



# U.S. Trustees (USTP)

## FY 2024 Budget Request At A Glance

FY 2023 Enacted:	\$255.0 million (1,078 positions; 419 attorneys)
Current Services Adjustments:	+\$14.7 million
Program Changes:	+\$7.1 million
FY 2024 Budget Request:	\$276.8 million (1,087 positions; 421 attorneys)
Change From FY 2023 Enacted:	+\$21.8 million (+8.5%) (+9 positions; +2 attorneys)

### Mission:

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

### Organization:

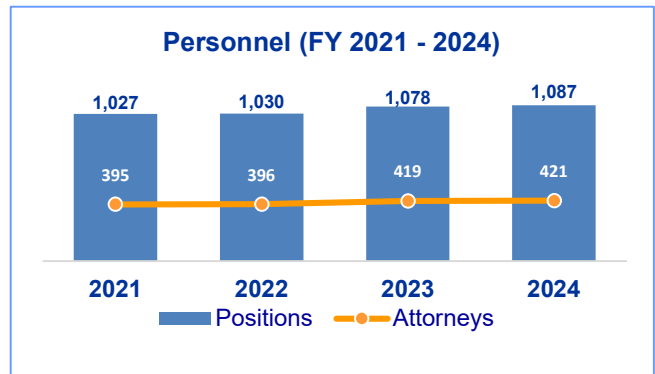
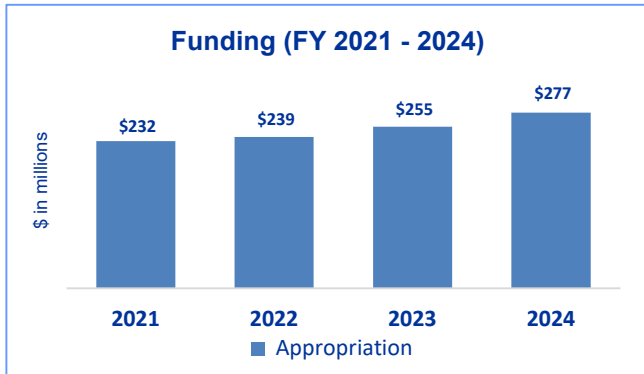
The USTP is managed by an Executive Office in Washington, DC, which is headed by a Director, a career appointee in the Senior Executive Service who provides comprehensive policy and management direction to the U.S. Trustees and their staffs. The USTP operates in 88 judicial districts through a system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

### Resources:

The FY 2024 budget request for the USTP totals \$276.8 million, which is an 8.5 percent increase over the FY 2023 Enacted.

### Personnel:

The USTP's direct authorized positions for FY 2024 total 1,087 positions, including an increase of nine positions over the FY 2023 Enacted of 1,078 direct authorized positions.



## FY 2024 Strategy:

The USTP is a litigating component of the Department whose mission is to promote the integrity and efficiency of the nation's bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public. The FY 2024 President's Budget request will enable the Program to address an anticipated rise in bankruptcy filings following the end of COVID-19 pandemic government relief measures.

As the vigilant "watchdog" of the bankruptcy system, the USTP conducts a broad range of administrative, regulatory and enforcement activities, including:

- Appointing and overseeing more than 1,100 private trustees who administer cases filed under chapters 7, 12 and 13, and who distribute billions of dollars annually from the assets of bankruptcy estates;
- Appointing and overseeing trustees in subchapter V cases;
- Policing billions of dollars in fees paid annually to attorneys, investment bankers, and other professionals;
- Taking on average around 25,000 civil enforcement actions each year (both in and out-of-court) to ensure that all parties comply with the Bankruptcy Code and Rules;
- Making more than 2,000 criminal referrals each year and assisting in the prosecution of bankruptcy crimes;
- Approving and monitoring about 220 agencies and providers of mandatory pre-bankruptcy credit counseling and pre-discharge financial education;
- Enforcing the statutory "means test" that applies to consumer debtors; and
- Participating in approximately 100 appeals annually to bankruptcy appellate panels, district courts, courts of appeals, and the Supreme Court to promote consistency in case law and compliance with statutory requirements.

The USTP is the only national enforcement agency that can identify and marshal resources against significant fraud, abuse and emerging threats to the integrity of the bankruptcy system. Current USTP activities are addressing the following:

- Illegal releases of third parties from chapter 11 bankruptcy cases who have not themselves filed for bankruptcy. The USTP has consistently opposed such third-party releases in bankruptcies, litigating the bankruptcy courts' statutory and constitutional authority to approve reorganization plans that include them, including in high-profile cases in New York (for a pharmaceutical company at the center of the national opioid crisis); Delaware (for a national youth service organization); and Virginia (for a fashion retailer).
- Disqualifying conflicts of interest for professionals retained in business cases. Since FY 2019, the Program has reached three significant settlements to address failures to disclose possible conflicts of interest, including two settlements with one of the world's largest management consulting firms and one settlement with the law firms representing debtors in the high-profile pharmaceutical company case.

