United States Trustee Program

FY 2013 Budget Request

February 13, 2012

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I. Overview of the United States Trustee Program

The U.S. Trustee Program's ("USTP" or "Program") FY 2013 budget request totals 1,314 permanent positions (318[1] attorneys), 1,314 workyears, and $227,407,000. The amount requested is $4.1 million over the FY 2012 enacted level and includes adjustments-to-base totaling $4.5 million, offset by estimated Program savings of $0.4 million. The savings are described on page 32 of this document.

The USTP's budget request will be fully offset by bankruptcy fees collected and deposited into the U.S. Trustee System Fund during FY 2013.

Electronic copies of the Department of Justice's Congressional Budget justifications and Capital Asset Plan and Business Case exhibits can be viewed or downloaded from the Internet using the internet address: http://www.justice.gov/02organizations/bpp.htm.

USTP Mission and Program Activities

The Program's mission is reflected in Goal 2, Strategic Objective 2.6 of the Department of Justice Strategic Plan for FY 2012 – FY 2016: Protect the federal fisc and defend the interests of the United States.

Mission Statement: The United States Trustee Program is the component of the Department of Justice whose mission it is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public.

The USTP seeks to promote the efficiency and protect the integrity of the Federal bankruptcy system. It ensures the just, speedy and economical resolution of cases filed under the Bankruptcy Code, monitors the conduct of bankruptcy parties and private trustees, and acts to ensure compliance with applicable laws and regulations. The FY 2013 budget request supports the Program's efforts in this regard. The level of funding requested would enable the Program to more efficiently address the Administration's priority to defend and protect the federal fisc by identifying and combating mortgage fraud and creditor abuse in the bankruptcy system while implementing cost savings and sustainable Program efficiencies. The request describes the Program's efforts to manage its sustained workload and the continuing need to address critical, complex enforcement issues.

Since the implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) in October 2005, the volume and complexity of the Program's workload has grown dramatically. The sustained, high levels of bankruptcy filings over the past few years have contributed greatly to the growing demands placed on the USTP's staff and resources. Increasing civil enforcement efforts related to bankruptcy fraud, mortgage fraud, creditor abuse, etc., and the Program's invaluable participation in a number of working groups and task forces significantly increase this demand.

[1] The USTP is working with the Department of Justice to reclassify the position of Assistant U.S. Trustee from the Miscellaneous Administration and Program Series (0301) to the General Attorney Series (0905) to reflect their primary duties as the legal and administrative management of an office. A total of 95 AUST positions would be reclassified.

Although the Program's FY 2011 enacted level was below that of FY 2010, the USTP was proactive in preparing for an austere budget year that, coupled with the Program staff's efforts to identify and reduce waste and inefficient practices, allowed for the continuation of effective operations. In FY 2012, with staffing reductions and operational efficiencies in place, the Program continues its work ensuring integrity throughout the bankruptcy system and addressing new and emerging issues.

The FY 2013 request supports the Program's most critical operational needs particularly with regard to mortgage fraud and creditor abuse activities -- an area that continues to grow in terms of case complexity. The funding would enable the Program to develop and expand on much needed information technology and capital infrastructure requirements reflected below to further streamline program functions and efficiencies.

- USTP Enterprise Information Portal
- Credit Counseling and Debtor Education on-line application processes
- Uniform Chapter 11 Periodic Reports
- Implementation of the electronic Official Personnel Folder (eOPF)
- Lease Expirations and Office Moves
- Critical Lifecycle Maintenance

The Program strives to increase efficiency and effectiveness by capitalizing on advances in information technology to enhance productivity and staff capabilities. With the increased responsibilities and workload complexities, it is critical that the Program maintain its specialized workforce, improve and expand on the tools currently available to increase productivity and efficiency, and maintain a sufficient level of base resources to maintain current operations.

<u>Sustainable Efficiencies and Infrastructure Requirements</u>

The following sustainable efficiencies are designed to move staff allocations and funding away from the routine repetitive tasks that can be addressed through automation and move the resources to the Program's civil enforcement efforts.

<u>USTP Enterprise Information Portal:</u> The USTP portal is a web interface that will allow USTP staff to access all data collections, rather than having to search through several different systems. The portal will enhance the productivity of Program staff by furnishing:

- a single point of data entry for multiple USTP applications, reducing duplicate data entry and retrieval efforts
- an intuitive, web-based graphical user interface (GUI)
- a secure, single point of access for USTP users

By reducing duplicate data entry by staff and streamlining the retrieval of case data across multiple data collections, the Program anticipates that it can reduce the time spent on each case. This gain in efficiencies would help to partially offset the effects of increased case complexity and staffing levels that are not increasing.

A key element of the USTP Portal transition will be a much-needed updating of the Program's management of case data. The portal will provide a unified and consistent source of bankruptcy case data for management and reporting across multiple applications. The current repository for case data, the Automated Case Management System (ACMS), is based on old technology that is increasingly difficult to maintain and virtually impossible to update. As such, functionality in ACMS simply has not kept pace with the Program's needs. Most users find its antiquated "green screen," character-based interface difficult to use. Further, its lack of a unified structure allows data to be input inconsistently across regions.

The portal would collapse all USTP data by case, allowing field staff to share data between data collections, reduce redundant data entry, and display all pertinent USTP activity for any case at one time. Currently, case data is stored in several different data collections -- ACMS, the Significant Accomplishments Reporting System (SARS), the Criminal Enforcement Tracking System (CETS), the Means Test Review System (MTR), the Debtor Audit System (DAS) and the Fee Information and Collection System (FICS). A single portal would eliminate duplication of data and streamline the collection, review, and analysis process by field staff.

Credit Counseling and Debtor Education (CCDE): The USTP is responsible for the approval and oversight of pre-filing credit counseling services and pre-discharge financial management training, as prescribed by the BAPCPA. These activities are managed by the Program's CCDE system which facilitates the application process and manages the approval status of service providers. In its current form the CCDE system is paper-intensive and inefficient. Currently, the required application and attachments may only be submitted in paper form which increases costs for applicants and the Program.

To reduce this burden, the Program proposes to move toward an electronic form process. The Program has converted the existing paper application form to a fillable Adobe Portable Document Form (PDF).

The next and last step is for the Program to develop the corresponding automation process to read the new electronic form and process the data programmatically into the Program's CCDE system. This final step will eliminate the lengthy application process, allow applicants to update/edit at any time and realize efficiencies in staff time.

The FY 2013 request includes funds for the modernization of the CCDE system, essentially streamlining the application process for both the applicant and the USTP.

Uniform Chapter 11 Periodic Reports: The USTP Chapter 11 Uniform Forms Data Collection System would collect the electronic data from the uniform data-enabled Chapter 11 Periodic Reports filed in non-small business bankruptcy cases. The collection of this data would allow the Program to perform a standard analysis across the country for large chapter 11 cases. In addition, the electronic disbursement data from these uniform forms could be loaded to the Program's Fee Information Collection System, reducing some of the manual data entry performed by field staff.

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) requires the Attorney General to disseminate uniform Chapter 11 periodic reports for use in non-small business cases. This task was delegated to the U.S. Trustee Program within the Department. The Program is developing the uniform reports to be "data-enabled" to allow for extraction of electronic data after the forms are filed with the bankruptcy courts. The Program is currently collecting data from the Chapter 7, 12, and 13 uniform final reports in a similar manner. The extracted data would be stored in the Chapter 11 Uniform Forms Data Collection System for use and analysis by Program staff.

The above initiatives also meet the requirements of Executive Order 13563 which emphasize the importance of reducing regulatory burdens and costs as well as the Paperwork Reduction Act of 1995 (PRA).

Implementation of the electronic Official Personnel Folder (eOPF): Similar to the aforementioned initiatives, the Electronic Official Personnel Folder (eOPF) is a requirement under the various e-Gov initiatives, Executive Orders, and the Paperwork Reduction Act, under the guidance of the Office of Management and Budget (OMB) and its advocacy for paperless environments. The eOPF is an electronic version of the Official Personnel Folder and contains all the official records required to document an employee's Federal career. The eOPF solution provides electronic, Web enabled access for all Federal Agency staff members to view eOPF documents. All employees are able to view their own OPF through the eOPF solution. eOPF includes security measures to ensure the integrity of the system. This effort also results in sustainable efficiencies within the Program. The Department of Justice plans to have all components in compliance by December 31, 2013.

Lease Expirations and Office Moves: The Program manages 95 office locations nationwide and over 400 meeting room spaces. All have different expiring lease arrangements; therefore, in any given year, the Program must be prepared for lease renewals and office moves where we are not able to negotiate an acceptable lease renewal. In these instances, the Program is forced to incur significant move and space renovation costs. Some of this expense will be offset by the Program's new reduced space allocations standards; however, it is still anticipated that forced move costs and associated renovations could exceed $1 to $2 million each fiscal year. Lease expiration and office move requirements will be addressed on a case-by-case basis and funded from within the Program's base funding level. The USTP will take advantage of viable opportunities for office space consolidation as its lease expirations surface.

Life Cycle Maintenance: Program operations rely heavily on core infrastructure, from computers, printers, telecommunications, servers, software, to scanners and copiers. While stretching the life cycle years helps reduce costs, the reality is that in any given year, any well-run, efficient organization must invest in a portion of its infrastructure in order to properly maintain and minimize the capital outlay each year. Delaying standard life cycle infrastructure investments ensures critical failures at some point in an organization's future. The FY 2013 request supports the essential incremental life cycle maintenance requirements that are critical to USTP operations. These funds will help to ensure that there is no interruption in the Program's day-to-day operations as a result of systems or equipment failure.

Post-BAPCPA Filings and Revenue

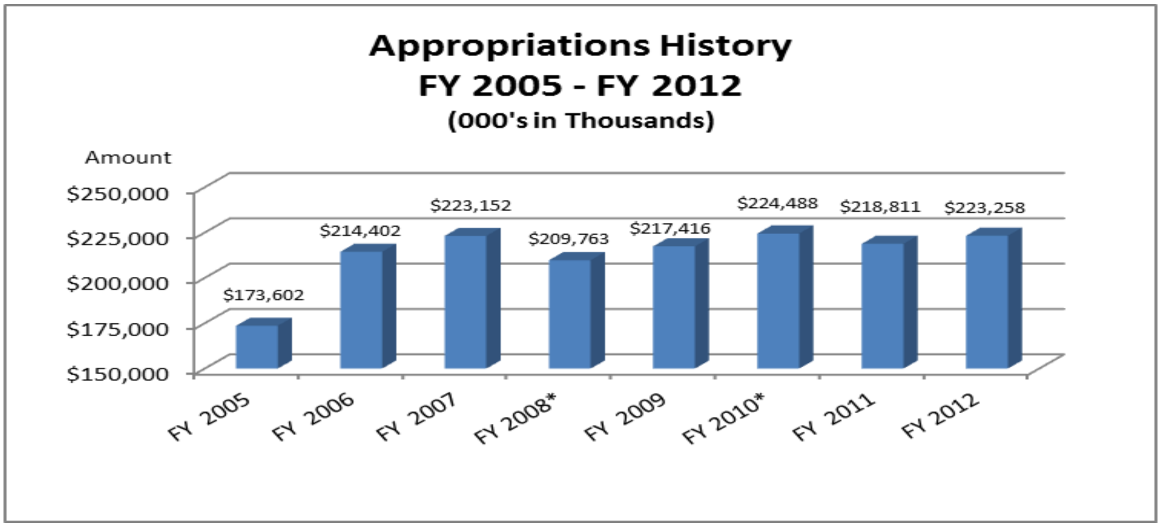
The USTP experienced a drastic reduction in its resources immediately following implementation of the BAPCPA. The Program's appropriated level fell from $223.2 million in FY 2007 to $209.8 million in FY 2008 resulting in the loss of 163 positions. Conversely, filings increased from just below 760,000 in FY 2007 to well over 1.3 million in FY 2009. Offsetting collections from bankruptcy fees have exceeded the Program's appropriation for eight of the last eleven years, the exceptions being the three consecutive fiscal years following passage of the BAPCPA (FY 2006, 2007 and 2008). In FY 2009, offsetting collections began accruing in the Trust Fund once again as a result of increasing bankruptcy filings. During the period FY 2009 through FY 2011, the

Trust Fund grew by almost $115 million.   Current projections indicate that the Fund will increase by approximately $43 million in FY 2012. The Program is currently projecting that FY 2013 offsetting collections will reach approximately $266 million - about $39 million more than the FY 2013 request.

