continuing Resolution	**[1,028]**	**1,015**	**$225,908**
2020 Request	**[1,028]**	**1,015**	**$227,229**
Change 2020 from 2019 Continuing Resolution	**0**	**0**	**$1,321**
Technical Adjustments			
Total Technical Adjustments	**0**	**0**	**$0**
Base Adjustments			
Pay & Benefits	0	0	3,241
Domestic Rent & Facilities	0	0	283
Other Adjustments	0	0	-2,203
Total Base Adjustments	**0**	**0**	**$1,321**
2020 Current Services	**[1,028]**	**1,015**	**$227,229**
Program Changes			
Increases:			
Subtotal, Program Increases	**0**	**0**	**$0**
Decreases:			
Subtotal, Program Decreases	**0**	**0**	**$0**
Total Program Changes	**0**	**0**	**$0**
2020 Request	**[1,028]**	**1,015**	**$227,229**

U.S. Trustees
(Dollars in Thousands)

Comparison by activity and program	2019 Continuing Resolution			2020 Current Services		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,028	1,015	$225,908	1,028	1,015	$227,229
Total	1,028	1,015	$225,908	1,028	1,015	$227,229
Reimbursable FTE	0	0	0	0	1	0
Grand Total	1,028	1,015	$225,908	1,028	1,016	$227,229

Comparison by activity and program	2020 Total Program Changes			2020 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	0	0	$0	1,028	1,015	$227,229
Total	0	0	$0	1,028	1,015	$227,229
Reimbursable FTE	0	0	0	0	1	0
Grand Total	0	0	$0	1,028	1,016	$227,229