

U.S. Department of Justice

CIVIL DIVISION

FY 2015 Budget And Performance Plans

Submitted to the Congress of the United States
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Table of Contents

I. Overview	1
II. Summary of Program Changes	7
III. Appropriations Language and Analysis of Appropriations Language	N/A
IV. Program Activity Justification	
A. Legal Representation	
1. Program Description	8
2. Performance Tables	17
3. Performance, Resources, and Strategies	21
V. September 11th Victim Compensation Fund	27
VI. Program Offsets by Item	
A. Miscellaneous Program and Administrative Reductions	29
VII. Exhibits	
A. Organizational Chart	
B. Summary of Requirements	
C. FY 2015 Program Changes by Decision Unit	
D. Resources by DOJ Strategic Goal/Objective	
E. Justification for Technical and Base Adjustments	
F. Crosswalk of 2013 Availability	
G. Crosswalk of 2014 Availability	
H. Summary of Reimbursable Resources	
I. Detail of Permanent Positions by Category	
J. Financial Analysis of Program Changes	
K. Summary of Requirements by Object Class	

OVERVIEW

The Civil Division is the largest headquartered litigating component of the U.S. Department of Justice and represents the legal interests of the United States, safeguards taxpayer dollars, and protects the health, safety, and economic security of Americans. Typically, Civil represents some 200 client agencies in approximately 50,000 different matters each year. Civil protects the public fisc from meritless claims against the U.S., recovers money for the Federal Government, and protects the intent of Congress and the Executive Branch by defending federal laws, regulations, and policies.

Nearly 90% of the Civil Division's caseload is defensive suits where the Federal Government has been sued. In FY 2013, Civil represented the Federal Government in litigation where opposing parties sought well over \$100 billion from the Federal Government. These defensive suits do not solely involve monetary claims. In fact, each year, Civil defends tens of thousands of immigration removal orders being contested in federal appellate courts, numerous challenges to laws passed by Congress, and the confidentiality of national security information.

Civil also seeks to recover money owed to the Federal Government. In FY 2013 alone, Civil, working with U.S. Attorneys, secured over \$4.1 billion in settlements and judgments for the U.S. Treasury. From FY 2009 through the end of FY 2013, Civil and U.S. Attorneys secured over \$20 billion. Civil's work has led to billions in additional recoveries already in FY 2014. While the money recovered in these cases is a great source of revenue for the Federal Government, these cases also protect the health, safety, and economic security of Americans. Punishing hospitals that bill Medicare for unnecessary services and procedures will protect Americans from invasive and useless medical tests, while fines for unsafe prescription drugs will deter other companies from selling dangerous chemicals to consumers.

The President's 2015 Budget includes an Opportunity, Growth, and Security Initiative (OGSI) that supports the Department's responsibility to enforce laws and defend the interests of the United States. The OGSI would provide additional resources to improve the Department's capacity for financial fraud law enforcement, including hiring additional criminal prosecutors, civil litigators, in-house investigators, and forensic accountants.

The FY 2015 President's Budget and the FY 2014 omnibus appropriations bill will ensure a partial restoration of some critical attorney and support staff that has been lost to attrition in recent years. This hiring is vital to maintaining focus on priority cases and continuing to defend the Federal Government with the strength and enthusiasm for which Civil is renowned.

Justice announces record \$13 billion settlement with JPMorgan

- *The Washington Post*, 11/19/2013

Johnson & Johnson in \$2.2 billion settlement over drugs marketing

- *Business Week*, 11/4/2013

FULL PROGRAM COSTS

The FY 2015 President's Budget request provides for 1,425 funded positions, including 1,025 attorneys, and \$298,394,000. Base adjustments total \$12,862,000. In addition, the budget includes a program offset of \$395,000 for miscellaneous program and administrative reductions. Civil also has reimbursable agreements with other Department of Justice components and with other federal agencies. The FY 2015 budget also assumes 155 reimbursable positions, including \$119,418,000 in reimbursable resources.