Bankruptcy filings during FY 2011 totaled 1.4 million, down about eight percent from FY 2010 filings, but 86% higher than the FY 2007 low of 758,673 filings that was recorded following the implementation of the BAPCPA. Historically, filings have fluctuated from year to year. For the past century, filings have increased in about two thirds of the years and decreased during the other one third. The ability to project filings one year out is difficult as various factors that are external to the Program can result in significant volatility. The Program's filing estimates for FY 2012 that were developed about two years ago totaled 1.5 million. During FY 2011, filings began trending downward and the USTP's more current projection for FY 2012 is approximately 1.2 million filings. If historical trends prevail, the Program anticipates that filings during FY 2013 could trend upward again. The FY 2013 preliminary projection, developed in March 2011, totaled approximately 1.5 million filings during the fiscal year. However, based on recent bankruptcy filing figures, the final filing numbers will likely be less.

The USTP's FY 2012 appropriation enacted totals $223,258,000 – almost the same amount that was appropriated for FY 2007. Appropriated levels for the period FY 2008 through FY 2011 have been near or below that amount, requiring that the Program reevaluate its entire operation including its staffing levels and business processes, to ensure it functioned effectively and within the amounts available. A hiring freeze was instituted by the USTP early in FY 2010 and vacancies created by attrition still remain vacant.   A Department-wide partial hiring freeze has been in effect since January 2011.   Additionally and for the second time since BAPCPA implementation, the Program suspended debtor audits from June 2011 through the end of FY 2011 due to continuing funding constraints.   (Debtor audits were first suspended on January 2, 2008 and were resumed on May 12, 2008 at reduced levels.) All other non-personnel requirements were reduced to the maximum extent possible, with a conscious effort toward having the least amount of impact on overall operations while continuing the Program's commitment toward meeting its objectives.

The following chart reflects USTP enacted amounts for the period FY 2005 through the FY 2012. *Of note – the FY 2008 amount includes $20 million in prior year unobligated balances to augment the amount appropriated and the FY 2010 amount was augmented with $5.238 million in prior year unobligated balances.



A. Background

The nation's bankruptcy laws are premised on the notion that honest, but unfortunate debtors should be able to receive a fresh start and return to becoming economically productive members of society. The USTP's mission, as set forth in Strategic Objective 2.6 of the Department's Strategic Plan, reinforces these laws by ensuring that they are fairly enforced.

The USTP is a national program with broad administrative, regulatory, and litigation authorities. Its duties are set out primarily in titles 11 and 28 of the United States Code and range from consumer bankruptcy cases to large corporate reorganizations. In addition to specific statutory duties and responsibilities, United States Trustees may raise and may appear and be heard on any issue in any case or proceeding under title 11, the Bankruptcy Code.

The Program litigates to protect the integrity of the bankruptcy system and to help ensure that the Bankruptcy Code is interpreted nationally in a consistent and fair manner. The USTP is the only participant in the bankruptcy system with a national perspective and a responsibility to develop coherent case law in all jurisdictions.

With the enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005 (P.L. 109-8), the USTP was provided new enforcement responsibilities and important statutory tools to assist it in identifying and civilly prosecuting those who abuse the bankruptcy system. The enforcement actions taken by the Program reflect a balanced approach to address wrongdoing both by debtors and by those who exploit debtors – creditors (including mortgage servicers), attorneys, and bankruptcy petition preparers who prey on vulnerable debtors using fraud and deceptive practices. The combined result of the Program's efforts is to deter abuse, maximize the returns to creditors, and strengthen the laws to ensure that relief is appropriately granted.

The USTP invests in the development of information and decision support systems that enhance the USTP's e-government capacities and make operations more effective and efficient.

The Program made significant changes to its performance measures that better reflect its mission, outcomes and impacts. The performance measures were reduced from fourteen on which the USTP previously reported to four relatively new measures that are reflected in the Performance Tables section of this document.

B. Full Program Costs

The USTP budget is contained in one decision unit, the Administration of Cases, which encompasses all operational activities and includes the direct cost of all outputs, indirect costs, and common administrative systems. There are two main Program activities: 1) enforcement and 2) case and trustee administration. The workyears and associated funding are allocated to these Program activities based upon the direct, productive hours of the USTP staff performing enforcement and case administration activities, as well as resources directly related to the performance of these activities. Administrative and other overhead costs are allocated based upon the direct hours expended for the two Program activities.

C. Performance Challenges

External Challenges. There are a number of external factors that impact the operations of the United States Trustee Program. While the USTP is responsible for oversight of the panel and standing trustees who handle bankruptcy cases and for litigating issues that arise in those cases before the bankruptcy courts, the federal judiciary is responsible for adjudicating the bankruptcy cases. Thus, the Program must work cooperatively with the federal courts on numerous legal and other issues of mutual interest affecting the integrity of the bankruptcy system. For example, the USTP worked with the courts to enhance the information it receives electronically from the courts to streamline its ability to review bankruptcy petitions and schedules. It also worked cooperatively with the courts to implement new uniform trustee final reports required by law to be filed with the courts by panel and standing trustees.

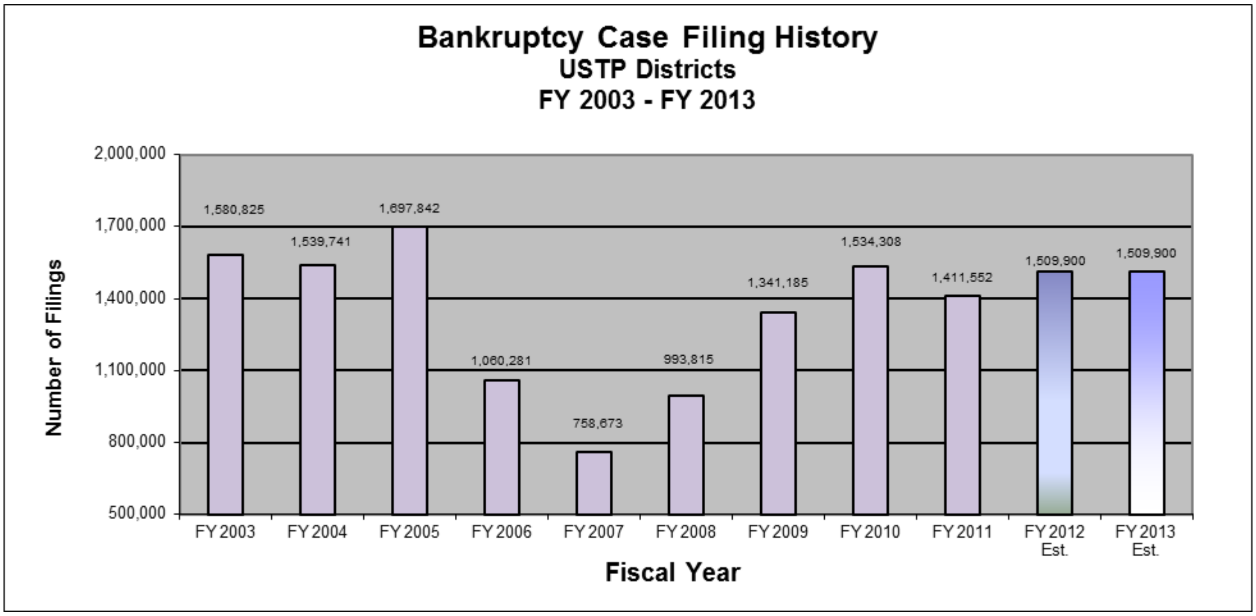
The USTP enforces and defends challenges to provisions of the Bankruptcy Code, including by litigating issues of first impression and carrying out numerous administrative and other duties arising under the bankruptcy law. The USTP also faces challenges in detecting evolving and innovative schemes of fraud and abuse, including creditor abuse, mortgage fraud, and complex financial fraud and abuse that affect the bankruptcy system.

The USTP's funding is entirely fee based, and as a result is impacted by fluctuations in bankruptcy filings. The Program has no control over the number of filings or the chapter under which a bankruptcy petition is filed. For example, in the two weeks leading up to the October 17, 2005, BAPCPA effective date, 600,000 cases were filed. Following the implementation of the BAPCPA, bankruptcy filings plunged and the USTP experienced a substantial decrease in the level of revenue that was collected to support its operations. Over the remaining fifty weeks of the year approximately 460,000 cases were filed.

Within two years of BAPCPA implementation, bankruptcy filings were again on the rise. During the period FY 2008 through FY 2010, filings increased by over 102 percent with FY 2010 filings totaling 1,534,308. Actual filings in FY 2011 dropped slightly from FY 2010 levels, to 1,411,552. The Program's filing estimates for FY 2012 that were developed about two years ago totaled 1.5 million, however the USTP's more current projection for FY 2012 is approximately 1.2 million filings. The Program anticipates that filings during FY 2013 could trend upward again, surpassing the FY 2012 revised estimate of 1.2 million filings. Although bankruptcy filing activities are routinely monitored to detect changing trends early on, the projections are extremely volatile.

The following chart reflects actual and projected filings for fiscal years 2003 through 2013 estimated.[2]

1. Bankruptcy Filings



<u>Internal Challenges</u> The USTP also faces internal challenges resulting from its efforts to address new and emerging concerns in the areas of mortgage foreclosure and creditor abuse, an increased number of large, complex chapter 11 filings, its ongoing efforts to enforce bankruptcy reform, and its fluctuating workload and available resources. In FY 2006, the USTP received a program enhancement specifically to address its added responsibilities under the BAPCPA. At the same time, filings and revenues dropped, requiring draw-downs from the System Fund in FY 2006, FY 2007 and FY 2008 to fund the USTP's operations. The decreased revenue stream created a significant burden on the USTP in terms of meeting its core mission and increased responsibilities under the BAPCPA. The USTP successfully responded to this reduction by streamlining operations, imposing a hiring freeze, temporarily suspending debtor audit activities and later reinstating the audits at a reduced level, and by reducing or eliminating all other categories of expense. At the same time that revenues fell and authorized positions were reduced, the bankruptcy caseload began to rise, increasing a total of 77% during FY 2008 and FY 2009. By the end of FY 2010, bankruptcy filings topped 1.5 million, more than double the FY 2007 level. Actual filings during FY 2011 totaled over 1.4 million. The Program currently is projecting filings to decline slightly in FY 2012 to about 1.2 million and trend up once again in FY 2013.

The Program assumed substantially increased duties mandated by BAPCPA and continues to be very much involved in new and complex issues associated with mortgage foreclosures, national mortgage servicers, and large chapter 11 bankruptcy filings. The attraction, retention and training of specialized attorney and other litigation support staff are critical to the success of the Program.

[2] Reflects bankruptcy filings under all chapters of the bankruptcy code, as reported by the Administrative Office of the U.S. Courts (AOUSC). The FY 2012 estimate is as reflected in the FY 2012 President's budget request.

The increasing workload in civil enforcement efforts along with the sheer sophistication of mortgage fraud schemes and creditor abuse activities place an incredible burden on USTP staff to move cases through the system efficiently while overseeing and analyzing their progress to ensure no abuse or infractions have occurred. Without sufficient resources, the Program will not be able to continue at its current level of vigor over the long term.

The Program experienced significant reductions in funding and in staffing in FY 2008 that have negatively impacted base resource levels in each subsequent year since. The current hiring freeze largely prevents the Program from filling critical vacancies in its leadership, professional, and support areas. The loss in staffing and resources is further exacerbated by the Program's aging technological resources and increasing workload complexities. Many Program staff are increasingly more involved in efforts to identify, implement and report on cost cutting measures and efficiencies, consolidation efforts and overall downsizing.

