U.S. Department of Justice

United States Trustee Program

FY 2027 Performance Budget
Congressional Submission
March 2026

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

The Department of Justice's Congressional Budget Justifications and exhibits can be found at *https://www.justice.gov/doj/budget-and-performance*

VII. Exhibits:

A. Organizational Chart
B Summary of Requirements
E. Justification for Technical and Base Adjustments
F. Crosswalk of FY 2025 Availability
G. Crosswalk of FY 2026 Availability
H Summary of Reimbursable Resources
I. Detail of Permanent Positions by Category
K. Summary of Requirements by Object Class

Key Definitions

Chapter 7: *A liquidation case primarily filed by consumers, but also by a small percentage of businesses*. A trustee is appointed to sell the debtor's non-exempt assets and distribute the proceeds to creditors in accordance with the priorities of the Code. Generally, absent fraud or abuse, the remaining debts of individual debtors are discharged.

Chapter 11: *A business reorganization case primarily filed by businesses, but also by individuals.* 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.

Subchapter V of Chapter 11: *A streamlined business reorganization process for eligible debtors, which excludes single-asset real estate debtors.* Debtors are subject to a debt limit of $3,424,000, but the cap was temporarily raised to $7.5 million through June 21, 2024. USTP appoints a trustee to evaluate the viability of a debtor's business and facilitate a consensual reorganization plan.

Chapter 12: *A debt adjustment case by a family farmer or family fisherman.* The debtor usually remains in possession of its assets, continues to operate its business, and repays creditors, in part or in whole, through a court-approved chapter 12 plan over a period not to exceed five years.

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 repayment plan completed within three to five years.

Bankruptcy Code and Rules: *The laws and regulations that govern bankruptcy cases.* The federal Bankruptcy Code appears in title 11 of the United States Code. The Federal Rules of Bankruptcy Procedure govern procedures for bankruptcy proceedings.

I. Overview of the United States Trustee Program

A. Introduction

The United States Trustee Program (USTP or the Program) is a litigating component of the Department of Justice whose mission is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders—debtors, creditors, and the public.[1] The Program exercises a neutral oversight role to ensure the effective operation of the bankruptcy system and prevent fraud, dishonesty and overreach by participants. This role includes handling more than one million cases before more than 300 bankruptcy judges in 88 judicial districts. USTP also supervises about 1,000 USTP-appointed private trustees who on average distribute more than $6 billion annually to creditors.

Over the past forty years since the Program's nationwide expansion, USTP's mandate has remained vital to the proper functioning of the nation's economy. The Program has significant statutory responsibilities in all cases, including those of individuals, small businesses, and complex chapter 11 reorganizations. Annually, USTP takes more than 20,000 actions in and out of court to enforce compliance with the Bankruptcy Code and Rules, resulting in hundreds of millions in potential additional returns to creditors each year. Program staff also refer more than 2,000 criminal matters annually and assist in the prosecution of bankruptcy crimes. In FY 2025, the Program accomplished its mission, exceeding the prior year's civil and enforcement totals amidst an 11 percent annual increase in filings and a 25 percent decrease in staff. Significantly, workload-intensive chapter 11 cases almost doubled from three years prior—with subchapter V small business cases increasing nearly 60 percent over that time, and total pending chapter 11 cases reaching the highest total in nearly a decade.

In FY 2027, filings may continue double-digit percentage growth rates for the fifth straight year as cases return to normal historical levels, from a pandemic-era drop, over the next few years. Under this gradual growth scenario, cases may reach 669,000 in total. To meet this workload, **USTP is requesting $197,702,000 for 671 direct positions (310 attorneys) and 671 direct full-time equivalent employees (FTEs)**. To efficiently deliver on its mandate to the American people, the Program will continue building on its unprecedented success in FY 2025 in improving its efficiency, as the Program limits hiring to only strategic backfills. The Program will accomplish this by maintaining a singular focus on its core responsibilities; further consolidating workstreams and sharing tasks across offices, where possible; and continuing its cost reduction initiatives. These efforts will enable USTP to effectively serve its important role as the bankruptcy system "watchdog".[2] In recent years, the Program's efforts have resulted in successful actions addressing novel and recurring legal issues in cases with system-wide significance.