RESULTS & ACCOMPLISHMENTS

Recovering Billions of Dollars for the U.S. Treasury

Civil continues its mission to represent the Federal Government in affirmative litigation. Civil's FY 2013 affirmative caseload, handled in conjunction with U.S. Attorneys, includes hundreds of fraud cases and billions of dollars in recoveries for the U.S. Treasury that were lost due to health care fraud, financial fraud, and procurement fraud.

Major Recoveries in FY 2013

Abbott Labs Settles Unlawful Promotion Allegations for \$1.5 Billion

Drug manufacturer Abbott Laboratories Inc. paid \$1.5 billion to resolve allegations that it illegally promoted the drug Depakote to treat agitation and aggression in elderly dementia patients and schizophrenia while the FDA did not approve either of these uses as safe and effective.

Judgment Against Defense Contractor United Technologies for \$664 Million

A federal court found United Technologies Corporation liable for inflating prices of aircraft engines sold to the U.S. Air Force, as well as submitting false claims to the government. The amount awarded for damages and penalties under the False Claims Act is the highest recovery ever obtained in a case tried under this Act.

Generic Drug Manufacturer Ranbaxy Pays \$505 Million

In the largest drug safety settlement to date with a generic drug manufacturer, Ranbaxy plead guilty to charges relating the manufacture and distribution of certain adulterated drugs made at two manufacturing facilities in India, as well as making false, fictitious, and fraudulent statements to the FDA.

Saving the U.S. Treasury Billions of Dollars

Each year, Civil defends the United States in a wide range of contract, tort, and constitutional takings cases where plaintiffs seek tens of billions of dollars in damages. In all of Civil's defensive cases in FY 2013, the opposing parties sought a total of more than \$100 billion. Litigation in these complex matters can last for several years or even for decades and require tremendous amounts of attorney time and litigation support resources. A loss in a single case can cost taxpayers billions of dollars and set a negative precedent, making it far easier for other plaintiffs to prevail against the United States in the future.

Civil's success in these cases is evident by the following matters:

- After **23 years of litigation** surrounding the Navy's 1991 default termination of a \$4.8 billion contract to develop the A-12 carrier-based stealth aircraft, the Boeing Company, General Dynamics Corporation, and the United States formally asked the U.S. Court of Federal Claims to dismiss the claims as part of a settlement. Under the settlement, the contractors will provide aircraft and services to the military valued at \$400 million, and the **Federal Government will not pay any money** in connection with the contractors' claims against the United States.
- Following the 1980s savings and loan crisis, several savings and loan institutions were failing. Several healthy savings and loan institutions acquired some of the failing entities but later sued the Federal Government for allegedly breaching contracts that granted the acquiring institutions favorable regulatory treatment. Civil defended the Government in 122 such suits over the past few decades. All but one has been resolved, and Civil **has defeated more than \$32 billion in alleged damages**.

Protecting the Health, Safety, and Economic Security of the American People

While Civil's litigation recovers billions of dollars and prevents the loss of billions of dollars in unwarranted damages, its litigation also protects the health, safety, and economic security of American citizens. Civil's litigation ends dangerous practices that harm some of America's most vulnerable populations, including the elderly, infirm citizens, immigrants, and struggling middle class families.

Examples of Civil Division cases involving public health and safety include:

- A medical device manufacturer agreed to pay \$30 million to settle allegations that it **knowingly sold defective defibrillators to health care facilities** that in turn implanted the devices into Medicare patients who were at risk of cardiac arrest due to an irregular heartbeat.

- A corporation that develops and sells medical products agreed to pay \$48.26 million for **illegally offering kickbacks to health providers to promote the use of radiation seeds, which were inserted into the prostate gland, to treat prostate cancer**. As part of the agreement, the corporation agreed to improve its compliance program to prevent future misconduct.
- A Florida dermatologist agreed to pay \$26.1 million to resolve allegations that he engaged in a kickback scheme and performed **thousands of unnecessary, painful, and time-consuming skin surgeries** on elderly patients and Medicare beneficiaries. This is one of the largest False Claims Act settlements ever achieved against an individual.