2. U.S. Trustee System Fund

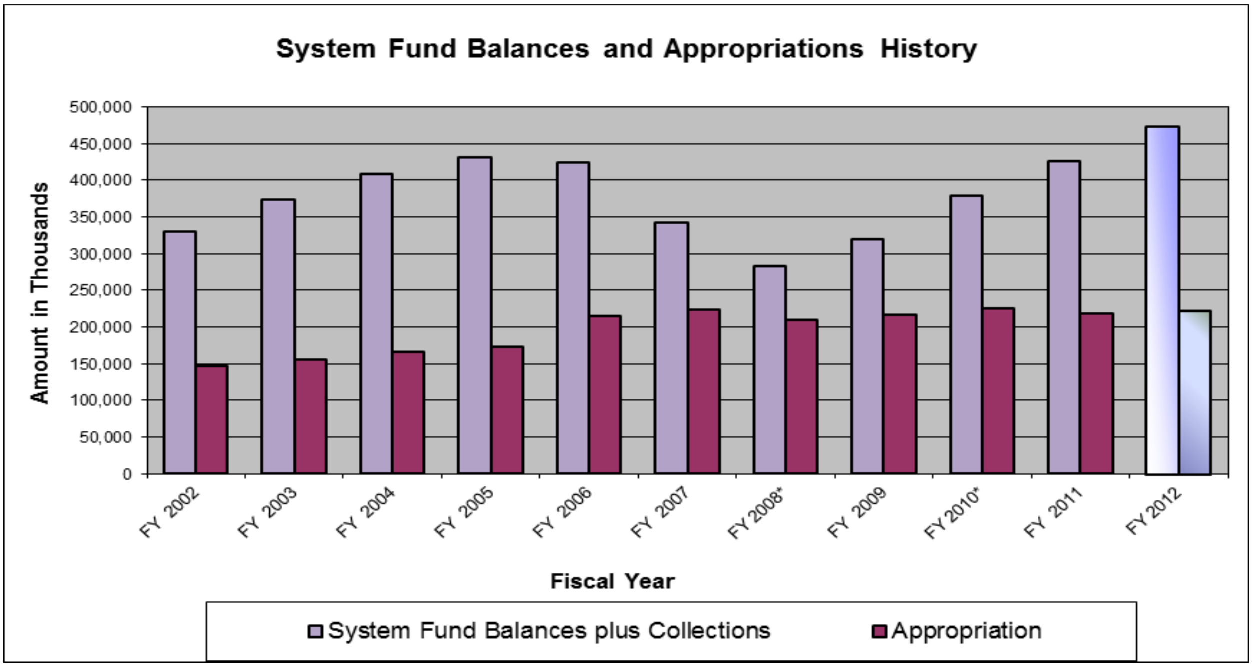
The self-funding characteristics of the USTP were a feature of the legislation establishing the Program, Public Law 99-554, enacted on October 27, 1986. Two categories of fees generate most of the revenue for the U.S. Trustee System Fund. The first category is the filing fee paid at the inception of each case for chapters 7, 11, 12 and 13, and the second category is the quarterly fee paid by chapter 11 debtors. The chapter 11 quarterly fees are determined by the cash disbursement levels of the debtor. All fees are deposited in the Fund as offsetting collections and are available to the USTP as specified in Appropriations Acts. Debt collection receipts, payment of excess percentage fees collected by chapter 12 or 13 trustees, and interest on invested funds also generate relatively small amounts of revenue for the Fund. Revenue in the Fund that is not needed for current expenses is invested in Treasury securities, and the income so earned accrues to the Fund.

Prior to FY 1997, the USTP's operations were funded through a combination of direct appropriations and offsetting collections. Since FY 1997, the USTP's operations have been funded solely from offsetting collections deposited into the U.S. Trustee System Fund. The annual revenue collected during the period FY 1997 through FY 2005, combined with continued operational efficiencies provided sufficient resources to support the USTP's operations, making the need to supplement those revenues with direct appropriations unnecessary. As bankruptcy filings continued to increase during the period, approaching almost 1.7 million in FY 2005, the System Fund balance increased as well.

In FY 2006, bankruptcy filings fell dramatically following the effective date of the BAPCPA. Collections during the next three fiscal years were insufficient to support the USTP's operations, requiring draw-downs from the U.S. Trustee System Fund totaling $165.1 million over the 3-year period. During FY 2009 the number of filings exceeded 1.3 million and actual collections for the fiscal year totaled over $226 million. As a result, the System Fund grew by almost $9.2 million in FY 2009. Bankruptcy filings increased again, ending FY 2010 at over 1.5 million and resulting in the growth of the System Fund of over $56.6 million. Filings during FY 2011 reached about 1.4 million and the System Fund grew by over $48 million. The USTP projects that collections in fiscal years 2012 and 2013 will exceed amounts made available for obligation, resulting in further growth in System Fund balances. The Program is projecting a FY 2012 end-of-year balance of approximately $250 million in the System Fund.

D. Revenue Estimates

The following chart reflects System Fund Balances for the period FY 2002 through FY 2012 estimated as compared to the appropriation enacted for each fiscal year.



*The FY 2008 and FY 2010 resource levels include $20.0 million and $5.2 million in prior year unobligated balances, respectively.

Actual revenue collected by source, for the period FY 2008 through FY 2011 and estimated revenues for FY 2012 and FY 2013 follow.

Revenue Collected in FY 2008:

	Amount
Bankruptcy Fees:	
Filing Fees	$79,239,888
Chapter 11 Quarterly Fees	78,334,677
Other	70,078
Interest earnings on investments	5,860,839
TOTAL DEPOSITS	163,505,482

Revenue Collected in FY 2009:

	Amount
Bankruptcy Fees:	
Filing Fees	$107,189,094
Chapter 11 Quarterly Fees	118,504,046
Other	87,500
Interest earnings on investments	790,276
TOTAL DEPOSITS	226,570,916

Revenue Collected in FY 2010:

	Amount
Bankruptcy Fees:	
Filing Fees	$121,696,328
Chapter 11 Quarterly Fees	155,210,330
Other	183,198
Interest earnings on investments	797,591
TOTAL DEPOSITS	277,887,447

Revenue Collected in FY 2011:

	Amount
Bankruptcy Fees:	
Filing Fees	$110,528,544
Chapter 11 Quarterly Fees	155,809,951
Other	197,360
Interest earnings on investments	1,004,725
TOTAL DEPOSITS	267,540,580

Revenue Projections for FY 2012:

	Amount
Bankruptcy Fees:	
Filing Fees	$109,509,480
Chapter 11 Quarterly Fees	155,709,362
Other	100,000
Interest earnings on investments	1,500,000
TOTAL PROJECTED DEPOSITS	266,818,842

Revenue Projections for FY 2013:

	Amount
Bankruptcy Fees:	
Filing Fees	$118,247,340
Chapter 11 Quarterly Fees	147,306,291
Other	100,000
Interest earnings on investments	1,000,000
TOTAL PROJECTED DEPOSITS	266,653,361

E. Program Efforts toward Creating and Implementing an Environmental Management System (EMS)

The USTP continues its work toward improving its environmental management activities. The Program actively participates in a number of recycling and other greening initiatives and ensures compliance with existing Federal Acquisition Regulations. The following activities reflect the Program's continuing efforts toward managing and improving its environmental and health safety matters:

- The USTP's Facilities Management Division works with the General Services Administration (GSA) to ensure continued purchases and use of environmentally preferable building products and materials for the design, construction and operation of commercially owned office space occupied by the Program. Specifically, lessors are required to use products that are phosphate-free, non-corrosive, non-flammable, and fully biodegradable. In addition, lessors are required to use paper products with recycled content conforming to EPA standards. This information is included in GSA's standard leasing documents, and is a requirement for all new lease acquisitions.

- As required by Federal Acquisition Regulation (FAR) 23.705, the Program makes every effort to purchase electronic products which are Electronic Product Environmental Assessment Tool (EPEAT) registered, or EnergyStar Compliant products. Such products include computer monitors, desktop computers, notebook computers, printers and copiers.

- As required by FAR Subpart 23, the Program purchases supplies that are environmentally preferable products made from recycled content, such as copier paper, file folders, pens and remanufactured toner cartridges. Original equipment manufacturer cartridges that contain remanufactured content, on occasion, are purchased.

- The Program implemented a personal cell phone and rechargeable battery recycling project at the Executive Office for U.S. Trustees. The project is being expanded to other field offices.

- Recycling of paper products, cans, bottles and plastics is encouraged throughout the Program -- an effort highlighted through the use of signage, posters, and the continual availability of appropriate recycling receptacles.

II. Summary of Program Changes

Item Name	Description				Page
		Pos.	FTE	Dollars ($000)	
IT Savings	Anticipated saving resulting from Department-wide contracting efficiencies			-$361	32

III. Appropriations Language

The FY 2013 budget request includes proposed changes in the appropriations language set forth and explained below. New language is <u>*italicized and underlined*</u>, and language proposed for deletion is bracketed.

United States Trustee System Fund

For necessary expenses of the United States Trustee Program, as authorized, [$223,258,000] <u>*$227,407,000*</u> , to remain available until expended and to be derived from the United States Trustee System Fund: Provided, That notwithstanding any other provision of law, deposits to the Fund shall be available in such amounts as may be necessary to pay refunds due depositors: Provided further, That, notwithstanding any other provision of law, [$223,258,000] <u>*$227,407,000*</u> of offsetting collections pursuant to 28 U.S.C. 589a(b) shall be retained and used for necessary expenses in this appropriation and shall remain available until expended: Provided further, That the sum herein appropriated from the Fund shall be reduced as such offsetting collections are received during fiscal year [2012] *2013*, so as to result in a final fiscal year [2012] *2013* appropriation from the Fund estimated at $0.

Analysis of Appropriation Language

No other substantive changes are proposed.

IV. Decision Unit Justification

Decision Unit: Administration of Cases

Decision Unit Administration of Cases	Perm. Pos.	FTE	Amount
2011 Enacted	1,314	1,314	$218,811
2012 Enacted	1,314	1,314	223,258
Adjustments to Base and Technical Adjustments	0	0	4,510
2013 Current Services	1,314	1,314	227,768
2013 Program Offsets	0	0	(361)
2013 Request	1,314	1,314	227,407
Total Change 2012-2013	**0**	**0**	**4,149**

1. Program Description

The USTP operates in 88 judicial districts through a system of 21 regions defined pursuant to 28 U.S.C. Section 581(a). Each region is headed by a U.S. Trustee whose basic authority is conferred under 28 U.S.C. Section 586. U.S. Trustees are appointed by the Attorney General to five-year terms and oversee bankruptcy case administration in each of the Program's 21 regions by appointing private trustees, litigating civil enforcement actions, and carrying out other duties. Each U.S. Trustee maintains a small regional staff that typically consists of an administrative officer, information technology specialist, and clerical assistant. The U.S. Trustees supervise a cadre of Assistant U.S. Trustees (AUSTs) who manage 95 field offices located in 46 states and Puerto Rico.[3]

The USTP's Executive Office, headed by the Office of the Director, provides comprehensive policy and management direction to the U.S. Trustees and their staff, and directly supervises the operations of the Executive Office for U.S. Trustees (EOUST). The Office of the Director also has the primary responsibility for liaison with the Department, Congress, the bankruptcy courts, private trustee organizations, and other stakeholders in the bankruptcy system (e.g., professional associations and debtor and creditor bar representatives). EOUST also includes the Office of the General Counsel, the Office of Oversight, the Office of Criminal Enforcement, the Office of Planning and Evaluation, the Office of Administration and the Office of Information Technology.

3/ The USTP has jurisdiction in all federal judicial districts except those in Alabama and North Carolina. The Program has no office in North Dakota and Vermont; offices in South Dakota and New York cover those jurisdictions.

Creditor Abuse

Addressing violations of the Bankruptcy Code by creditors, including national mortgage servicers, remains a top Program priority. The USTP investigates and takes civil enforcement action in cases involving allegations that mortgage servicers file inaccurate claims that debtors owe more money than they actually owe, that a default has occurred when there has been no default, or that the mortgage servicers have been adding additional and undisclosed charges that are not permitted under the terms of the loan contract. The Program is investigating a significant number of allegations involving systemic abuse by national mortgage servicers and other creditors.

The United States Trustee Program has worked diligently to address all types of mortgage-related fraud and abuse as it is identified in bankruptcy cases. Protecting consumer debtors, including distressed homeowners facing foreclosure, continues to be an important Program objective, and we have diligently pursued those who prey on these individuals, whether it is mortgage servicers, attorneys, foreclosure rescue fraud operators, or bankruptcy document preparers. We also continue to combat fraud and abuse committed by debtors who use the bankruptcy system to further a mortgage-related or other fraud scheme.

Mortgage Servicer Enforcement Project

The USTP has been investigating mortgage lenders and servicers for several years, but efforts have intensified because of complaints of chronic accounting irregularities by mortgage-servicing companies. Such irregularities may appear in the documents a mortgage lender or servicer files in bankruptcy court asserting its right to collect on the mortgage debt (proof of claim) or to foreclose (motion for relief from the automatic stay). All USTP offices are charged with identifying and taking appropriate action to combat mortgage fraud and abuse.