---

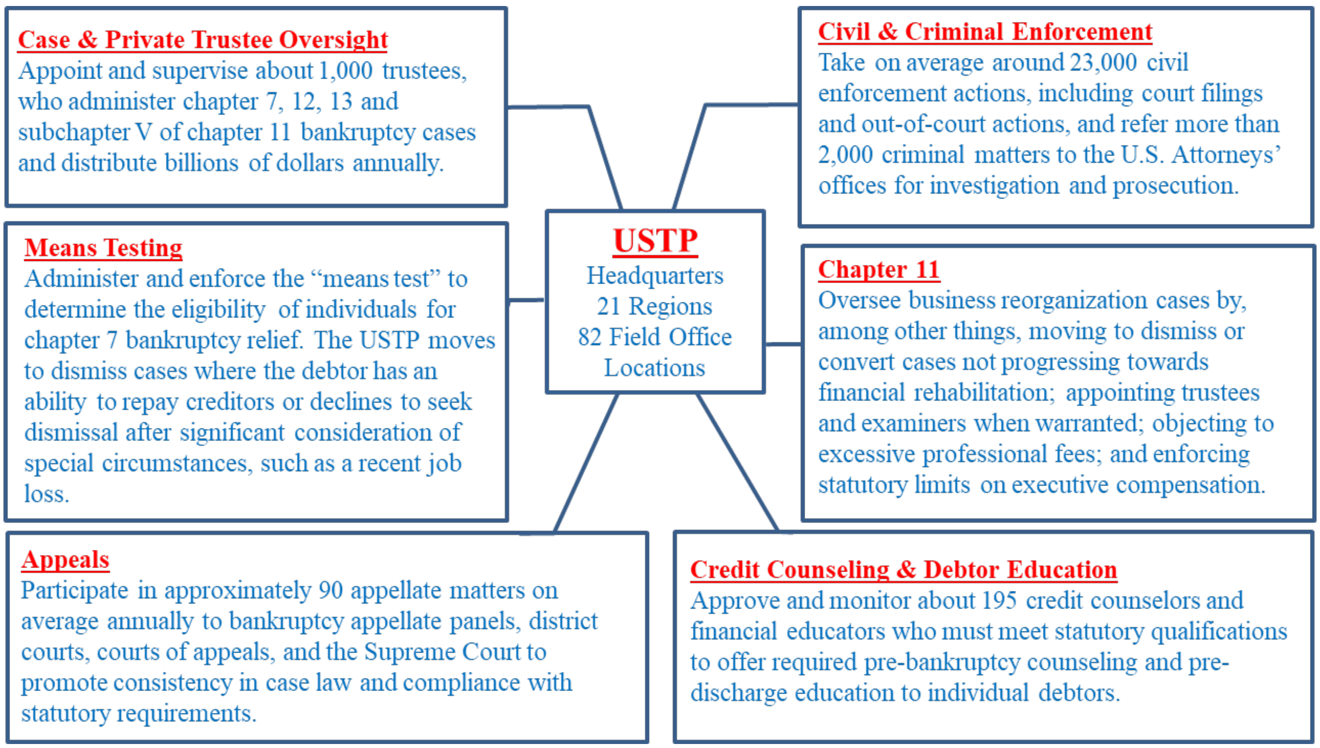
[1] The Program does not represent the interests of the government as creditor.

[2] *See* 28 U.S.C. § 586(a)(3); *see also* H.R. Rep. No. 95-595, at 99 (1977), *reprinted in* 1978 U.S.C.C.A.N. 5963, 6049. U.S. Trustees "serve as bankruptcy watchdogs to prevent fraud, dishonesty, and overreaching in the bankruptcy arena."

USTP estimates that bankruptcy fee collections will fully offset the Program's FY 2027 appropriation. Please see pages 11 to 12 for more information.

B. Core Duties

USTP's activities span a wide range of administrative, regulatory and enforcement duties as detailed in the following chart.