INTERNAL & EXTERNAL CHALLENGES

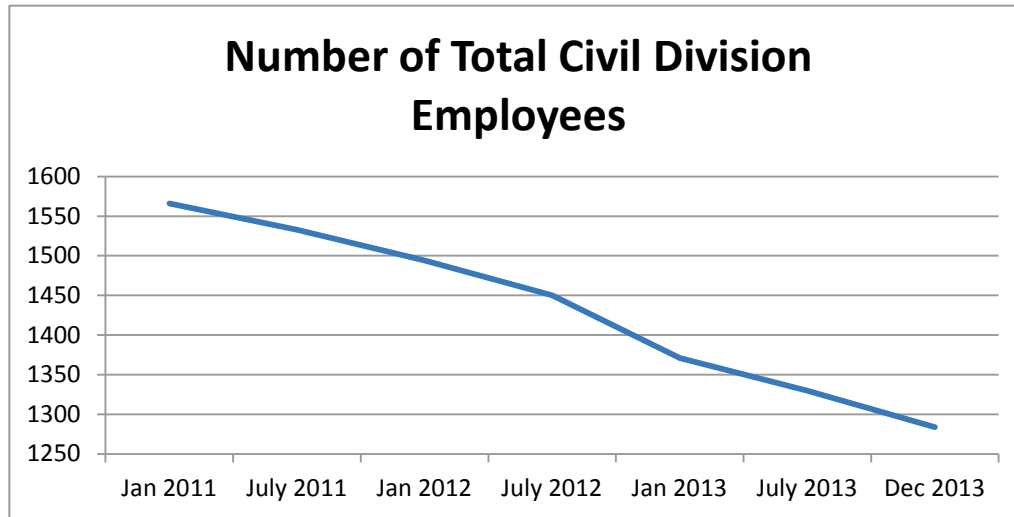
Civil's Litigation Is Driven By Factors Beyond Its Control

An infinite, unpredictable number of events can lead the Federal Government into litigation. When an oil well explodes off America's coast, the Federal Government must bring suit to recuperate recovery expenses, as well as restitution for affected citizens. When a whistleblower files a False Claims Act case claiming a person defrauded a federal health care program, the Federal Government is mandated under the False Claims Act to diligently investigate the matter. If Congress passes a new law that is challenged in court, the statute in question must be defended in court. When a dispute arises over the terms of an agreement and a contractor sues the Federal Government for breaching the contract, the Federal Government must defend its interpretation to avoid paying unmerited damages to the contractor. The one common element to these matters is that Civil, which represents the Federal Government in all of these matters, has no control over these matters, cannot foresee most of these events, and certainly is not consulted beforehand.

At the same time, defensive cases comprise the overwhelming majority of Civil's caseload. In recent years, these defensive cases have consumed 90% of Civil's docket. In these matters, some other party sues the Federal Government and decides the timing and location of the litigation. When sued, the United States faces two choices – either robustly and effectively represent the interests of the United States, or risk default judgments and legal sanctions.

Civil's High Quality Legal Staff is Suffering

From January 2011, when the Department-wide hiring freeze began, through December 2013, Civil's net loss in personnel (including personnel funded from base resources as well as reimbursable resources) was 265 staff. During this three-year time period, Civil's workforce shrunk from 1,566 to 1,301. This represents a loss of almost 17% Civil's total staff.



With the FY 2014 omnibus appropriations bill (P.L. 113-76), the FY 2015 President's Budget Request, and the Attorney General's recent announcement lifting the hiring freeze, Civil will begin to reverse this downward trend. In FY 2014, Civil will be able to fill critical vacancies and increase its total staffing. However, even with this increase, Civil's staffing will remain below its January 2011 level. Going forward, it will take time for Civil's managers to fully train and prepare these new hires.