The following are examples of Program's continuing and increasing involvement in litigation against national mortgage servicing entities:

- The Bankruptcy Court for the Eastern District of Louisiana in 2011 granted a motion filed by the U.S. Trustee's New Orleans office for sanctions against default servicer provider Lender Processing Systems, Inc. (LPS), in *In re Wilson*, No. 07-11862. The court found that the affidavit of debt executed by LPS employee Dory Goebel was the direct product of LPS' wholly inadequate training procedures and LPS' desire to perpetrate the illusion that she held detailed knowledge of the loan. These procedures led Ms. Goebel routinely to sign affidavits without having personal knowledge of the facts therein and without making any efforts to verify the facts she attested to in the affidavit. The court found LPS' policies for executing default affidavits were an abuse of the trust courts have traditionally afforded lenders. In addition, it summarized other cases in which mortgage servicers engaged in "shoddy practices and sloppy accountings." The court stated that these issues would not come to light, and countless debtors would suffer, "but for the dogged determination of the UST's office and debtors' counsel." The court has not yet entered a decision regarding sanctions to be imposed upon LPS.

- The Program also investigated allegations that Countrywide Home Loans, Inc., one of the nation's largest home loan servicers, was filing inaccurate documents in court, charging excessive or unearned fees, and pursuing home foreclosure actions after debtors emerged from bankruptcy in violation of court orders. Over a two-year period, the Program litigated against Countrywide in various jurisdictions and worked closely with the FTC to carry out parallel investigations. The investigations and litigation culminated in a global resolution

> whereby Countrywide agreed to pay over one hundred million dollars, a portion of which will compensate homeowners in bankruptcy who were victimized by Countrywide's improper practices.

In addition to its nationwide efforts involving mortgage servicers, the Program assigned about one-fifth of its field offices to a special concentrated effort. These offices conducted reviews of the proofs of claim and contested motions for relief from stay filed by major mortgage servicers and conducted discovery into the servicers' policies and procedures where the offices identified facial deficiencies. The offices confronted the mortgage servicers' numerous legal challenges to the Program's enforcement efforts.

The USTP has enhanced its creditor abuse enforcement training program for senior field staff, presenting at least annually a new training program at the USTP's National Bankruptcy Training Institute of the National Advocacy Center, and filming a creditor abuse video for the video on demand library which is available to all employees.

In addition to enhancing its creditor abuse enforcement training for senior field staff, the USTP has also established a creditor abuse working group, consisting of AUSTs and attorneys who have been leaders in this effort. The creditor abuse working group provides timely and effective legal advice to USTP personnel, assists with information sharing, and provides coordination and guidance to field offices in investigating or litigating creditor abuse.

The USTP also developed new guidance for chapter 13 standing trustees to ensure appropriate review of proofs of claim, including those filed by mortgage servicers.

Mortgage Fraud Schemes

Individuals who engage in mortgage fraud often use the bankruptcy system as an essential tool in carrying out their fraudulent schemes and victimizing desperate homeowners. The USTP routinely identifies mortgage rescue fraud and other mortgage fraud schemes involving the bankruptcy system. Where appropriate, the USTP makes criminal referrals to its law enforcement partners, including the United States Attorneys and the Federal Bureau of Investigation. In many cases, USTP efforts involve identifying the scheme, conducting an investigation, preparing the referral to law enforcement, and assisting law enforcement with the investigation and prosecution.

A continuing and prevalent mortgage fraud scheme found in bankruptcy is the foreclosure rescue operation. Foreclosure rescue operators defraud financially troubled homeowners using the bankruptcy system to help perpetrate their crimes.

> Some of the most egregious schemes we see are those perpetrated on consumers facing foreclosure. In some instances, individuals facing foreclosure are preyed upon by unscrupulous attorneys and document preparers who purport to be foreclosure rescue operators, but instead use the bankruptcy system to victimize distressed homeowners. For example, the United States Trustee sought to protect consumer debtors by filing an action against individuals engaged in a mortgage rescue scheme that solicited 60 debtors named in newspaper foreclosure listings with promises of repayment plans, short sales, and other foreclosure alternatives. The fraudsters convinced individuals to file bankruptcy cases to stop foreclosures but failed to prepare and file all appropriate documents resulting in dismissal of many of the cases and foreclosure on the individuals' homes. The bankruptcy

court granted the relief requested by the U.S. Trustee and entered judgments imposing fines and prohibiting the perpetrators from preparing bankruptcy documents.

The Program also combats fraud and abuse by attorneys. For example, the United States Trustee's office recently worked with law enforcement agencies to investigate bankruptcy attorneys who were involved in a mortgage fraud scheme. The investigation resulted in a 15-count indictment that charged the attorneys and others with a $14.7 million mortgage fraud scheme that targeted financially distressed homeowners facing foreclosure by falsely promising to save their homes, engaged in real estate transactions with straw purchasers, and obtained fraudulent mortgages for the purpose of stripping equity in the properties for their own profit. Three of the defendants have pleaded guilty and the remaining two are on trial.

The USTP protects the integrity of the bankruptcy system by combating fraud and abuse committed by those who prey on consumer debtors. For example, in November 2010, in Phoenix, the United States Trustee obtained a judgment against Foreclosure Home Savers ("FHS"), its owners and its employees. FHS purported to offer homeowners assistance in modifying their home loans, and promoted its loan modification services on a local radio station that catered to the Spanish-speaking population. During a weekly radio show on financial issues led by a principal of FHS, individuals in financial distress, many who were facing foreclosure, would call for assistance. The principal would steer them to FHS for "loan modification" services, for which it typically charged $4,500. However, FHS did not provide loan modification services. Instead, it prepared and filed incomplete bankruptcy documents on its customers' behalf. Many cases were then dismissed because of the deficient documents. Often, FHS would re-file the cases without the debtors' knowledge, only to have the court dismiss them again. A majority of FHS customers lost their homes. After trial, the bankruptcy court imposed fines of $304,500 jointly and severally against the defendants. It also imposed treble fines totaling $913,500 against Frank and Gloria Campos, principals of Gold Capital Investment Corporation – an affiliate of Foreclosure Home Savers involved in the scheme. Additionally, the court entered an injunction against all defendants permanently prohibiting them from acting as bankruptcy petition preparers in the district, ordered them to provide a full refund to 81 identified customers, and ordered them to pay additional damages in the amount of $2,000 or twice the amount the debtors paid for services, whichever was greater.

The Program also takes action to protect consumer creditors. For example, the United States Trustee objected to the chapter 7 discharge of an individual who operated a multi-state Ponzi scheme that claimed more than 300 victims. After the Ponzi scheme was discovered, an involuntary chapter 7 case was filed against the debtor, who had previously sold notes totaling more than $30 million to his unsuspecting victims. The bankruptcy court granted the United States Trustee's request to deny the discharge.

Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005

The Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005 (P.L. 109-8) was signed into law on April 20, 2005. The Act provided the USTP with new tools to enhance the integrity and efficiency of the bankruptcy system for the benefit of all parties. Despite the difficulties presented by the unprecedented surge in filings in the two weeks leading up to the implementation of the BAPCPA, the USTP successfully implemented and enforces the new law's important provisions. The BAPCPA assigned substantial new responsibilities to the USTP primarily, but not exclusively, in five major areas: means testing; credit counseling and debtor education; small business chapter 11s; debtor audits; and studies and data collection.

Means Testing

The means testing provisions of the BAPCPA provide an objective approach for assessing a debtor's eligibility for chapter 7 relief. Under the means test, debtors with income above their State median income are presumed abusive if they have a certain level of disposable income after the deduction of expenses allowed under a statutory formula. The United States Trustees are the primary enforcers of the law. Among other things, United States Trustees must file a statement within ten days after the section 341 meeting of creditors if the case is presumed abusive. Thereafter, within thirty days, the UST must file a motion to dismiss the case or provide an explanation as to why such a motion is not warranted.

In FY 2011, approximately 13 percent of chapter 7 debtors had income above their state median. Of those cases filed by above median income debtors, 6 percent were "presumed abusive" under the means test. After consideration of a debtor's special circumstances the USTP declined to file motions to dismiss in about 62 percent of the presumed abuse cases that did not voluntarily convert or dismiss.

The USTP was extensively involved in the Judicial Conference's Advisory Committee on Bankruptcy Rules in the development of necessary official forms and accompanying rules to perform the means test. In addition, the USTP worked with the courts to enhance the information it receives electronically from the courts to permit it to streamline its review of bankruptcy petitions and schedules under the statutory means testing formula. The USTP made a major investment in training field personnel to perform the means test, including exercising appropriate discretion in deciding whether to file a motion to dismiss a case under the "presumed abuse" standard and the "special circumstances" exception.

Credit Counseling and Debtor Education

The credit counseling and debtor education provisions of the reform law provide protections for consumer debtors by helping ensure that debtors enter bankruptcy with full knowledge of their options and exit with information to help them avoid future financial calamity. The USTP is responsible for approving eligible providers of credit counseling and debtor education services. The BAPCPA requires individual debtors to seek credit counseling from approved providers as a condition of filing for bankruptcy. It also requires debtors to receive debtor education from an approved provider to receive a discharge of debts. Although enforcement practices differ according to local rules, the USTP's offices often are the primary agency ensuring debtor compliance.

At the close of calendar year 2011, there were 176 credit counseling agencies covering 88 judicial districts for pre-bankruptcy counseling. In addition to offering Internet and telephonic access, the companies had 765 walk-in locations for credit counseling. For post-bankruptcy debtor education, there were 272 approved debtor education providers covering 88 judicial districts. In addition to debtor education providers offering internet and telephonic access, there were 716 walk-in locations.

Quality Service Reviews (QSRs) allow the Program to corroborate information submitted in applications, observe credit counseling and debtor education sessions, and obtain information about the operations of the credit counseling agency or debtor education provider. The USTP completed 12 QSRs during FY 2011 and expects to complete 12 QSRs during FY 2012.

Chapter 11 Cases

The small business provisions of the BAPCPA establish new deadlines and greater uniformity in financial reporting to ensure that cases expeditiously move through the chapter 11 process before assets are dissipated. They also provide important new enforcement tools to the United States Trustees. To implement the BAPCPA's new oversight provisions, and in conjunction with the Judicial Conference of the United States, the USTP developed a new Monthly Operating Report (MOR) form for small business chapter 11 cases to make financial reporting simpler and more uniform.

In the 2005 bankruptcy reform law, Congress placed clear, new restraints on the compensation of executives in companies that are in chapter 11 bankruptcy. The USTP believes that Congress intended to provide enhanced oversight to companies in reorganization and increase management accountability. In demonstrating that intent, Congress has fundamentally changed the rules for granting retention bonuses and severance packages. Section 503(c) of the Bankruptcy Code prohibits most retention bonuses, generally requiring that bonuses to senior officials be based upon achievement of bona fide performance goals. The U.S. Trustees object to executive bonus plans that violate limits established by the BAPCPA in 11 U.S.C. § 503(c). That statute seeks to prevent the same management that brought the company into bankruptcy from paying themselves large cash awards merely for staying with the company. Such cash awards are often portrayed as "performance bonuses." The U.S. Trustee is often the only player in the system seeking to enforce the restrictions imposed by Section 503. While many of the U.S. Trustee's objections are resolved through negotiation, courts have sustained the U.S. Trustee's objections in cases such as Fountainebleau Las Vegas Holdings (court denied incentive bonus payments of $1.069 million) and GPX International Tire Corp. (court denied bonuses of $1.65 million to two senior executives).

The Program's responsibilities in business reorganization cases include such matters as the appointment of trustees when there are grounds to suspect that current management has participated in fraud, dishonesty, or other improper activity. The U.S. Trustee seeks the appointment of examiners when independent investigations are needed. The U.S. Trustees have appointed independent examiners to investigate the financial affairs of DBSI, Inc., the Tribune Company, and other chapter 11 debtors. In DBSI, the U.S. Trustee sought and obtained the appointment of a chapter 11 trustee after an examiner filed a report showing that management had misused the proceeds of a $90 million notes offering. In the Tribune Company case, the U.S. Trustee supported the appointment of an examiner to investigate and evaluate potential claims arising from a pre-bankruptcy leveraged buyout. The U.S. Trustee also successfully sought the appointment of a chapter 11 trustee in the Thornburg Mortgage Company case based on evidence that corporate officers had established a parallel company that was using Thornburg employees and resources to operate its business. Chapter 11 trustees were also appointed in cases such as Rothstein Rosenfeld Adler (an out-of-trust law firm), M.W. Sewall (an oil company with highly-conflicted management), The Vaughan Company Realtors (where the debtor allegedly participated in a pre-bankruptcy Ponzi scheme involving approximately 600 investors with over $80 million in claims being asserted) and MF Global (parent and affiliates of commodities brokerage with an estimated $1.2 billion in missing customer funds).