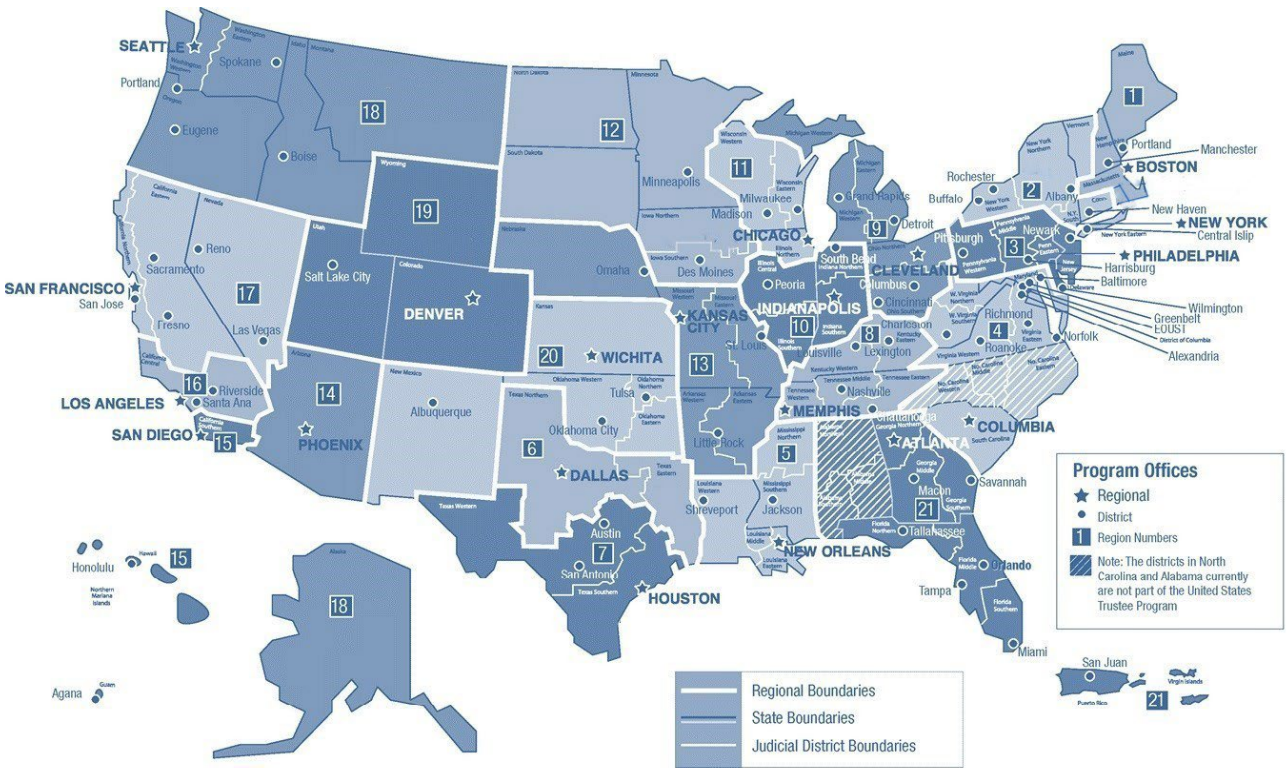


C. USTP Structure

USTP's headquarters, the Executive Office for United States Trustees (EOUST), is located in Washington, D.C. and is led by a Director who serves under authority derived from the Attorney General. Field operations are statutorily organized into 21 geographic regions across the country directly supervised by United States Trustees, who report to the Director. The 82 field offices within those regions are headed by Assistant United States Trustees. The Program had less than 725 staff following the conclusion of the Deferred Resignation Program in early October 2025, which includes attorneys, auditors, paralegals, and a limited number of professional support and operational staff.

As reflected in the chart that follows, over 90 percent of staff are located in field offices across 41 states and Puerto Rico, enabling staff to participate before more than 300 bankruptcy judges in 88 judicial districts[3] and convene statutory section 341 meetings in every case.

United States Trustee Program Map of Regions and Offices



D. Challenges

USTP faces several internal and external challenges.

Maximizing Staff Efficiencies and Maintaining Funding for Operations and Technology Modernization

In FY 2027, rising case levels will continue to present challenges for USTP to meet its mission. The Program will meet this workload by maintaining a singular focus on core responsibilities and limiting hiring to a handful of strategic backfills starting in FY 2026 and continuing into FY 2027. This will enable staff to address anticipated workloads, including those arising from individual and unpredictable case complexities. These complexities add to workload pressures, particularly in the area of resource-intensive chapter 11 filings where USTP staff have significant statutory duties to perform throughout the life of a case, including to ensure cases progress

[3] USTP field offices serve all federal judicial districts excluding the six established for Alabama and North Carolina.

efficiently through the system. Importantly, based on recent trends, new chapter 11 cases have outpaced case closings leading to a growth in pending chapter 11 case levels.

The FY 2027 request follows a transformative 12 months for USTP. During this time, roughly 240 staff – or 25 percent of positions at the start of FY 2025 – took advantage of workforce reshaping measures or otherwise separated from USTP. Beyond streamlining its staffing resources, the Program executed significant contractor reductions above the Department's requested level and procurement reductions that decreased annual contract burn rates by $3 million combined; closed several field offices and section 341 meeting spaces, resulting in rent savings of about $4 million; and undertook other operational reductions and technology enhancements, including migrating to lower cost technologies for voice calls and broadband connectivity, to reduce those costs another $4 million. The Program is also identifying further office space reduction and other cost reduction opportunities. These measures will allow USTP to operate at significantly reduced funding levels through FY 2027.

In addition to cost reductions and a singular focus on core responsibilities, efforts to identify Program-wide resource-sharing opportunities has led to business process improvements and further task consolidation to enhance its efficiency in leveraging its dispersed workforce. The Program has achieved this while aiming to maintain the agility and consistency in approach that is central to USTP's effectiveness as the national civil enforcement agency for the bankruptcy system. USTP, however, must continue to prioritize the modernization and consolidation of our legacy bankruptcy data management systems as an incremental productivity maximizer, which is dependent on each phase's funding and development. The system includes more than 33 million cases. Incorporating artificial intelligence (AI) technologies into the modernized system should, in particular, significantly enhance staff efficiencies. The benefits of these technologies include the automation of repetitive tasks; deployment of advanced analytical and data management tools across large volumes of case data; and the facilitation of seamless and faster collaboration across different staff working groups – resulting in increased and enhanced oversight of bankruptcy cases.

USTP's technology modernization goals, along with the continuation of other contracts, are historically supported through one-time resources, such as carryover and recoveries of prior-year obligations. In recent years, the Program has relied on these limited funds to increasingly support not only the modernization initiative and GSA-mandated office relocations to more cost-effective leases, which reduce the cost of USTP current services, but also IT and non-IT contractors. These contractors address critical IT operations for the 82 field offices and provide crucial mission-essential administrative support in areas such as procurement and human resources. These constraints also resulted in USTP's temporary suspension of debtor audits, from May 2025 through the second quarter of FY 2026.[4] In FY 2027, consistent with USTP streamlining efforts, the Program will continue using carryover and other recoveries for the highest priority costs that deliver the most value to taxpayers.