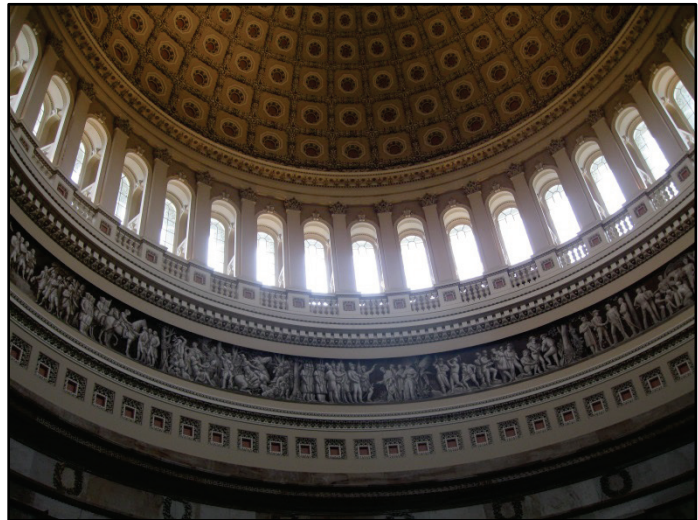


Civil's accomplishments only are possible due to the skill, commitment, and professionalism of its attorneys and staff. Every day, Civil's personnel work with the single-minded determination to advocate the legal interests of the United States. More often than not, Civil litigates against well-financed opponents who employ the nation's best law firms. As shown by the billions of dollars in affirmative recoveries and the billions of dollars defeated in unwarranted claims each year, Civil often prevails in litigation. Having a sufficient number of attorneys and support professionals with the right technological resources will aid in the continued success of the Civil Division.

Complex Litigation Requires Superior Technology & Litigation Support Resources

Currently, modern day litigation requires that attorneys use cutting-edge, state-of-the-art technology. Automated Litigation Support (ALS) services consist of a number of programs and functions. Electronic discovery tools are needed to sort, categorize, and link to other documents. Data mining programs are needed to de-duplicate, extract text, and accumulate metadata from subpoenaed documents. Predictive coding programs identify privileged document classifications and apply them to millions of pages of documents. Data analytics programs slice and re-organize logistics data, giving attorneys a birds-eye view of the most complex financial transactions involved in financial fraud cases.

Civil's documentation requiring ALS support is estimated to reach 650 terabytes by the end of FY 2014. If this volume of material was printed on paper and placed in standard bankers boxes, it would fill the equivalent of more than 21 U.S. Capitol Rotundas. Importantly, it is estimated that 99% of all the data in any one case is ultimately not relevant and only looked at once. It is that 1% of the valuable data that Civil is searching for – the needle in the haystack that means the difference of billions of dollars in federal recoveries.



The introduction of these tools and the volume of data the Civil Division receives in litigation has radically altered the required skillset of the ALS support staff, requiring a legal understanding of the cases and contract management skills, as well as a technological understanding of how best to structure the use of electronic discovery technology. ALS support staff work hand-in-hand with the attorneys to craft the most effective, efficient, and cost-conscious solutions. This is achieved by assisting with the case strategies, advising what can be done with existing resources, assisting in identifying which new avenues of investigation may be warranted, and how to enact cost savings for litigation.

Civil's litigation support services provide attorneys with modern tools to succeed in litigation. Civil's opponents will use the best information technology in litigation, and Civil must match these services.

ENVIRONMENTAL ACCOUNTABILITY

The Civil Division is working toward meeting all Administration and Department of Justice guidelines for improving environmental and energy performance. Civil is moving toward full compliance with efforts to achieve reductions in greenhouse gas emissions, acquire green products and services, and establish cost-effective waste prevention and recycling programs. Examples of Civil's environmentally sound practices include: using teleconferencing options to reduce travel costs, expanding recycling programs, installing motion detector lighting systems, using 25 watt "green" lighting, and reducing overtime use of heating and air conditioning.

ELECTRONIC COPIES OF BUDGET

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>.

SUMMARY OF PROGRAM CHANGES

Item Name	Description				Page
		Pos.	FTE	Dollars (\$000)	
Miscellaneous Program and Administrative Reductions	Miscellaneous program and administrative reductions to be identified once funds are appropriated.			-\$395	29



LEGAL REPRESENTATION

The Civil Division represents the United States in litigation and investigations involving the Federal Government's laws, regulations, and policies, including domestic and foreign operations, immigration enforcement, suits against government personnel and members of the Armed Forces, law enforcement initiatives, and counterterrorism efforts.