The U.S. Trustee was instrumental in negotiating the appointment of a fee examiner in the General Motors case to aid the court in the review and evaluation of fee requests by attorneys, financial advisors, and others. In the Lehman case, the U.S Trustee has served as a member of the court-appointed fee committee that has sought to establish meaningful controls over the costs of the chapter 11 case.

One of the Program's most important roles under the BAPCPA in terms of its appellate activities has been to develop consistent case law. The USTP is the only participant in the bankruptcy system with a national perspective and a responsibility to develop coherent case law in all jurisdictions. The USTP has been handling an increasing number of appeals, many of which may have a profound and long-standing effect on the bankruptcy system. Overall, the Program participated in 126 appeals beyond the bankruptcy court this past fiscal year, including about two dozen cases at the United States court of appeals level. Additionally, the USTP has assisted the Office of the Solicitor General in its participation in four important bankruptcy cases that have reached the Supreme Court and the government's position was upheld in each of the four cases.

Debtor Audits

The BAPCPA authorizes the USTP to contract for random and non-random audits to verify the financial information provided by debtors. This provision helps the USTP identify fraud, abuse, and errors, deter the filing of false financial information, and potentially provide a baseline for measuring fraud, abuse, and errors in the bankruptcy system. The debtor audits authorized by the BAPCPA commenced on October 20, 2006.

In fiscal years 2007 through 2010, the Program utilized available carry over funding to contract for debtor audits. The amount of carry over that was available limited the number of audits that could be funded. In FY 2008, the audits were suspended for several months until funding could be identified to resume the activity. Debtor audits continued each year thereafter at the reduced rate of one out of every 1,000 cases filed. The Program obligated approximately $2.9 million during FY 2010, supporting 2,729 audits.

Carry over funding was again utilized to continue debtor audits at the reduced rate in FY 2011. In late February, in light of continued funding constraints, the USTP implemented an alternative approach for designating cases to be audited. This decision enabled the Program to continue its selection of cases for audit, reducing audit contracting costs while having a minimal effect on the precision of reporting material misstatements. The new strategy was in effect until mid-June when the selection of cases for audit was suspended due to extreme funding constraints. The Program notified the Department of Justice and the Congress via the FY 2011 Spend Plan of the decision to suspend the audits. The Program obligated approximately $1 million during FY 2011, supporting 1,077 audits.

Although the USTP has been contracting for debtor audits since the implementation of the debtor audit provision in FY 2007, the Program has never received dedicated funding for the activity. The USTP plans to allocate approximately $1.5 million of the Program's base funding to support debtor audit activities during FY 2012.

2. Performance and Resources Table
Appropriation: United States Trustee Program
Decision Unit: Administration of Cases
DOJ Strategic Goal/Objective: 2.6 Protect the federal fisc and defend the interests of the United States.

		Final Target		Actual		Projected		Changes		Requested (Total)	
WORKLOAD/ RESOURCES		**FY 2011**		**FY 2011**		**FY 2012 1/**		**Current Services Adjustments & FY 2013 Program Changes**		**FY 2013 Request**	
Number of Chapter 7 Cases		1,107,000		1,012,133		1,072,000		0		1,072,000	
Number of Chapter 11 Cases		14,000		11,499		12,000		0		12,000	
Number of Chapter 12 Cases		500		641		850		0		850	
Number of Chapter 13 Cases		388,400		387,166		425,000		0		425,000	
Total Filings 1/		**1,509,900**		**1,411,439**		**1,509,850**		**0**		**1,509,850**	
Total Costs and FTE		**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**	**FTE**	**$000**
TYPE / Strategic Objective	**Performance /Resources**	1,314	$218,811	1,256	$ 221,302	1,314	$223,258	0	$0	1,314	$227,407
Program Activity	**1. Civil Enforcement**	FTE 603	$000 93,950	FTE 481	$000 84,739	FTE 603	$000 85,611	FTE 0	$000	FTE 603	$000 97,701
Efficiency Measure	No. of 707(b) inquiries per successful outcome	7.0		4.4		7.0				7.0	
WORKLOAD/ RESOURCES											
Program Activity	**2. Case and Trustee Administration**	FTE 711	$000 124,861	FTE 775	$000 136,563	FTE 711	$0 137,647	FTE 0	$000	FTE 711	$000 129,706
Outcomes	Median days in chapter 11 before case dismissal or conversion	180		211		THIS MEASURE IS DISCONTINUED BEGINNING FY 2012				N/A	
Outputs	Number of successful actions related to consumer protection	2,000		3,335		2,200		200		2,400	
	Number of successful discharge complaints	550		586		550		50		600	
	Potential Additional Returns to Creditors through Civil Enforcement and Related Efforts	$900,000,000		$2,538,772,306		$925,000,000		$25,000,000		$950,000,000	

1/ Totals exclude bankruptcy filings under chapters 9 and 15 that are not administered by the Program. FY 2012 reflects filing projections as estimated in the FY 2012 President's Budget Request. The current FY 2012 filing estimate is approximately 1.2 million.

PERFORMANCE MEASURE TABLE												
Appropriation: United States Trustee Program												
Decision Unit: Administration of Cases												
Performance Report and Performance Plan Targets		**FY 2004**	**FY 2005**	**FY 2006**	**FY 2007**	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**		**FY 2012**	**FY 2013**
		Actual	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**	**Target**	**Actual**	**Target**	**Target**
Efficiency Measure	No. of 707(b) inquiries per successful outcome	N/A	N/A	13.8	9.5	7.5	6.0	5.5	7.0	4.4	7.0	7.0
Outcome	Median number of days in chapter 11 before case dismissal or	N/A	N/A	N/A	224	190	181	186	180	211	This Measure is discontinued beginning in FY 2012	
Outputs	Number of successful actions related to consumer protection	N/A	N/A	1,393	1,283	1,530	2,706	3,280	2,000	3,335	2,200	2,400
	Number of successful discharge complaints	N/A	N/A	552	642	512	512	517	550	586	550	600
	Potential Add'l. Returns to Creditors	$522.4 M	$593.9 M	$878.7 M	$866.0 M	$905.0 M	$1.090 B	$2.415 B	$900 M	$2.539 B	$925 M	$950 M

Data Definition, Validation, Verification, and Limitations:

Data Definitions:

Chapter 7: A liquidation case. A trustee is appointed to sell the debtor's non-exempt assets and distribute the proceeds to creditors. Generally, absent fraud or abuse, the remaining debts are discharged.

Chapter 11: A reorganization case. The debtor usually remains in possession of its assets, continues to operate its business, and repays and/or readjusts debts through a plan that must be approved by creditors and the bankruptcy court. Chapter 11 cases are generally business cases.

Chapter 13: A debt adjustment case by an individual with regular income. The debtor retains property, but repays creditors, in whole or in part, through a court-approved chapter 13 plan over a period not to exceed 5 years.

Civil Enforcement:

Number of 707(b) inquiries per successful outcome: This measure reflects the quality of U.S. Trustee Program inquiries to debtors or debtor attorneys. An efficiency ratio is calculated by dividing the sum of all 707(b)(2) and (b)(3) inquiries made by the Program to debtors or their attorneys in a fiscal year by the number of successful outcomes relating to 707(b)(2) and (b)(3). A successful outcome is defined as a conversion to a more appropriate bankruptcy chapter, a dismissal of the bankruptcy case, or an abuse motion granted. A lower ratio suggests the Program is doing a better job of focusing staff effort (inquiries) on bankruptcy petitions requiring Program action.

Inquiries made under 707(b)(2) and (b)(3) help the Program assess a debtor's eligibility for chapter 7 relief. If a debtor is above the applicable state median and calculations show disposable income above a specified amount, there is a presumption of abuse. In many cases, this requires debtors to either agree to convert their case to chapter 13 or dismiss (cancel) their chapter 7 bankruptcy petition. Some motions granted and inquiries resulting in voluntary conversions or dismissals were initiated in the prior fiscal year.

Number of successful discharge complaints filed by the U.S. Trustee Program to prevent fraud and abuse by bankruptcy filers: Successful formal discharge complaints in a bankruptcy court to prevent fraud and abuse by bankruptcy filers. These complaints result in denial or revocation of a discharge of debt. It is the most serious civil remedy available to the Program in its effort to prevent fraud and abuse in the bankruptcy system and is taken to resolve issues such as hidden assets, unreported income, and exaggerated expenses. These figures do not include successful discharge complaints against debtors who are ineligible due to a prior discharge or who failed to complete a debtor education course.

Number of successful actions related to consumer protection: Reflects the number of motions and complaints granted and successful inquiries made by the U.S. Trustee Program to protect bankruptcy filers from fraud, abuse and error: Formal motions and complaints granted in a bankruptcy court and successful inquiries made by the U.S. Trustee prevent fraud, abuse, and error resulting from the inappropriate actions of creditors, petition preparers, attorneys, mortgage servicing agencies, and rescue mortgage scams. The measure includes actions under 11 U.S.C. §110, §526, §329, false/inaccurate/improper claims, discharge/stay violations under §524, abuse of reaffirmation procedures, improper solicitation, objection to relief from stay motions, and other actions for attorney misconduct.

Case and Trustee Administration:

Workload:

Number of cases: The number of new bankruptcy cases filed. This data is provided by the Administrative Office of the U.S. Courts on a quarterly basis.

Outcomes:

Potential Additional Returns to Creditors through Civil Enforcement Efforts: The amount of scheduled general unsecured debt in a chapter 7 case that was not immediately discharged in chapter 7 because of dismissal or conversion of the case, or because of the denial or voluntary waiver of the debtor's discharge, plus all professional fee reductions, professional fee disgorgements, and all fines imposed as a result of civil enforcement actions.

Median number of days in chapter 11 before case dismissal or conversion: This measure documents the outcomes of effective monitoring of chapter 11 cases. Various Program actions and monitoring activities are designed to ensure chapter 11 cases that cannot successfully reorganize do not spend an excessive amount of time in chapter 11. The sooner the Program is able to ascertain a reorganization of a chapter 11 case is not viable, the sooner the case will be dismissed or converted for liquidation of assets.

The outcome measure that tracks the median number of days before an unconfirmed chapter 11 case is dismissed or converted is being discontinued. Due to factors external to the Program, the link between Program action and the chapter 11 median days measure is now very weak and thus not indicative of USTP performance. These external factors include a change in the type of cases filed (more individual and small business cases) and variation among judicial districts in how quickly each court processes and dismisses these types of cases. **Therefore, the Program has discontinued this measure beginning in FY 2012.**

3. USTP Data Validation and Verification Process

The Significant Accomplishments and Reporting System (SARS) is the primary database utilized in connection with the U.S. Trustee Program's civil enforcement activity. Data of all informal and formal actions taken are entered by each of the USTP's 95 field offices. Data is verified at the end of each fiscal quarter by the AUST in each field office. The AUST conducts a SARS data verification process for the respective office and submits an email to the U.S. Trustee stating the data verification protocol for the office has been completed.

To ensure data integrity, efficiency, and effectiveness of existing and future data collection systems and to develop long-range goals and priorities to support the USTP mission, a Data Integrity Group (DIG) working group was formed. DIG, which consists of seven AUSTs, works closely with the EOUST Office of Planning and Evaluation. In connection with SARS, DIG reviews a sampling of SARS reports from at least one office in each of the 21 regions. These "spot checks" are conducted twice a year, or as needed. DIG establishes data element definitions, provides training and guidance to the field, and looks for ways to streamline the data collection process for more efficient and effective data collection systems.

Departmental Strategic Goals and Objectives and Results

The USTP mission is included in the DOJ Strategic Plan under Goal 2: Prevent Crime, Protect the Rights of the American people, and Enforce Federal Law, and Strategic Objective 2.6: Protect the federal fisc and defend the interests of the United States. The USTP achieves this objective through the following Program strategies:

Enforce compliance with federal bankruptcy laws and take civil actions against parties who abuse the law or seek to defraud the bankruptcy system.

The USTP's anti-fraud and abuse efforts focus on wrong-doing both by debtors and by those who exploit debtors. The USTP combats debtor fraud and abuse primarily by seeking case dismissal if a debtor has an ability to repay debts and by seeking denial of discharge for the concealment of assets and other violations. The USTP protects consumer debtors from wrongdoing by attorneys, bankruptcy petition preparers, creditors, and others by seeking a variety of remedies, including disgorgement of fees, fines, and injunctive relief.