- Fraudulent conduct and other violations by consumer bankruptcy law firms including system-wide, multi-jurisdictional misconduct. Lawyers who are incompetent, dishonest or who fail to satisfy minimal professional obligations impede the debtor's "fresh start" and add costs to creditors and the entire system.
- Bifurcated attorney fee arrangements for individuals in chapter 7 cases. When properly structured, such arrangements can remove barriers to accessing the bankruptcy system, in jurisdictions that allow them, but must be reviewed to guard against potential overreach and abuse by lawyers. In June 2022, the USTP issued guidelines on when such arrangements are permissible and the Program's enforcement related to improper arrangements.

The USTP's appropriation is offset primarily by filing fees paid by debtors as well as quarterly fees based on disbursements made by most chapter 11 debtors that are deposited into the United States Trustee System Fund (Fund). The January 2021 enactment of the Bankruptcy Administration Improvement Act, PL 116-325, revised quarterly fees starting April 1, 2021 through December 31, 2025. The amendment enabled the offset of the USTP's FY 2021 appropriation, continued funding for bankruptcy judgeships through FY 2026, and provided additional private chapter 7 bankruptcy trustee compensation through surplus FY 2021 quarterly fees. Due to sustained lower filings through the COVID-19 pandemic, the Program does not currently project that USTP appropriations can be fully offset by fees and interest alone, and anticipates drawing down on the Fund balance to cover the FY 2024 appropriation.

## FY 2024 Program Changes:

### **USTP Data Management, Protection and Privacy: \$5.1 million and 9 positions (2 attorneys)**

The USTP is requesting funds to develop secure and modernized Information Technology (IT) systems that safeguard sensitive bankruptcy case data, including the personally identifiable information of individual debtors and other consumer and business case data for approximately one million ongoing cases annually. This will bring USTP legacy systems up to current technological standards, including those mandated by the Administration and the Department, and provide for greater agility in addressing present and future data needs. Current services are \$6.4 million and 41 positions (six attorneys).

### **Debtor Audits: \$2.0 million and no positions**

The USTP is requesting funds for congressionally mandated audits of individual chapter 7 and 13 bankruptcy cases that are statutorily required by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109-8. These audits are an important element of the Program's efforts to promote the integrity of the bankruptcy system. There are no current services.

**U.S. Trustees**  
(Dollars in Thousands)

	U.S. Trustees		
	Pos	FTE	Amount
<b>2022 Appropriation</b>	<b>[1,030]</b>	<b>984</b>	<b>239,000</b>
<b>2023 Enacted</b>	<b>[1,078]</b>	<b>1,060</b>	<b>255,000</b>
<b>2024 Request</b>	<b>[1,087]</b>	<b>1,065</b>	<b>276,771</b>
<b>Change 2024 from 2023 Enacted</b>	<b>[9]</b>	<b>5</b>	<b>21,771</b>
<b>Technical Adjustments</b>			
<b>Total Technical Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Base Adjustments</b>			
Pay & Benefits	0	1	10,333
Domestic Rent & Facilities	0	0	4,324
Other Adjustments	0	0	-2
<b>Total Base Adjustments</b>	<b>0</b>	<b>1</b>	<b>14,655</b>
<b>2024 Current Services</b>	<b>[1,078]</b>	<b>1,061</b>	<b>269,655</b>
<b>Program Changes</b>			
<b>Increases:</b>			
USTP Data Management, Protection and Privacy	[9]	4	5,116
Debtor Audits	0	0	2,000
<b>Subtotal, Program Increases</b>	<b>[9]</b>	<b>4</b>	<b>7,116</b>
<b>Decreases:</b>			
<b>Subtotal, Program Decreases</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Program Changes</b>	<b>[9]</b>	<b>4</b>	<b>7,116</b>
<b>2024 Request</b>	<b>[1,087]</b>	<b>1,065</b>	<b>276,771</b>

**U.S. Trustees**  
(Dollars in Thousands)

Comparison by activity and program	2023 Enacted			2024 Current Services		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,078	1,060	255,000	1,078	1,061	269,655
<b>Total</b>	1,078	1,060	255,000	1,078	1,061	269,655

Comparison by activity and program	2024 Total Program Changes			2024 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	9	4	7,116	1,087	1,065	276,771
<b>Total</b>	9	4	7,116	1,087	1,065	276,771