



## U.S. Trustees (USTP)

### FY 2019 Budget Request At A Glance

FY 2018 Continuing Resolution:	\$224.4 million (1,028 positions; 371 attorneys)
Current Services Adjustments:	-\$1.2 million
Program Changes:	+\$0
FY 2019 Budget Request:	\$223.2 million (1,011 positions; 354 attorneys)
Change From FY 2018 Continuing Resolution:	-\$1.2 million (-0.5%) (-17 positions; -17 attorneys)

#### 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.

#### Resources:

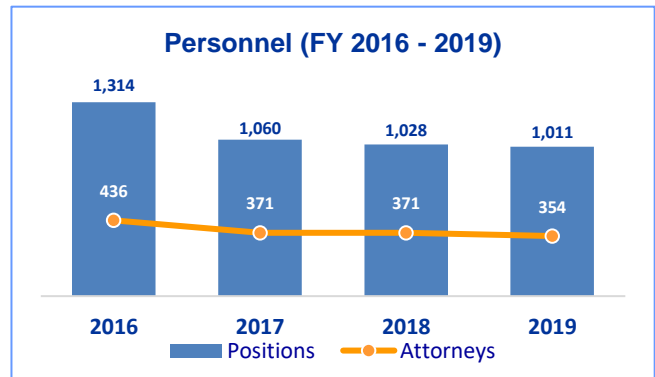
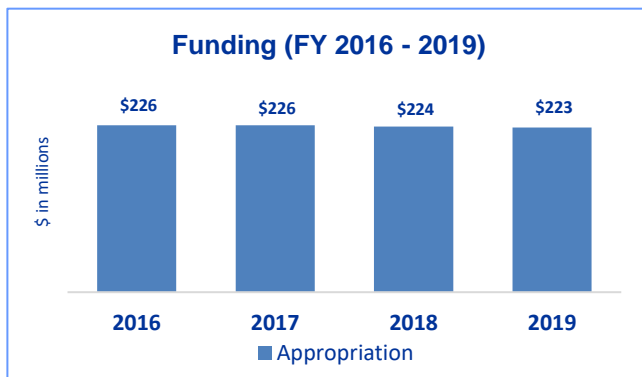
The FY 2019 budget request for USTP totals \$223.2 million, which is a 0.5% decrease from the FY 2018 Continuing Resolution.

#### Organization:

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. The number of office locations includes two offices that the USTP is proposing to close in FY 2019. (The USTP does not operate in the judicial districts established for Alabama and North Carolina.)

#### Personnel:

USTP's direct positions for FY 2019 total 1,011 positions. USTP's FY 2019 request includes a decrease of -17 positions from the FY 2018 Continuing Resolution of 1,028 direct positions.



\* FY 2018 annualized CR

## **FY 2019 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. As the vigilant “watchdog” of the bankruptcy system,<sup>1</sup> the USTP is the only organization to address multi-jurisdictional violations, targeting misconduct by national law firms, creditors, and fraudsters, while also combatting abuse committed by debtors. To faithfully execute its mission, the Program conducts a broad range of administrative, regulatory, and enforcement activities, which include:

- Appointing and supervising approximately 1,300 private trustees who distribute on average more than \$10 billion annually from the assets of bankruptcy estates.
- Policing billions of dollars in fees paid annually to attorneys, investment bankers, and other financial professionals who participate in the liquidation of bankruptcy estates or the reorganization of companies.
- Taking more than 30,000 civil enforcement actions each year (both in and out of court) to ensure that all parties comply with the Bankruptcy Code and Rules.
- Making more than 2,000 criminal referrals each year and assisting in the prosecution of bankruptcy crimes.
- Approving and monitoring about 275 agencies and providers of mandatory pre-bankruptcy credit counseling and pre-discharge financial education.
- Enforcing the statutory “means test” that applies to consumer debtors.
- Participating in approximately 100 appeals annually to bankruptcy appellate panels, district courts, courts of appeals, and the Supreme Court to promote consistency in case law and compliance with statutory requirements.