To accomplish these objectives, the USTP uses existing statutory tools to combat fraud and abuse in the bankruptcy system and to protect consumers. Civil enforcement actions include taking steps to dismiss abusive filings, deny discharges to ineligible or dishonest debtors, limit improper refilings by debtors, curb unfair practices by attorneys, sanction unscrupulous bankruptcy petition preparers and others who prey upon those in financial straits, and attack identity fraud in bankruptcy.

The USTP has focused its civil enforcement efforts to redress abuses by creditors on identified practices among mortgage servicer agencies in chapter 13 cases, including: the filing of false or inaccurate claims; the assessment of unreasonable charges post-petition; and the failure to properly account for post-petition mortgage payments.

Since the USTP began tracking its civil enforcement and related actions in 2003, it has taken nearly 525,000 actions with a monetary impact in excess of $10.4 billion. During FY 2011, the USTP's offices reported taking over 51,000 formal and informal civil enforcement actions, yielding over $2.5 billion in debts not discharged in chapter 7, fines and other remedies. The USTP's attorneys prevailed in 98.5 percent of the actions resolved by judicial decision or consent in the fundamental areas of dismissal for abuse (11 U.S.C. § 707(b)), denial of discharge (11 U.S.C. § 727), fines against bankruptcy petition preparers (11 U.S.C. § 110), and disgorgements of attorneys' fees (11 U.S.C. § 329).

Pursue violations of federal criminal laws pertaining to bankruptcy by identifying, evaluating, referring, and providing investigative and prosecutorial support of cases.

The integrity of the bankruptcy system depends upon debtors to self-report honestly and accurately all their assets and liabilities when they file for bankruptcy protection. The U.S. Trustees have an affirmative duty to refer instances of possible criminal conduct to the U.S. Attorney and to assist in the prosecution of such criminal conduct. The bankruptcy system requires vigorous prosecution of criminal violations to encourage honest, lawful behavior. Moreover, criminal referrals from the USTP show that bankruptcy crimes are often linked to other white collar crimes such as fraud in obtaining federally guaranteed mortgage loans, money laundering, identity theft, mail fraud, and wire fraud. The USTP tracks criminal referrals, evaluates current efforts, and cooperates with other federal agencies (e.g., the U.S. Attorneys and the Federal Bureau of Investigation (FBI)) to address this multi-faceted problem.

The Program's Office of Criminal Enforcement (OCE) coordinates the criminal referral responsibilities carried out by the USTP's 95 field offices and directly assists prosecutors in pursuing bankruptcy crimes. OCE also provides extensive training, develops resource materials, and enhances coordination for the benefit of the USTP's staff, federal prosecutors, and other law enforcement personnel.

In FY 2011, the USTP made 1,968 criminal referrals, an increase of 14 percent over FY 2010. Criminal referrals are over 69% higher than those reported in FY 2007, when the first report submission was required. Criminal referrals specific to mortgage fraud comprised 137 of the total number referred in FY 2011. In many cases, the USTP's lawyers directly prosecuted or assisted the prosecution team in cases initiated as a result of criminal referrals made by the USTP's offices. Members of the OCE plus attorneys in field offices across the country who have been designated as Special Assistant U.S. Attorneys, are available to try cases involving bankruptcy crimes.

- Frederic Alan Gladle, 53, who was charged on December 9, 2011, in U.S. District Court in Los Angeles with one count of bankruptcy fraud and one count of aggravated identity theft pleaded guilty to both counts on January 6, 2012. Gladle, who had several aliases, collected $1.6 million from distressed homeowners over the last four years through the operation of a foreclosure rescue scheme involving in excess of 1,100 properties. Gladle, either directly or through salespersons, had homeowners transfer a fractional interest in their properties to unsuspecting bankruptcy debtors whom Gladle identified through court records. By doing so, Gladle was able to use the debtors' automatic stay in bankruptcy to stop foreclosure actions against the distressed homeowners. The U.S. Trustee's Wichita office detected the scheme and the USTP's Foreclosure Rescue/Petition Preparer Working Group referred the matter to federal law enforcement after conducting a nationwide investigation. Post referral, the USTP provided substantial assistance to the Federal Bureau of Investigation and Special Inspector General for the Troubled Asset Relief Program

- Jeremie Sheneman and his father, Michael Sheneman, were each convicted on May 5, 2011, in the Northern District of Indiana on four counts of wire fraud. The Shenemans caused buyers to incur approximately $3.45 million in mortgage debt on at least 60 properties, which produced approximately $3.13 million in sale proceeds. Among other things, the Shenemans brokered deals, falsified buyers' income and assets, forged signatures, refused to let buyers see the interiors of properties they were buying, and concealed from lenders the fact that buyers had simultaneously applied for other mortgage loans. The U.S. Trustee's South Bend office investigated the matters and the U.S. Trustee referred them to the U.S. Attorney. The South Bend office, the Northern Indiana Bankruptcy Fraud Working Group, and the Regional Criminal Coordinator assisted in the investigation and prosecution of Jeremie Sheneman. Michael Sheneman was sentenced on September 15, 2011 to ninety-seven months imprisonment and ordered to pay restitution in the amount of $269,967.50. Jeremie Sheneman has not been sentenced.

- On May 10, 2011, in the Eastern District of California, Charles C. Jamison was sentenced to 32 months in prison after pleading guilty to bankruptcy fraud. The defendant admitted to having used the bankruptcy process to fraudulently delay foreclosures on the homes of clients he solicited through a program called "Stop Now." The defendant using a fictitious identity, sent fliers in the mail to distressed homeowners in the Sacramento area. He falsely promised to help save their homes for a fee of $1,000 a month. The defendant had the victims transfer fractional interests in their properties by grant deeds to fictitious people and business entities and then he caused serial bankruptcy cases to be filed in the names of the transferees, which stayed the foreclosures. Ultimately, the homeowners' cases were dismissed and their properties were again subject to foreclosure proceedings.

Over seventy program offices across the country participate in bankruptcy fraud working groups, mortgage fraud working groups/task forces, or both. The USTP also works closely with the Federal Bureau of Investigation, the Internal Revenue Service – Criminal Investigation, the Office of Inspector General of the Department of Housing and Urban Development, Postal Inspection Service, Secret Service, SIGTARP, and other federal law enforcement agencies. Section 158 of Title 18, which was enacted as part of the BAPCPA, requires every U.S. Attorney's Office to designate a prosecutor and every FBI field office to designate an agent to assume primary responsibility for bankruptcy fraud cases. This provision further strengthens existing working groups by formalizing points of contact and provides a foundation for establishing working groups where none currently exist.

The Program is required to submit a report to the Congress annually which details the number and types of criminal referrals made by the Program; the outcome of each referral; for any year in which the number of referrals is less than the prior year, an explanation of the decrease; and the Program's efforts to prevent fraud and abuse, particularly with respect to the establishment of uniform internal controls to detect common, higher risk frauds. The USTP has submitted its criminal referral report to the Congress annually since June 2007.

The USTP is continually monitoring and improving its criminal enforcement efforts. Field offices are required to prepare annual criminal enforcement plans that describe current practices, propose strategies for enhancing the detection and referral of criminal activity, and provide a status on the existence or development of a local bankruptcy fraud working group. These plans provide a basis for additional action and the development of best practices in this area.

The President's Financial Fraud Enforcement Task Force

The Financial Fraud Enforcement Task Force (FFETF) was established by President Obama in November 2009 to hold accountable those who helped bring about the last financial crisis as well as those who would attempt to take advantage of the efforts at economic recovery. The USTP is a participating member of the FFETF's Mortgage Fraud Subcommittee and the Securities Fraud Subcommittee.

As an integral member of the FFETF, the USTP participated in the Task Force's Operation Stolen Dreams, a nationwide sweep of mortgage fraud cases. The Operation was designed to highlight the significant threat posed by mortgage fraud to the nation's financial system and law enforcement's response to that threat. Operation Stolen Dreams featured both civil and criminal cases. On the civil side, the Program was the largest federal contributor, providing more than 35 cases. The Program's actions addressed a wide range of violations, including actions taken against mortgage servicers, foreclosure rescue operators, loan origination and loan modification scams, and real estate Ponzi schemes. More than two dozen of the criminal cases cited in the Operation were attributable to the Program. The Program also was a contributor to Operation Broken Trust, a nationwide operation organized by the FFETF to target investment fraud. Once again the Program contributed both civil and criminal cases.

Following are summaries of three criminal cases that were identified during Operation Stolen Dreams or Operation Broken Trust that are indicative of the Program's invaluable contributions to the Task Force:

- On July 9, 2010, after a month-long trial, a jury in the Northern District of Illinois found Norton Helton guilty of nine counts of bankruptcy fraud and three counts of wire fraud, and co-defendants Charles White and Felicia Ford guilty of wire fraud. Helton is a former attorney who once hosted a personal finance radio show and ran a foreclosure rescue company; White owned a real estate company that offered troubled homeowners a "mortgage bailout" program. Under the scheme, homeowners were persuaded to sell their property to "investors." The homeowners expected to remain in their homes while they paid down debt and repaired their credit through bankruptcy. They also expected to have the right to repurchase their homes after a year, if financially able to do so. At the time of closing, however, the defendants stripped the homeowners' equity in their homes. The U.S. Trustee's Chicago office uncovered Helton's scheme, referred him to law enforcement, and assisted with the case. A trial attorney from the U.S. Trustee's Chicago office, seven chapter 7 trustees, and a member of the Bankruptcy Clerk's staff testified at trial. Charles White was sentenced to over 22 years in prison. Helton and Ford are awaiting sentencing.

- Garth Celestine pleaded guilty in the District of New Jersey on March 30, 2010, to conspiracy to commit wire fraud in connection with a mortgage fraud scheme. Celestine admitted that he and his partner owned and operated Home Savers Consulting Corporation and that they promised to help homeowners avoid foreclosure, keep their homes, and repair their damaged credit by transferring title to their properties to straw buyers. Celestine and his partner paid straw buyers approximately $10,000 per property to participate in the scheme. To extract the maximum available equity from the homes, Celestine and his partner submitted false mortgage loan applications in the names of the straw buyers. Celestine admitted that they fraudulently obtained more than $1 million and caused mortgage lenders to fund dozens of fraudulent loans worth more than $10 million. The U.S. Trustee's Newark office referred the matter based on the case of chapter 13 debtors who were victims of the scheme. Mr. Celestine is awaiting sentencing.

- On November 17, 2010, investment manager Philip Barry was convicted by a jury in Brooklyn for operating a long-running and large-scale Ponzi scheme. In the late 1970s, Barry began accepting money from individual investors. He told potential investors that his business, which he eventually named the Leverage Group, invested in stock options. To induce investments and discourage withdrawals, Barry guaranteed specific rates of return, issued account statements that showed growing account balances, represented that investing in the Leverage Group was safe, and promised that withdrawals could be easily made. Evidence at trial established that Barry operated a Ponzi scheme, paying returns from existing investors' deposits and from money paid by new investors. Barry never produced or earned the rates of return that he advertised, he lied to investors about Leverage Group's investments and falsely assured investors about their risk of loss. Approximately 800 individuals invested a total of more than $40 million in the Leverage Group. Although some investors succeeded over the years in making full or partial withdrawals, particularly before the Ponzi scheme began to unravel, numerous other investors sustained substantial losses. Barry, who filed personal bankruptcy, testified during his case that he owed more than $60 million dollars. Rather than defend against the U.S. Trustee's Brooklyn office's objection to his discharge, Barry waived his discharge pursuant to an agreed order and stipulation entered by the Bankruptcy Court for the Eastern District of New York. In addition, the Brooklyn office referred the matter to the U. S. Attorney's office. On June 17, 2011, Barry was sentenced to 20 years in jail.

The Program also is a member of the Criminal Division Fraud Section's Mortgage Fraud Working Group, Securities Fraud Working Group, Identity Theft Working Group and the Banking Fraud Working Group.

Promote the effectiveness of the bankruptcy system by appointing and regulating private trustees who administer bankruptcy cases expeditiously and maximize the return to creditors.