The Civil Division is composed of six litigating branches:

- Appellate Staff,
- Commercial Litigation Branch,
- Consumer Protection Branch,
- Federal Programs Branch,
- Office of Immigration Litigation, and
- Torts Branch.

Each of these litigating branches and the Office of Management Programs, which provides administrative and support services to all of the litigating branches, are described below.

Appellate Staff

The Appellate Staff represents the interests of the United States in federal circuit courts of appeals and, at times, in state appellate courts. These cases involve complex, sensitive, and novel legal questions that set far-reaching precedents. A significant amount of Appellate's caseload involves representing national security policies in federal appellate courts, such as Guantanamo Bay detainees challenging the lawfulness of their detentions. Appellate's monetary cases involve billions of dollars with outcomes that determine how a law or policy in question will affect millions of Americans.

Commercial Litigation Branch

The Commercial Litigation Branch is organized into five sections:

- Fraud Section
- Corporate/Financial Litigation Section
- Intellectual Property Section
- National Courts Section
- Office of Foreign Litigation

Fraud Section

The Fraud Section, working with U.S. Attorneys' Offices around the country, recovers billions of dollars annually by investigating and litigating matters involving fraud against the Federal Government. This Section handles fraudulent activity regarding health care, loan programs, defense contracting, grants, construction of federal buildings and prisons, and foreign aid. Most of the Fraud Section's litigation takes place under the False Claims Act.

The False Claims Act is the Federal Government's primary civil remedy to redress false claims for government funds and property under government contracts, including national security and defense contracts, as well as under government programs as varied as Medicare, Medicaid, TRICARE (which provides benefits for military personnel and their families), veterans benefits, federally insured loans and mortgages, and disaster assistance. Most false claims actions are filed as whistleblower, or *qui tam*, claims in which private citizens may file lawsuits on behalf of the Federal Government, and if the Government prevails the whistleblower may receive up to 30% of the recovery.

The Fraud Section's litigation brings in billions of dollars for the U.S. Treasury each year. Between FY 2009 and FY 2013, the collaborative efforts of the Civil Division, Criminal Division, FBI, and U.S. Attorneys, while working with the U.S. Department of Health and Human Services and other government entities, recovered over \$17 billion under the False Claims Act. In FY 2013, \$3.8 billion was recovered under the Act. These recoveries dwarf the entire budget of the Civil Division.

Additionally, the Fraud Section houses the **Elder Justice and Nursing Home Initiative**, which protects seniors and infirm citizens. Through this initiative, Civil enforces the False Claims Act against nursing facilities and other medical providers that knowingly bill Medicare or Medicaid for inadequate or deficient services. An example of the work performed by attorneys for this Initiative include a January 2014 agreement in which several nationwide contract therapy providers paid \$30 million to resolve claims that they violated the False Claims Act by engaging in a kickback scheme related to the referral of nursing home business. The parties will restructure their business arrangement as part of the settlement. Another example is a November 2013 settlement with a nursing home operator who agreed to pay \$48 million to settle allegations that it billed Medicare for medically unnecessary therapy services and services that were never provided.

Overall, the litigation undertaken by this Initiative brings in impressive financial returns each year. However, this litigation also highlights an equally important facet of Civil's work – protecting the American people. If the defendant stops such misconduct, then current and future patients of the defendant will be protected. This litigation also helps deter other providers who contemplate similar illegal and unethical actions.

National Courts Section

The National Courts Section is one of the largest and most active litigating sections of the Department of Justice. It handles government contracts, takings disputes, pay claims, international trade matters, personnel appeals, and veterans' benefits appeals. The diverse litigation handled by National Courts is mostly argued before three specialized courts – the U.S. Court of Appeals for the Federal Circuit, the U.S. Court of Federal Claims, and the U.S. Court of International Trade.

Litigation handled by the National Courts Section is often high-stakes and protracted. Over the past 23 years, National Courts defended the Federal Government in litigation surrounding the Navy's 1991 termination of the A-12 stealth fighter contract. This litigation recently concluded with the contractor agreeing to provide \$400 million in goods to the military and the Federal Government paying nothing.