Over the past decade, the USTP has taken on substantial new responsibilities conferred by statute, and expanded its capacity to combat fraud and abuse committed by debtors, creditors, professionals, and other third parties despite budget and staffing reductions. The Program is the only national enforcement agency that can identify significant fraud and abuse trends, and marshal resources against emerging threats to the integrity of the bankruptcy system. For example, Program investigations into underperforming consumer debtor attorneys resulted in the closure of two national law firms operating through the Internet. In the area of creditor misconduct, multi-year efforts against mortgage servicer violations resulted in settlements and, importantly, improvements in industry compliance and self-reporting. Following these efforts, the Program is addressing secured and unsecured lender violations that include the robo-signing of documents filed with the

bankruptcy court and violations of the discharge injunction.

In FY 2019, the USTP will reprioritize activities within its mission in order to focus on the most essential aspects of its bankruptcy administration and enforcement duties. This includes the proposed closure of two field offices. The work of these offices will be absorbed by existing USTP offices through the creation of operational efficiencies.

The USTP is funded through appropriations made by Congress that are offset primarily by a portion of fees paid by bankruptcy debtors and deposited into the United States Trustee System Fund (“Fund”).

For the past century, bankruptcy filings have generally increased about two-thirds of the time and decreased the other one-third. However, in recent years, bankruptcy filing rates have been extraordinarily unpredictable. After a historic rise in the number of bankruptcy filings from FY 2007 to FY 2010, filing rates subsequently declined beginning in FY 2011. Filing totals in FY 2017, 749,216 bankruptcy filings, were approximately equal to the totals from FY 2007, before the last surge. The USTP anticipates that filings will increase in FY 2018 and FY 2019, and based upon recent filing rates, projects 821,000 bankruptcy filings in FY 2019.

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

## **FY 2019 Program Changes:**

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

## **FY 2019 Restructuring Initiative:**

### **Field Office Closures:**

As part of the Department’s restructuring initiatives, this budget proposal includes the proposed closure of two field offices (Anchorage, AK and Sioux Falls, SD) resulting in a projected savings of \$272,000.

---

<sup>1</sup> See H.R. Rep. No. 595, at 88 (1977), *reprinted in* 1978 U.S.C.C.A.N. 5963, 6049 (United States Trustees “serve as bankruptcy watch-dogs to prevent fraud, dishonesty, and overreaching in the bankruptcy arena.”).

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

	U.S. Trustees		
	Pos	FTE	Amount
<b>2017 Appropriation</b>	<b>[1,060]</b>	<b>1,059</b>	<b>225,908</b>
<b>2018 Continuing Resolution</b>	<b>[1,028]</b>	<b>1,028</b>	<b>224,374</b>
<b>2019 Request</b>	<b>[1,011]</b>	<b>1,011</b>	<b>223,221</b>
<b>Change 2019 from 2018 Continuing Resolution</b>	<b>-17</b>	<b>-17</b>	<b>-1,153</b>
<b>Technical Adjustments</b>			
CR Base Adjustment	0	0	1,105
<b>Total Technical Adjustments</b>	<b>0</b>	<b>0</b>	<b>1,105</b>
<b>Base Adjustments</b>			
Pay & Benefits	0	0	1,309
Domestic Rent & Facilities	0	0	-520
Other Adjustments including Administrative Savings	[-17]	-17	-3,047
<b>Total Base Adjustments</b>	<b>[-17]</b>	<b>-17</b>	<b>-2,258</b>
<b>2019 Current Services</b>	<b>[1,011]</b>	<b>1,011</b>	<b>223,221</b>
<b>Program Changes</b>			
<b>Increases:</b>			
<b>Subtotal, Program Increases</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Decreases:</b>			
<b>Subtotal, Program Decreases</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Program Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2019 Request</b>	<b>[1,011]</b>	<b>1,011</b>	<b>223,221</b>

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

Comparison by activity and program	2018 Continuing Resolution			2019 Current Services		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,028	1,028	224,374	1,011	1,011	223,221
<b>Total</b>	1,028	1,028	224,374	1,011	1,011	223,221
<b>Grand Total</b>	1,028	1,028	224,374	1,011	1,011	223,221

Comparison by activity and program	2019 Total Program Changes			2019 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	0	0	0	1,011	1,011	223,221
<b>Total</b>	0	0	0	1,011	1,011	223,221
<b>Grand Total</b>	0	0	0	1,011	1,011	223,221