Trustees are fiduciaries who administer cases filed under chapters 7, 12, and 13. They are appointed and supervised by the U.S. Trustee. It is a fundamental duty of the U.S. Trustee to regulate and monitor the activities of these private trustees, and to ensure their compliance with fiduciary standards. The USTP administers a formal system for merit selection of trustees; trains trustees and evaluates their overall performance; regularly reviews their financial operations; and intervenes to prevent loss of estate assets when instances of embezzlement, mismanagement, or other improper activity are uncovered. The USTP maintains data on trustee oversight in several database files. To measure the return of estate assets, the USTP tracks distributions to creditors. The following table reflects disbursements and distributions of assets for chapter 7 and chapter 13 bankruptcy cases for the period FY 2005 through FY 2010.

Chapter 7 and Chapter 13 Distribution of Assets:

	Chapter 7 (Calendar Year)		**Chapter 13 (Fiscal Year)**	
Calendar or Fiscal Year	**Total Disbursements**	**Distributions**	**Total Disbursements**	**Distributions**
2005	$1,723,313,444	$1,023,136,746	$5,119,236,318	$4,396,378,738
2006	$2,838,592,296	$1,798,936,973	$5,306,339,777	$4,640,258,097
2007	$2,861,789,782	$1,742,786,134	$5,150,455,224	$4,450,453,900
2008	$3,035,254,999	$1,817,013,320	$4,969,797,399	$4,183,543,013
2009	$2,458,992,128	$1,379,494,584	$4,960,579,248	$4,082,290,321
2010	$2,272,187,248	$1,301,143,600	$5,517,687,607	$4,514,722,144
2011	Data Available in Spring 2012		Data Available in Spring 2012	

Ensure financial accountability, compliance with the Bankruptcy Code, and prompt disposition of Chapter 11 bankruptcy cases.

The USTP's staff must continually address emerging legal issues and challenges in chapter 11. Annually, the USTP participates in a variety of chapter 11 reorganization cases, ranging from small, single proprietorship cases to giant, multinational conglomerates. Without substituting its business judgment for that of parties with a monetary stake in a case, the USTP focuses its attention on such areas as the appointment of official committees of creditors and equity holders, the retention of professionals under § 327, professional compensation issues, and the adequacy of disclosure statements, especially in smaller cases.

In the area of retention of professionals, the USTP focuses on the lack of disinterestedness and actual conflicts of interest which may take the form of the professional regularly representing other parties in matters unrelated to the bankruptcy case such as a large shareholder, a priority or secured creditor, or a stalking horse bidder or potential purchaser. To the extent that a waiver may have been obtained, the U. S. Trustee will act to make sure that the waiver allows for the professional to meet the fiduciary duty that is owed to the debtor or committee client. The USTP also focuses on compensation issues and continues to monitor professional fees in large chapter 11 cases at the time of retention. The U.S. Trustee has attempted to negotiate or ensure more favorable rates, similar to those rates the professional might provide to its most favorable clients, and require professionals to submit and live within their budgets.

During FY 2011, the USTP filed 4,566 motions to convert or dismiss chapter 11 cases. The grounds for such motions, which are critical to the effective functioning of the reorganization provisions of the Bankruptcy Code, typically include dissipation of estate assets without a reasonable likelihood of rehabilitation, failure to file financial reports, cancellation of insurance, or non-payment of taxes.

4. Performance, Resources, and Strategies

a. Performance Plan and Report for Outcomes

Performance Measure: Amount of Debt Not Discharged (Potential Additional Returns)

USTP actions have a measurable financial impact. Therefore, the Program tracks the amounts involved as the result of formal and informal actions. The majority of this amount can be characterized as debts not discharged in chapter 7. These amounts are potentially available for distribution to creditors.

Following are the amounts of debt not discharged during the period FY 2005 through FY 2011, and the targets for FY 2012 and FY 2013.

Fiscal Year	Target	Actual
FY 2005	$ 500.0 M	$ 593.9 M
FY 2006	$ 500.0 M	$ 878.7 M
FY 2007	$ 500.0 M	$ 866.0 M
FY 2008	$ 500.0 M	$ 905.0 M
FY 2009	$ 500.0 M	$ 1.090 B
FY 2010	$ 700.0 M	$ 2.415 B
FY 2011	$ 900.0 M	$2.539 B
FY 2012 Estimated	$ 925.0 M	
FY 2013 Estimated	$ 950.0 M	

b. Strategies to Accomplish Outcomes

Discussion: Individual debtors ordinarily receive a discharge of general unsecured debt at the end of their bankruptcy cases. The amount of debt not discharged measures the amounts of scheduled unsecured debt by debtors that is not discharged as the result of action by the Program. Other items included are fee requests and claims reduced or withdrawn, fees disgorged, and sanctions and fines against professionals. Ultimately these amounts may result in potential additional returns to creditors. Therefore, the Program has tracked the amounts involved as the result of formal and informal actions.

The majority of debt not discharged is from a small number of dishonest debtors who attempted to use the bankruptcy system to discharge large amounts of debt. This includes cases of fraud such as concealing assets and engaging in investment schemes.

V. Program Offsets by Item

Item Name: Information Technology Savings

Budget Decision Unit: Administration of Cases

Strategic Goal and Objective: 2.6 – Protect the federal fisc and defend the interests of the United States

Component Ranking of Item: 1 of 1

Program Reduction: Positions <u>0</u> Agt/Atty <u>0</u> FTE <u>0</u> Dollars <u>-$361,000</u>

<u>Description of Item</u>:

As part of its effort to increase IT management efficiency and comply with OMB's direction to reform IT management activities, the Department is implementing a cost saving initiative as well as IT transformation projects. To support cost savings, the Department is developing an infrastructure to enable DOJ components to better collaborate on IT contracting which should result in lower IT expenditures. In FY 2013 the Department anticipates realizing savings on all direct non-personnel IT spending through IT contracting collaboration. These savings will not only support greater management efficiency within components but will also support OMB's IT Reform plan by providing resources to support major initiatives in Cybersecurity, data center consolidation, and enterprise e-mail systems. The savings will also support other Department priorities in the FY 2013 request. The offset to support these initiatives for the United States Trustee Program (USTP) is $361,000.

Funding

<u>Non-Personnel Reduction Cost Summary</u>

Non-Personnel Item	Unit	Quantity	FY 2013 Request ($000)	FY 2014 Net Annualization (change from 2012) ($000)	FY 2015 Net Annualization (change from 2013) ($000)
Total Non-Personnel			-$361	0	0

Exhibits

A: Organizational Chart

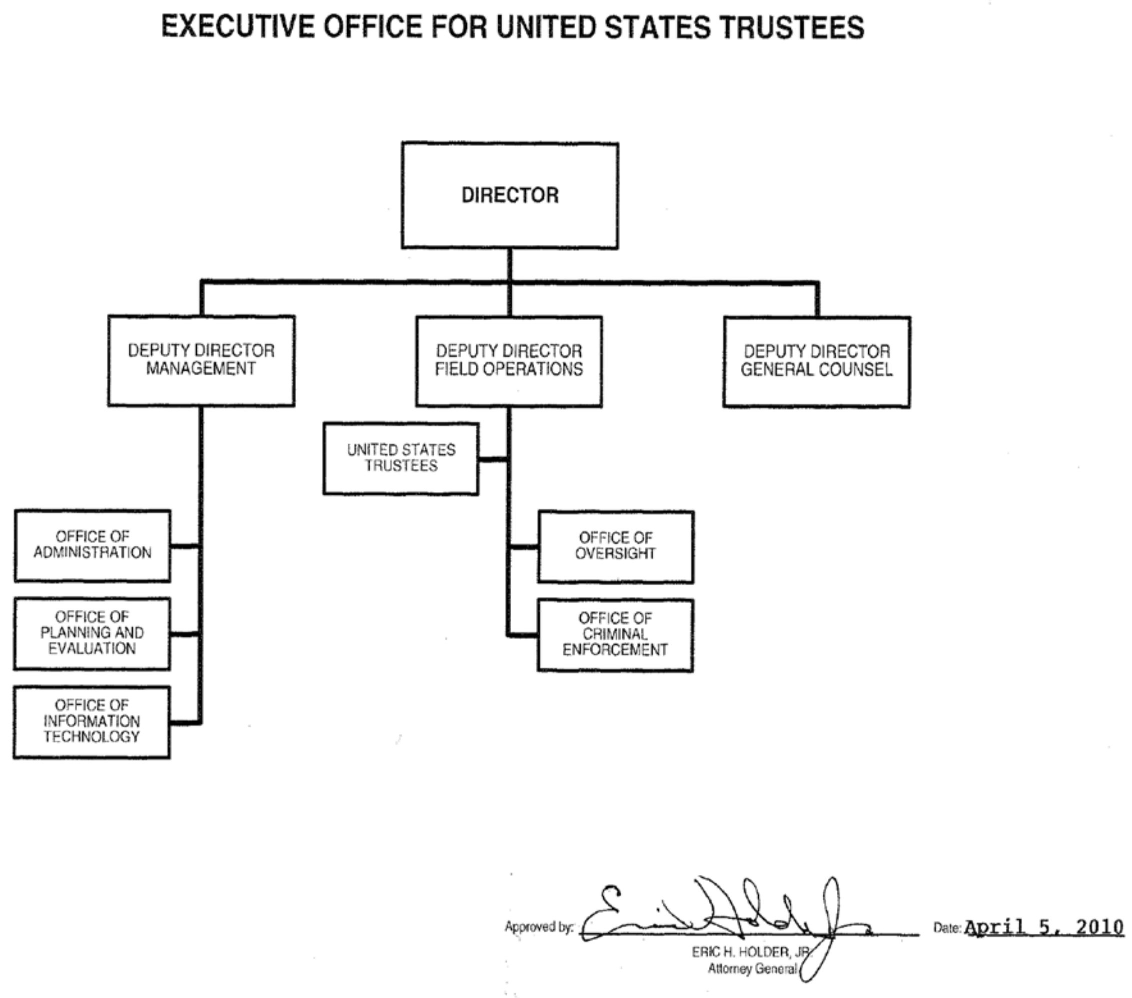


Exhibit A - Organizational Chart

B: Summary of Requirements

Summary of Requirements

United States Trustee Program

Salaries and Expenses

(Dollars in Thousands)

	FY 2013 Request		
	Perm. Pos.	**FTE**	**Amount**
2011 Enacted	**1,314**	**1,314**	**218,811**
2012 Enacted	1,314	1,314	223,258
2012 Rescissions			
Total 2012 Enacted (with Rescissions)	**1,314**	**1,314**	**223,258**
Adjustments to Base			
Transfers:			
JCON and JCON S/TS	0	0	575
Office of Information Policy (OIP)	0	0	(14)
Professional Responsibility Advisory Office (PRAO)	0	0	(127)
Increases:			
Pay and Benefits	0	0	2,507
Domestic Rent and Facilities	0	0	1,569
Subtotal Increases	0	0	4,076
Total Adjustments to Base	0	0	4,510
Total Adjustments to Base and Technical Adjustments	0	0	4,510
2013 Current Services	**1,314**	**1,314**	**227,768**
Offsets:			
IT Savings	0	0	(361)
Subtotal Offsets	0	0	(361)
Total Program Changes	0	0	(361)
2013 Total Request	**1,314**	**1,314**	**227,407**
2012 - 2013 Total Change	0	0	4,149

	2011 Appropriation Enacted			2012 Enacted			2013 Adjustments to Base and Technical Adjustments			2013 Current Services			2013 Increases			2013 Offsets			2013 Request		
Estimates by budget activity	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,314	1,314	218,811	1,314	1,314	223,258	0	0	4,510	1,314	1,314	227,768				0	0	(361)	1,314	1,314	227,407
Total	**1,314**	**1,314**	**$218,811**	**1,314**	**1,314**	**$223,258**	**0**	**0**	**$4,510**	**1,314**	**1,314**	**$227,768**	**0**	**0**	**$0**	**0**	**0**	**-$361**	**1,314**	**1,314**	**$227,407**
Reimbursable FTE																				0	
Total FTE		1,314			1,314			0			1,314			0			0			1,314	
Other FTE:																					
LEAP																				0	
Overtime																				0	
Total Comp. FTE		1,314			1,314			0			1,314			0			0			1,314	

NOTE: All FTE numbers in this table reflect authorized FTE, which is the total number of FTE available to a component. Because the FY 2013 President's Budget Appendix builds the FTE request using actual FTE rather than authorized, it may not match the FY 2012 FTE enacted and FY 2013 FTE request reflected in this table.