[4] Given higher than projected actual carryover and an increased estimate for recoveries of prior-year obligations in FY 2026, due in large part to its streamlining and efficiency efforts, USTP restarted debtor audits in the second quarter of FY 2026.

Evolving and Complex Caseload

USTP's sustained heavy workload in civil enforcement, along with the sheer sophistication and evolving nature of fraud schemes and abusive activities, present challenges for USTP staff to move cases through the system efficiently. In addition to carrying out statutory duties, including means testing in chapter 7 consumer cases and trustee oversight, the Program must monitor developing and complex issues associated with chapter 11 bankruptcy filings, fraudulent or abusive conduct by debtors, and misconduct by creditors and professionals to effectively execute its duties. A wide range of factors could impact the type and magnitude of issues that arise, and potentially in novel ways, including technological advancements in how goods and services are delivered to consumers and how transactions are conducted between businesses.

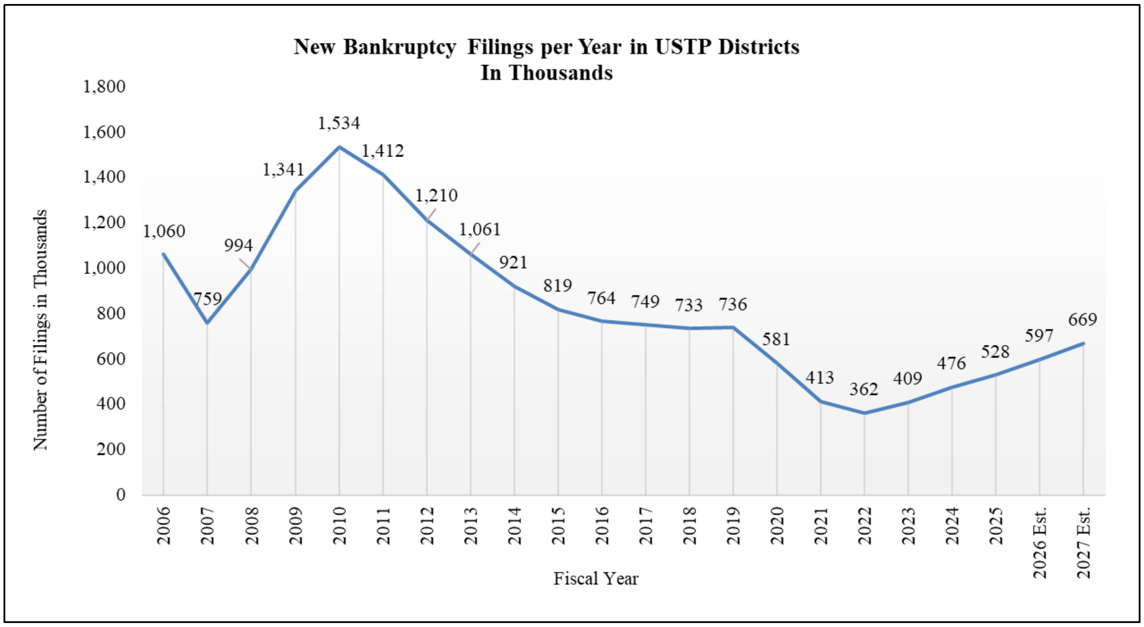
Unpredictable Changes in Bankruptcy Filings

The potential for unforeseeable changes in the number and location of bankruptcy filings creates challenges for USTP in caseload management. Changes to the Bankruptcy Code and other laws, as well as economic factors including employment levels, interest rates, consumer credit, and the availability of financing from capital markets, potentially impact filings and pose an issue for workload planning.

Bankruptcy filings in USTP districts followed a general pattern for a significant time prior to 2007, historically increasing about two-thirds of the time followed by a decrease over the other one-third. Then, during the Great Recession, filings doubled over FY 2007 through FY 2010 before declining steadily from FY 2011 through FY 2016. Filings remained relatively flat through FY 2019, then dropped by more than half from FY 2020 through FY 2022 due potentially to the impact of COVID-19 economic relief programs such as foreclosure moratoriums on potential filers. Filings began rebounding during FY 2023, however, and have risen by a cumulative 46 percent from FY 2022 through FY 2025, when filings totaled approximately 528,000.

Broken down by chapter, filings have followed different trajectories since FY 2020. Consumer filings comprise the vast majority of annual filings and therefore accounted for most of the reductions in aggregate filings from FY 2019 through FY 2022 as they began a sustained decrease during the early months of the COVID-19 pandemic before beginning to rebound in FY 2023. Overall chapter 11 filings, however, sharply increased during the early months of the pandemic, reflecting the impact of filings by large public companies, including mega-cases, which more than doubled during calendar year 2020 to reach their highest level since the 2008 Great Recession. Notably, regardless of filing totals, around 75 percent of chapter 11 small business debtors have continued to proceed under subchapter V since its inception. Starting in FY 2023, both consumer and chapter 11 filings have increased each fiscal year.

