



## U.S. Trustees (USTP)

### FY 2017 Budget Request At A Glance

FY 2016 Enacted:	\$225.9 million (1,314 positions; 436 attorneys)
Current Services Adjustments:	+\$1.7 million
Program Changes:	+\$2.1 million
FY 2017 Budget Request:	\$229.7 million (1,314 positions; 436 attorneys)
Change From FY 2016 Enacted:	+\$3.8 million (+1.7%)

#### Mission:

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 92 district office locations. U.S. Trustees are appointed by the Attorney General to five-year terms. (The USTP does not operate in the judicial districts of Alabama and North Carolina.)

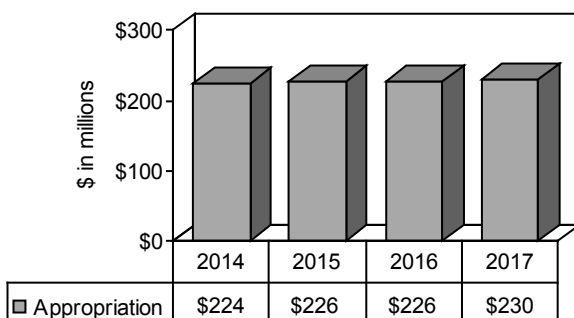
#### Resources:

The FY 2017 budget request for USTP totals \$229.7 million, which is a 1.7% increase over the FY 2016 Enacted.

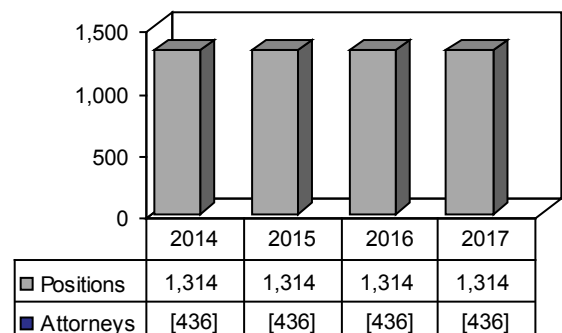
#### Personnel:

The USTP's direct positions for FY 2017 total 1,314 positions and are the same as FY 2016 Enacted.

Funding (FY 2014 - 2017)



Personnel (FY 2014 - 2017)



## **FY 2017 Strategy:**

The “USTP” or the “Program” is a litigating component of the Department whose mission is to promote the integrity and efficiency of the nation’s bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public. Based solely upon recent filing rates, the USTP projects 685,000 bankruptcy filings during FY 2017.

One of the basic principles of our nation’s bankruptcy system is that the honest but unfortunate debtor deserves a fresh start. Those who prey upon debtors for their own financial gain undermine that basic principle. Thus, protecting consumer debtors and being able to quickly mobilize to address increasingly complex abuse of the bankruptcy system is an important objective of the Program’s enforcement efforts.

By statute, the USTP has standing to participate in every bankruptcy case filed within its jurisdiction. The USTP oversees the administration of all bankruptcy cases filed by individual and business debtors in every federal judicial district except for those in Alabama and North Carolina. To ensure the integrity of the bankruptcy system, the Program employs a broad range of enforcement and oversight activities. These activities include conducting tens of thousands of civil enforcement actions each year; protecting consumer debtors from being victims of unscrupulous creditors, bankruptcy petition preparers or attorneys; providing oversight of chapter 11 cases; supervising private trustees who administer chapter 7, 12, and 13 bankruptcy cases; and participating in appeals to the district courts, circuit courts of appeals, and the U.S. Supreme Court.

The USTP has two main strategies to protect the bankruptcy system: (1) to address fraud and abuse of the system by debtors, financial institutions and other creditors, and third parties such as attorneys and non-attorney petition preparers; and (2) to ensure accountability by management of chapter 11 corporate debtors by ensuring that entrenched management does not cut off the rights of other parties, by opposing insider bonuses that do not satisfy strict statutory standards, and by ensuring that attorneys and other professional firms adhere to statutory requirements pertaining to disclosure, conflicts of interest, and payment of fees.