C: Program Increases/Offsets By Decision Unit

FY 2013 Program Increases/Offsets By Decision Unit

United States Trustee Program

(Dollars in Thousands)

Program Offsets	Location of Description by Decision Unit	Administration of Cases				Total Offsets
		Pos.	Agt./Atty.	FTE	Amount	
IT Offsets	Administration of Cases	0	0	0	(361)	(361)
Total Offsets		**0**	**0**	**0**	**($361)**	**($361)**

D: Resources by DOJ Strategic Goal and Strategic Objective

Resources by Department of Justice Strategic Goal/Objective
United States Trustee Program
(Dollars in Thousands)

Strategic Goal and Strategic Objective	2011 Appropriation Enacted		2012 Enacted		2013 Current Services		Offsets		2013 Request	
	Direct, Reimb. Other FTE	Direct Amount $000s	Direct, Reimb. Other FTE	Direct Amount $000s	Direct, Reimb. Other FTE	Direct Amount $000s	Direct, Reimb. Other FTE	Direct Amount $000s	Direct, Reimb. Other FTE	Direct Amount $000s
Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law										
2.6 Protect the federal fisc and defend the interests of the United States	1,314	218,811	1,314	223,258	1,314	227,768	0	(361)	1,314	227,407
GRAND TOTAL	**1,314**	**$218,811**	**1,314**	**$223,258**	**1,314**	**$227,768**	**0**	**($361)**	**1,314**	**$227,407**

E. Justification for Base Adjustments

Justification for Base Adjustments
United States Trustee Program

	POS	FTE	Amount
Transfers			
A transfer of $575,000 is included in support of the Department's Justice Consolidated Office Network (JCON) and JCON S/TS programs which will be moved to the Working Capital Fund and provided as a billable service in FY 2013.			575
The component transfer for the Office of Information Policy (OIP) into the General Administration appropriation will centralize appropriated funding and eliminate the current reimbursable financing process. The centralization of the funding is administratively advantageous because it eliminates the paper-intensive reimbursement process.			-14
The component transfer to the Professional Responsibilitiy Advisory Office (PRAO) into the General Administration appropriation will centralize appropriated funding and eliminate the current reimbursable financing process. The centralization of the funding is administratively advantageous because it eliminates the paper-intensive reimbursement process.			-127
Increases			
2013 Pay Raise. This request provides for a proposed 0.5 percent pay raise to be effective in January of 2013. The increase only includes the general pay raise. The amount requested, $567,000, represents the pay amounts for 3/4 of the fiscal year plus appropriate benefits ($420,000 for pay and $147,000 for benefits.)			567
Retirement. Agency retirement contributions increase as employees under CSRS retire and are replaced by FERS employees. Based on OPM government-wide estimates, we project that the DOJ workforce will convert from CSRS to FERS at a rate of 1.3 percent per year. The requested increase of $281,000 is necessary to meet our increased retirement obligations as a result of this conversion.			281
FERS Rate Increase. On June 11, 2010, the Board of Actuaries of the Civil Service Retirement System recommended a new set of economic assumptions for the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). In accordance with this change, effective October 1, 2011 (FY 2012), the total Normal Cost of Regular retirement under FERS will increase from the current level of 12.5% of pay to 12.7%. The total FERS contribution for Law Enforcement retirement will increase from 27.0% to 27.6%. This will result in new **agency contribution** rates of 11.9% for normal costs (up from the current 11.7%) and 26.3% for law enforcement personnel (up from the current 25.7%). The amount requested, $240,000, represents the funds needed to cover this increase.			240
Employees Compensation Fund. The $49,000 increase reflects payments to the Department of Labor for injury benefits paid in the past year under the Federal Employee Compensation Act. This estimate is based on the first quarter of prior year billing and current year estimates.			49

Health Insurance. Effective January 2013, this component's contribution to Federal employees' health insurance premiums increased by 8.6 percent. Applied against the 2011 estimate of $9,162,791, the additional amount required is $788,000.			788
Changes in Compensable Days. The increased cost for one compensable day in FY 2013 compared to FY 2012 is calculated by dividing the FY 2012 estimated personnel compensation $125,243,000 and applicable benefits $26,107,000 by 261 compensable days.			582
General Services Administration (GSA) Rent. GSA will continue to charge rental rates that approximate those charged to commercial tenants for equivalent space and related services. The requested increase of $1,489,000 is required to meet our commitment to GSA. The costs associated with GSA rent were derived through the use of an automated system, which uses the latest inventory data, including rate increases to be effective in FY 2013 for each building currently occupied by Department of Justice components, as well as the costs of new space to be occupied. GSA provided data on the rate increases.			1,489
Security Charges. Guard service includes those costs paid directly by DOJ and those paid to the Department of Homeland Security (DHS). The requested increase of $80,000 is required to meet our commitment to DHS and for other security costs.			80
Total Increase:	0	0	$4,510
Total ATB:	0	0	$4,510

F: Crosswalk of 2011 Availability

Crosswalk of 2011 Availability
United States Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Decision Unit	FY 2011 Enacted Without Balance Rescissions Pos.	FTE	Amount	Balance Rescissions Pos.	FTE	Amount	Reprogrammings / Transfers Pos.	FTE	Amount	Carryover Amount	Recoveries Amount	2011 Availability Pos.	FTE	Amount
Admionistration of Cases	1,314	1,314	219,250			(439)				3,622	1,021	1,314	1,314	223,454
TOTAL	**1,314**	**1,314**	**$219,250**	**0**	**0**	**($439)**	**0**	**0**	**$0**	**$3,622**	**$1,021**	**1,314**	**1,314**	**$223,454**
Reimbursable FTE													0	
Total FTE		1,314			0			0					1,314	
Other FTE														
LEAP													0	
Overtime													0	
Total Compensable FTE		1,314			0			0					1,314	

The Program's FY 2011 appropriation was reduced by a 0.2 percent rescission.
The unobligated balance brought forward and recovery of prior year balances are used to fund the Program's continuing operations.

G: Crosswalk of 2012 Availability

Crosswalk of 2012 Availability
United States Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Decision Unit	FY 2012 Enacted Without Rescissions			Reprogrammings / Transfers			Carryover	Recoveries	2012 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Amount	Amount	Pos.	FTE	Amount
Administration of Cases	1,314	1,314	223,258				3,330	2,111	1,314	1,314	228,699
TOTAL	**1,314**	**1,314**	**$223,258**	**0**	**0**	**$0**	**$3,330**	**$2,111**	**1,314**	**1,314**	**$228,699**
Reimbursable FTE										0	
Total FTE		1,314			0					1,314	
Other FTE											
LEAP		0			0					0	
Overtime		0			0					0	
Total Compensable FTE		1,314			0					1,314	

The unobligated balance brought forward and recovery of prior year balances are used to fund the Program's continuing operations.

H: Summary of Reimbursable Resources

Summary of Reimbursable Resources
United States Trustee Program
Salaries and Expenses
(Dollars in Thousands)

Collections by Source	2011 Enacted			2012 Planned			2013 Request			Increase/Decrease		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Office of Attorney Recruitment (OARM)			17			17			17	0	0	0
Rule of Law			70			173			173	0	0	0
Budgetary Resources:	**0**	**0**	**$87**	**0**	**0**	**$190**	**0**	**0**	**$190**	**0**	**0**	**$0**

I: Detail of Permanent Positions by Category

Detail of Permanent Positions by Category

United States Trustee Program

Salaries and Expenses

	2011 Enacted	2012 Enacted	FY 2013 Request
Category	**Total Authorized**	**Total Authorized**	**Total Authorized**
Personnel Management (200-299)	10	10	10
U.S. Trustees/Ass't. U.S. Trustees (301)*	118	118	118
Bankruptcy Analysts (301)	245	245	245
Clerical and Office Services (300-399)	95	95	95
Accounting and Budget (500-599)	19	19	19
Attorneys (905)	318	318	318
Paralegals / Other Law (900-998)	290	290	290
Other Legal and Kindred (986)	170	170	170
Contracting and Procurement (1102-1106)	4	4	4
Information Technology Mgmt (2210)	37	37	37
Security Specialists (080)	2	2	2
Other (1160, 1035)	2	2	2
Mathematics and Statistics (1515, 1530)	4	4	4
Total	**1,314**	**1,314**	**1,314**
Headquarters (Washington, D.C.)	125	125	125
U.S. Field	1,189	1,189	1,189
Foreign Field			
Total	**1,314**	**1,314**	**1,314**

Exhibit I - Detail of Permanent Positions by Category

J: Financial Analysis of Program Changes

Financial Analysis of Program Changes
United States Trustee Program
Salaries and Expenses
(Dollars in Thousands)

	Administration of Cases			
	Offset		**Program Changes**	
	Pos.	**Amount**	**Pos.**	**Amount**
Purchases of goods & services from Government accounts		(361)	0	(361)
Total, 2013 Program Changes Requested	**0**	**($361)**	**0**	**($361)**

Summary of Requirements by Grade

United States Trustee Program
Salaries and Expenses

Grades and Salary Ranges	2011 Enacted w/Rescissions		2012 Enacted		2013 Request		Increase/Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
SES, $119,554 - 179,700	4		4		4		0	
Administratively Determined Pay (AD) ($113,700-$153,000)	118		118		118			
GS-15, $123,758 - 155,500	278		278		278		0	
GS-14, $105,211 - 136,771	253		253		253		0	
GS-13, $89,033 - 115,742	77		77		77		0	
GS-12, $74,872 - 97,333	52		52		52		0	
GS-11, $62,467 - 81,204	243		243		243		0	
GS-9, $51,630 - 67,114	60		60		60		0	
GS-8, $46,745 - 60,765	19		19		19		0	
GS-7, $42,209 - 54,875	195		196		196		0	
GS-6, $37,983 - 49,375	13		12		12		0	
GS-4, $30,456 - 39,590	1		1		1		0	
GS-3, $27,130 - 35,269	1		1		1		0	
Total, Appropriated Positions	**1,314**		**1,314**		**1,314**		**0**	
Average SES Salary		**$169,533**		**$169,533**		**$170,380**		
Average GS Salary		**$87,437**		**$87,437**		**$87,875**		
Average GS Grade	**12/5**		**12/5**		**12/5**			

L: Summary of Requirements by Object Class

Summary of Requirements by Object Class

United States Trustee Program

Salaries and Expenses

(Dollars in Thousands)

Object Classes	2011 Actuals		2012 Enacted		2013 Request		Increase/Decrease	
	FTE	**Amount**	**FTE**	**Amount**	**FTE**	**Amount**	**FTE**	**Amount**
11.1 Direct FTE & personnel compensation	1,265	$121,382	1,265	$120,467	1,265	$119,879	0	($588)
11.3 Other than full-time permanent	49	4,915	49	4,950	49	4,871	0	(79)
11.5 Total, Other personnel compensation	0	1,215	0	1,250	0	1,250	0	0
Overtime		*0*		*0*		*0*	*0*	*0*
Other Compensation		*1,215*		*1,250*		*1,250*	*0*	*0*
11.8 Special personal services payments							0	0
Total	1,314	127,512	1,314	126,667	1,314	126,000	0	(667)
Other Object Classes:								
12.0 Personnel benefits		37,497		38,500		38,414		(86)
21.0 Travel and transportation of persons		1,938		2,034		2,034		0
22.0 Transportation of things		659		648		648		0
23.1 GSA rent		26,112		27,717		28,806		1,089
23.2 Moving/Lease Expirations/Contract Parking/Meeting Rooms		292		350		350		0
23.3 Comm., util., & other misc. charges		3,990		4,212		4,462		250
24.0 Printing and reproduction		64		80		80		0
25.1 Advisory and assistance services		1,559		2,115		2,115		0
25.2 Other services		1,324		2,361		2,712		351
25.3 Purchases of goods & services from Government accounts (Antennas, DHS Sec. Etc.)		17,424		18,400		18,532		132
25.7 Operation and maintenance of equipment		532		649		649		0
26.0 Supplies and materials		1,143		1,281		1,281		0
31.0 Equipment		1,256		1,574		1,324		(250)
Total obligations		**$221,302**		**$226,588**		**$227,407**		**$819**
Unobligated balance, start of year		(3,622)		(3,330)				
Unobligated balance, end of year		3,330						
Recoveries of prior year obligations		(2,111)						
Total DIRECT requirements		**218,899**		**223,258**		**227,407**		

M. Status of Congressionally Requested Studies, Reports, and Evaluations

United States Trustee Program

Salaries and Expenses
(Dollars in Thousands)

<u>Status of Congressionally Requested Studies, Reports, and Evaluations</u>

1. Section 1175 of P.L. 109-62, the Violence Against Women and Department of Justice Reauthorization Act of 2005 (119 STAT 3125)