The chart that follows reflects actual and projected new bankruptcy filings for USTP from FY 2007 through FY 2027.[5] The pace at which filings may return to pre-pandemic levels continues to be difficult to predict. If assuming a continued gradual increase to pre-pandemic levels, filings could reach 597,000 cases in FY 2026 and 669,000 cases in FY 2027, which is nine percent below the FY 2019 pre-pandemic level – and would respectively constitute the fourth and fifth years in a row of double-digit growth.



E. Risks

Unpredictable Changes in and Challenges to the Bankruptcy Code

Changes to the Bankruptcy Code – and the lack of certainty as to the extent or timing of such changes – can significantly impact USTP's work. These changes can occur in response to any number of factors including changes in the economy and other laws. To remain agile and responsive, USTP must be positioned appropriately from a resource standpoint to pivot and address these types of issues. For example, when the Small Business Reorganization Act of 2019 (SBRA) was enacted, USTP had to immediately refocus its priorities to establish, within less than six months, a comprehensive infrastructure for the appointment and oversight of new chapter 11 subchapter V trustees as well as the evaluation and monitoring of the individual cases. Among other things, this included recruiting and clearing more than 250 candidates (from more than 3,000 applicants) to serve as subchapter V trustees, developing a comprehensive manual and handbook to guide USTP staff and subchapter V trustees in carrying out their new duties, conducting extensive training and outreach, and coordinating closely with the bankruptcy courts

[5] On average, USTP oversees the administration of about one million ongoing cases each year, including cases filed during the year.

on a myriad of administrative issues. These important initial efforts were critical to the successful implementation of the new law, and since this original launch, USTP continues to recruit and train new subchapter V trustees due to attrition and turnover.

Legal challenges relating to the Bankruptcy Code also present uncertainties for USTP's workload planning given the lack of predictability in terms of number and scope. USTP enforces the Bankruptcy Code and defends challenges to its provisions, including by litigating issues of first impression. In recent years, the number of appeals to which USTP has been a party, or for which USTP has provided assistance to the Department's Office of the Solicitor General or appellate staff of the Civil Division, has averaged 90 appellate matters annually from FY 2016 to FY 2025.

F. Offsetting Collections and the United States Trustee System Fund

USTP appropriations are initially derived from the general fund of the Department of Treasury.[6] Appropriations are subsequently offset by bankruptcy fees deposited into the U.S. Trustee System Fund (Fund) as well as interest earned on those deposits.[7] These fees include a portion of the filing fee paid by filers at the start of each case in chapters 7, 11, 12 and 13. In addition, a quarterly fee is paid in chapter 11 cases, except small business cases under subchapter V, based on disbursements . Unlike other bankruptcy fees that are set administratively by the Judicial Conference of the United States, filing and quarterly fees are set in statute and cannot be adjusted by the Program. When fee and interest deposits are insufficient, the Program must draw down on the USTP Fund balance to increase the offset.

From 1989 through FY 2016, Fund deposits and balances were sufficient to fully offset appropriations but a shortfall occurred in FY 2017 following a decline in filings beginning in FY 2011 and continuing through FY 2018. To ensure the Program could continue to fully offset its appropriation, USTP proposed an adjustment in quarterly fees for the largest chapter 11 debtors. Congress enacted a modified version of the proposal through the Bankruptcy Judgeship Act of 2017, Pub. L. No. 115-72 (2017 Amendment).[8] As a result, the Program's appropriations from FY 2018 through FY 2020 were fully offset by fee collections in those fiscal years, which included increased payments from about 10 percent of all chapter 11 cases. And the Fund balance, which had been substantially depleted, was replenished and grew to $233 million by the end of FY 2020.

In January 2021, the Bankruptcy Administration Improvement Act of 2020 (BAIA 2020), Pub. L. No. 116-325, temporarily adjusted the quarterly fee schedule further.[9] BAIA 2020 simplified

---

[6] In FY 2016, Congress approved a change in USTP's appropriation language such that the Program's full appropriation is initially derived from the general fund of the Treasury. Prior to FY 2016, the appropriation was derived from amounts available in the Fund.

[7] A small amount of statutorily determined bankruptcy fines and other deposits to the Fund are also offsetting collections for the USTP appropriation.

[8] More information on the quarterly fees can be found at: https://www.justice.gov/ust/chapter-11-quarterly-fees.

[9] BAIA 2020's adjusted quarterly fee schedule was set to expire December 31, 2025, but was extended through March 31, 2026. *See* Consolidated Appropriations Act, 2026 (Pub. Law No. 119-7).

the quarterly fee structure and reduced fees paid in almost all chapter 11 cases – or maintained them – while enabling the offset of USTP's appropriation through FY 2025, though Fund drawdowns were necessary in FY 2022 and FY 2023 due to reduced filings over the pandemic. In addition, the initial $5.4 million of quarterly fee collections each year offset the cost of extending 25 temporary bankruptcy judgeships. Any fees that remained were used to pay for an increase in private trustee compensation under 11 U.S.C. § 330(e) of up to $60 for each chapter 7 liquidation case filed or converted during the year and the cost to administer those payments by the Administrative Office of the U.S. Courts' (AOUSC). Any remaining amounts thereafter were deposited into the USTP Fund.