The USTP is instrumental in helping to combat mortgage fraud and creditor abuse activities that could otherwise result in significant adverse consequences to the nation’s financial systems. Since 2008, the USTP has reached 11 national settlements, eight of which resulted from the Program’s creditor enforcement efforts. In 2015 alone, the USTP obtained monetary relief of more than \$130 million for non-compliance by mortgage servicers Wells Fargo and JPMorgan Chase Bank, N.A.

The USTP receives filing fees from consumer and business debtors and quarterly fees based on disbursements from chapter 11 debtors. These fees are deposited in the United States Trustee System Fund (“Fund”) and are used to offset amounts expended by the USTP pursuant to Congressional appropriations.

In the past, revenues exceeded appropriations in most years. After a historic rise in the number of bankruptcy filings from FY 2007 to FY 2010, filing rates have declined for the past five years and have not followed traditional patterns. Based upon trend analysis, and without regard to

changes in external economic conditions, the USTP projects continued filing decreases and a resultant decline in revenues from filing and quarterly fees. At the end of fiscal year 2015, the balance in the Fund was \$99.4 million, but projected declines in filings and revenue could exhaust the Fund in FY 2017, or sooner if filings trend downward further. To address this issue, the USTP proposes to adjust quarterly fees for the largest chapter 11 debtors in FY 2017.

## **FY 2017 Program Changes:**

### **Section 341 Meeting Room Security: \$2.1 million and 0 positions**

The funds will provide security services at priority Section 341 meeting room sites with heightened safety concerns. Section 341 of the Bankruptcy Code requires the U.S. Trustee to convene a meeting of creditors in every bankruptcy case. At the Section 341 meeting, the debtor must appear and answer questions under oath from the U.S. Trustee, any trustee appointed in the case, creditors, and other parties in interest regarding the administration of the bankruptcy estate and the debtor’s liabilities and financial condition. In addition, these meetings are open to the general public. While the USTP acquires space for Section 341 meeting rooms in secured locations when possible, over 100 meeting rooms are currently situated in non-federal space with less than optimal security including commercial space, hotel conference rooms, and public libraries. Because of their nature, Section 341 meetings may be contentious, and the increased safety and security risk warrant the adoption of appropriate security measures. Current services for this initiative are \$20,000 and 0 positions.

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

	U.S. Trustees		
	Pos.	FTE	Amount
<b>2015 Appropriation</b>	[1,314]	1,099	225,908
<b>2016 Enacted</b>	[1,314]	1,184	225,908
<b>2017 Request</b>	[1,314]	1,184	229,717
<b>Change 2017 from 2016 Enacted</b>	0	0	3,809
<b>Technical Adjustments</b>			
<b>Total Technical Adjustments</b>	0	0	0
<b>Base Adjustments</b>			
Pay & Benefits	0	0	1,482
Domestic Rent & Facilities	0	0	192
<b>Total Base Adjustments</b>	0	0	1,674
<b>2017 Current Services</b>	[1,314]	1,184	227,582
<b>Program Changes</b>			
<b>Increases:</b>			
Section 341 Meeting Room Security	0	0	2,135
<b>Subtotal, Program Increases</b>	0	0	2,135
<b>Decreases:</b>			
<b>Subtotal, Program Decreases</b>	0	0	0
<b>Total Program Changes</b>	0	0	2,135
<b>2017 Request</b>	[1,314]	1,184	229,717

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

Comparison by activity and program	2016 Enacted			2017 Current Services		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,314	1,184	225,908	1,314	1,184	227,582
<b>Total</b>	1,314	1,184	225,908	1,314	1,184	227,582
Reimbursable FTE	0	0	0	0	0	0
<b>Grand Total</b>	1,314	1,184	225,908	1,314	1,184	227,582

Comparison by activity and program	2017 Total Program Changes			2017 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	0	0	2,135	1,314	1,184	229,717
<b>Total</b>	0	0	2,135	1,314	1,184	229,717
Reimbursable FTE	0	0	0	0	0	0
<b>Grand Total</b>	0	0	2,135	1,314	1,184	229,717