On February 6, 2026, the Bankruptcy Administration Improvement Act of 2025 (BAIA 2025), Pub. L. No. 119-76, was enacted. BAIA 2025 extends the quarterly fee schedule in 28 U.S.C. § 1930(a)(6)(B)(i) from April 1, 2026 through December 31, 2030, and slightly increases the percentage fee paid in the larger chapter 11 cases. The new quarterly fee schedule will apply to disbursements beginning in the third quarter of FY 2026. In addition, BAIA 2025 further extends the temporary bankruptcy judgeships and permanently increases overall trustee compensation in chapter 7 cases from $60 to $120. To facilitate the increase in trustee compensation, BAIA 2025 reduces USTP's current allocation of the chapter 7 filing fee to $51.49 in each case (from about $89). To address the filing fee reallocation, the percentage fee paid in the larger bankruptcy cases was increased from 0.8 to 0.9 percent of quarterly disbursements. Other than this adjustment, the quarterly fee schedule enacted under BAIA 2020 remains the same as under BAIA 2025.

In enacting BAIA 2025, Congress noted it "has amended the laws governing bankruptcy fees as necessary to ensure that the bankruptcy system remains self-supporting, while also fairly allocating the costs of the system among those who use the system."[10] More than 80 percent of USTP revenue comes from the collection of chapter 11 quarterly fees. Based on current projections, the new quarterly fee schedule is anticipated to enable USTP to use fee collections and interest earned on Fund balances each year to continue offsetting its appropriation through FY 2031.

The following table reflects actual and projected deposits to the U.S. Trustee System Fund for FY 2023 through FY 2027.

USTP Bankruptcy Fees & Other Deposits by Source ($ in Thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Est.	FY 2027 Est.
Bankruptcy Filing Fees	$30,260	$36,215	$40,702	$46,883	$35,750
Chapter 11 Quarterly Fees /1	$182,521	$218,740	$221,951	$234,306	$247,918
Interest	$3,385	$9,172	$5,145	$4,770	$3,500
Other	$54	$66	$41	$60	$60
Total Deposits	**$216,220**	**$264,193**	**$267,839**	**$286,019**	**$287,228**

[10] *See* Bankruptcy Administration Improvement Act of 2025.

/1 Beginning in FY 2018, amounts have excluded the portion of chapter 11 quarterly fees deposited into the general fund of the Treasury to fund additional bankruptcy judgeships as statutorily required. Small business cases filed under Subchapter V, which was enacted in FY 2020, are exempt from paying quarterly fees. In FY 2022, as enacted under BAIA 2020, USTP transferred $14 million of chapter 11 quarterly fees collected in FY 2021 to the Administrative Office of the United States Courts (AOUSC) for additional chapter 7 trustee compensation and the costs of administering such payments. A second transfer of $19 million was made in FY 2025 from fees collected in FY 2024. Two remaining transfers under BAIA 2020 are currently projected through FY 2027, from FY 2025 and FY 2026 quarterly fees respectively. No transfers were made from FY 2022 and FY 2023 quarterly fees due to the reduction in collections because of sustained lower filings. In those years, due to insufficient Fund deposits overall, the Program drew down on the USTP Fund balance to repay appropriations ($43 million and $39 million, respectively).

G. Advancing Administration Priorities

Cost Efficiency Initiatives

In addition to a quarter reduction in staff (about 240 positions) from the start of FY 2025 to the start of FY 2026, USTP initiated in FY 2025 a wide range of cost cutting measures, as detailed below, to comply with Executive Order No. 14120 "Implementing the President's 'Department of Government Efficiency' Cost Efficiency Initiative."

- Closed offices to start calendar year 2026 with 82 field offices

- Reduced FY 2027 current services by $4 million for rent savings due to field office closures, section 341 meeting room closures and reductions in space for offices that remain open

- Reduced full-time contractor staff by 16 percent from 50 staff to 42 staff in FY 2025,[11] which together with procurement reductions resulted in a combined $3 million reduction in annual burn rates for USTP contracts

- Completed a migration to Microsoft Teams phones, eliminating land line phones to save about $400,000 annually

- Migrated to new higher-speed broadband providers to save about $900,000 annually once completed in the second quarter of FY 2026, with an additional $200,000 in annual savings from eliminating the need for supplemental cooling for server rooms

- Assisted other Department components and federal agencies in their pursuit of cost efficiencies by providing USTP field office space to 66 employees in total

In FY 2026, USTP will continue evaluating further cost-cutting measures. A Program-wide Efficiencies Working Group will identify further improvements to business processes from consolidating functions across offices and regions and expanding the scope of USTP's shared

[11] USTP expects contract staff growth to provide temporary paralegal and audit support as well as to accelerate its IT modernization.

staffing model. The approach will leverage staff from across the Program, including in areas related to the oversight of chapter 11 case administration and enforcement in those cases.

IT Modernization and Cybersecurity

Completing the modernization of USTP's 12 legacy bankruptcy management systems will continue to be a critical USTP priority and is consistent with Administration efficiency goals. USTP initiated the effort in FY 2022 through limited carryover funding and has been focusing on its core case management system. The existing system, which contains the records for more than 30 million bankruptcy cases, is about 35 years old and is the main application through which staff manage one million ongoing bankruptcy cases each year. The underlying platform for the new system will form the backbone to which modernized versions of the Program's remaining 11 legacy systems will be consolidated and must be completed before the remaining systems can be addressed. The new case management application and additional systems will result in greater automation, and eventually, the use of artificial intelligence (AI) technologies as critically needed offsets to limited staffing, in support of President Trump's Executive Order "Removing Barriers to American Leadership in Artificial Intelligence." The initiative will also address cybersecurity gaps to secure sensitive system data, including the personally identifiable information of millions of individual debtors, and to conform with best practices such as zero-trust architecture, in support of President Trump's Executive Order "Sustaining Select Efforts to Strengthen the Nation's Cybersecurity."

The modules of the new case management system for chapter 9 (municipalities) and chapter 15 (international cross border) cases went live in the first quarter of FY 2026 and have been rolled out to the USTP Executive Office and field offices. This initial version, funded on a piecemeal basis over four years through carryover, reflects customization for USTP work processes in place today and an underlying platform that can adapt to changes in the future, including new Program mandates and responsibilities. Significantly, the initial system has also moved staff away from a non-graphical user interface to a web-based portal, allowing users to search for any case regardless of chapter, as well as assign attorneys to cases. Ongoing efforts are addressing the next steps of the initiative, including private trustee management, assigning additional staff to cases, and building and customizing more features, including case assignment workflows, case notes, and the architecture to manage related cases.

The full scope of USTP's modernization plan is significant and remains critical given the sustained double-digit rise in bankruptcy filings, coupled with the need to further reduce staff in FY 2027 following a preceding 25 percent reduction in staff. The scope includes USTP's Significant Accomplishments application, which tracks the Program's civil enforcement efforts, as the next potential application to be migrated; USTP's chapter 11 quarterly fee billing and receivables application; robust document management capabilities that need to be incorporated into the modernized platform; and the deployment of initial AI technologies.

Transition to Electronic Receipt of Quarterly Fees

The Program successfully transitioned to electronic methods of payment for receipts, in support of President Trump's Executive Order "Modernizing Payments to and from America's Bank Account." The Program derives more than 80 percent of its fee collections used to offset its appropriation from quarterly fees paid in chapter 11 cases, of which approximately half of the almost 15,000 payments received in 2024 were submitted by paper check to a lockbox. Through extensive outreach efforts, in the first billing cycle ending September 30, 2025, electronic quarterly fee payments increased by more than 50 percent. Through the second billing cycle ending December 31, 2025, almost all quarterly payments have been made electronically through pay.gov and the lockbox was closed.

II. Summary of Program Changes

USTP is not requesting any program changes.

III. Appropriations Language and Analysis of Appropriations Language

United States Trustee System Fund

For necessary expenses of the United States Trustee Program, as authorized, $197,702,000, to remain available until expended: Provided, That, notwithstanding any other provision of law, deposits of discretionary offsetting collections to the United States Trustee System Fund and amounts herein appropriated shall be available in such amounts as may be necessary to pay refunds due depositors: Provided further, That, notwithstanding any other provision of law, fees deposited into the Fund as discretionary offsetting collections pursuant to section 589a of title 28, United States Code (as limited by section 589a(f)(2) of title 28, United States Code), shall be retained and used for necessary expenses in this appropriation and shall remain available until expended: Provided further, That to the extent that fees deposited into the Fund as discretionary offsetting collections in fiscal year 2027, net of amounts necessary to pay refunds due depositors, exceed $197,702,000, those excess amounts shall be available in future fiscal years only to the extent provided in advance in appropriations Acts: Provided further, That the sum herein appropriated from the general fund shall be reduced (1) as such fees are received during fiscal year 2027, net of amounts necessary to pay refunds due depositors, (estimated at $283,000,000) and (2) to the extent that any remaining general fund appropriations can be derived from amounts deposited in the Fund as discretionary offsetting collections in previous fiscal years that are not otherwise appropriated, so as to result in a final fiscal year 2027 appropriation from the general fund estimated at $0.

Analysis of Appropriations Language

USTP is not proposing any changes to its appropriation language.

IV. Program Activity Justification

A. Administration of Cases

The budget for USTP is reflected in one decision unit: the Administration of Cases.

Administration of Cases	Direct Pos.	Direct Estimated FTE	Amount ($ in thousands)
2025 Enacted	[923]	918	$245,000
2026 Enacted	[700]	707	$205,000
Adjustments to Base and Technical Adjustments	-[29]	(36)	($7,298)
2027 Current Services	[671]	671	$197,702
2027 Program Increases	[0]	-	$0
2027 Program Offsets	[0]	-	$0
2027 Request	[671]	671	$197,702
Total Change 2026-2027	-[29]	(36)	($7,298)

/1 FTEs are actual.

The following table outlines USTP's IT budget.

Administration of Cases **Information Technology Breakout**	Direct Pos.	Direct Estimated FTE	Amount ($ in thousands)
2025 Enacted	[35]	34	$30,390
2026 Enacted	[23]	23	$31,209
Adjustments to Base and Technical Adjustments	[0]	0	-$8,190
2027 Current Services	[23]	23	$23,019
2027 Program Increases	[0]	0	$0
2027 Program Offsets	[0]	0	$0
2027 Request	[23]	23	$23,019
Total Change 2026-2027	[0]	0	($8,190)

The United States Trustee Program (USTP or the Program) is a litigating component of the Department of Justice whose mission is to promote the integrity and efficiency of the bankruptcy system for the benefit of all stakeholders—debtors, creditors, and the public.

1. Program Description

USTP began FY 2026 with about 720 staff on-board—reflecting a 25 percent drop from the previous year. With about one million Americans relying on the bankruptcy system annually, the Program's staff and significant improvements to its operating structure enabled USTP to maintain the effectiveness of its watchdog role. By statute, staff must conduct a wide range of administrative, regulatory, and enforcement duties across consumer and business cases, ensuring the integrity and efficiency of the bankruptcy system. Workloads from the Program's activities can be unpredictable in scope and timing but also lead to significant and longstanding changes to the bankruptcy system. In recent years, its enforcement activities have included significant achievements as highlighted below.

- **Objecting to Nonconsensual Third-Party Releases**. Creditors may have legal claims not only against the debtor, but also against other third parties. In a recent decision with significant implications for bankruptcy practice, the Supreme Court agreed with the U.S. Trustee's long-held position that the Bankruptcy Code does not authorize nonconsensual releases of non-debtors as part of a debtor's chapter 11 plan of reorganization. The Court overturned the bankruptcy court's confirmation of the plan filed by the debtor, a pharmaceutical company facing a cascade of lawsuits based on its role in the opioid crisis, that would have extinguished nonconsenting victims' claims against a host of individuals and entities that did not file for bankruptcy—including the family that owned and controlled the company. The Program has continued to defend the Court's decision in the bankruptcy court and on appeal, arguing that creditors' consent to the release of their claims against third parties must be affirmative and voluntary and that negative notice is insufficient to constitute consent.

- **Protecting Consumers' Genetic and Other Private Data.** In the high-profile bankruptcy of a genetic testing company, USTP appointed a consumer privacy ombudsman (CPO) to assist the court in evaluating the debtor's proposed sale of assets, which included databases containing genetic and other private information for more than 15.5 million customers. The debtor initially proposed a "consumer data representative" to be selected by the debtor, with a far narrower investigatory role. USTP opposed, taking the position that the debtor's customers' DNA fell within the Bankruptcy Code's expansive definition of personally identifiable information and filing a motion to appoint a CPO or examiner. Twenty-seven state attorneys general joined in USTP's motion or filed complementary motions. Ultimately, the debtor agreed to an order granting the motions, and USTP appointed an expert in privacy and information law as the CPO. Following the CPO's report, the bankruptcy court approved the sale.

- **Policing Professional Conflicts**. In the chapter 11 case of an electric vehicle manufacturer, the Program successfully objected to the employment of the company's bankruptcy counsel, which defended some of the company's directors and officers in several securities litigation actions (both derivative and direct). The bankruptcy court agreed with USTP that the law firm's continued representation of the directors and officers presented an actual conflict of interest because their interests in minimizing the litigation claims conflicted with the interests of the debtors' estates in maximizing the value of those claims.

- **Combatting Debtor Fraud and Abuse.** After a USTP investigation, a chapter 7 debtor accused of defrauding hundreds of investors in his pickleball business waived his bankruptcy discharge of more than $47 million in unsecured debt. USTP confirmed that the debtor used new investor funds to pay prior investors and that he used investors' money for personal expenses and to acquire personal assets. As a result of the waiver, the debtor remains personally liable for his debts.

- **Obtaining Sanctions Against Fraudulent Bankruptcy Petition Preparers.** In the Northern District of Georgia, USTP's Atlanta office obtained sanctions against four individuals connected to the filing of four fraudulent bankruptcy petitions bearing forged signatures of a dead person in a scheme to stall a foreclosure and gain possession of real property. Each of the four successive petitions halted a scheduled foreclosure sale on the dead person's property, which had been fraudulently deeded postmortem to a company controlled by one of the four individuals. Based on evidence presented by USTP, the court found that the four individuals knowingly engaged in a fraud on the court and entered an order prohibiting them from presenting further bankruptcy petitions to the court unless they are the named debtor or the named debtor's attorney.

- **Furthering Criminal Enforcement.** Two USTP Trial Attorneys served as Special Assistant United States Attorneys in the prosecution of a defendant who was sentenced to 90 months in prison after he pleaded guilty to charges of mail and wire fraud, falsification of bankruptcy records, and aggravated identity theft. In his plea agreement, the defendant admitted to devising a fraudulent scheme to obtain unclaimed funds held by 28 bankruptcy courts by impersonating individuals and submitting false documents. According to the plea agreement, the defendant sought to collect at least $550,001 as part of his scheme.

Information on prior-year USTP performance can be found below:
U.S. Trustee Program Archived Annual Reports Of Significant Accomplishments

V. Exhibits