Corporate and Financial Litigation Section

The Corporate and Financial Litigation Section handles unique nationwide matters involving money and property, representing the Federal Government's interests in complex Chapter 11 bankruptcies and other contractual disputes litigated in the federal district courts. These cases involve a variety of diverse industries, including those involving health care providers, communications companies, energy suppliers, and commercial airlines.

Office of Foreign Litigation

The Office of Foreign Litigation handles all types of cases in courts of foreign countries – whether civil or criminal, affirmative or defensive. At any given time, the Office handles approximately 1,000 civil and criminal matters in over 100 different countries. While Office of Foreign Litigation



attorneys do not practice law in foreign countries, the Office retains attorneys to represent the United States and its interests. To reduce future litigation, the Office of Foreign Litigation also provides counsel on international public and private legal matters to U.S. agencies operating overseas. In 2013, the Office of Foreign Litigation's work led the United States to join, as an injured party, the criminal prosecution in a Serbian court of 12 suspects charged for their role in the burning of the U.S. Embassy in Belgrade in February 2008.

Intellectual Property Section

The Intellectual Property Section represents the U.S. in all intellectual property matters where a patent, copyright, or trademark is at issue. Many of the cases this Section handles involve complex technologies, such as pharmaceutical compositions and highly sophisticated electronic devices. To meet the challenges presented by these cases, all attorneys assigned to the Section have a degree in one of the physical sciences or in an engineering field. Many of the Section's attorneys are U.S. Patent and Trademark bar members.

Consumer Protection Branch

The Consumer Protection Branch protects the health, safety, and economic security of American consumers through criminal prosecutions and civil enforcement actions under national consumer protection statutes. Consumer Protection is unusual within Civil because it has both criminal and civil jurisdiction. By conducting investigations and litigating cases, the Consumer Protection Branch protects Americans in the areas of food, drugs, consumer goods and services, and financial fraud.

These cases generate hundreds of millions of dollars in revenue for the U.S. Treasury. The largest dollar cases tend to be prosecuted under the Federal Food, Drug and Cosmetic Act. In July 2013, Wyeth Pharmaceuticals, Inc. agreed to a \$490.9 million settlement involving its marketing of a prescription drug, Rapamune, for unapproved purposes. As part of the settlement, Wyeth agreed to pay \$233.5 million in criminal fines and forfeiture under the Federal Food, Drug and Cosmetic Act.

The Consumer Protection Branch also plays a critical role in Civil's financial and mortgage fraud litigation. These efforts are evident in Consumer Protection leading the litigation, seeking \$5 billion in damages, against Standard and Poor's Rating Services for fraud in its rating of mortgage-backed securities in the years before the 2008 financial crisis.

**"Judge lets U.S. pursue
\$5 billion fraud lawsuit vs
S&P"**

- Chicago Tribune. 7/13/2013

Consumer Protection's work also involves numerous cases that reflect Civil's commitment to protecting the American people from practices that endanger their health, safety, and economic security. In FY 2013, Consumer Protection prosecuted four individuals who allegedly manufactured and sold industrial bleach as a supposed medical cure for cancer, arthritis, and the flu. Additionally, Consumer Protection secured sentences totaling 224 months for three individuals that defrauded consumers seeking immigration services. The court ordered the three defendants to pay \$613,969 in restitution to the victims of their scheme.

Federal Programs Branch

The Federal Programs Branch defends the laws, regulations, and policies of the Federal Government. In total, Federal Programs is involved in matters encompassing approximately 100 federal agencies. Many of Federal Programs' cases include complex questions of constitutional law, including the scope of the powers of Congress, the President, and the federal courts, as well as the limitations imposed by the Constitution. Federal Programs also represents the Federal Government, as the nation's largest employer, in employment litigation.



Recently, Federal Programs prevailed in defending a First Amendment challenge to a federal law requiring producers of sexually explicit material to maintain documents verifying the ages of the performers.

Office of Immigration Litigation

The Office of Immigration Litigation is organized into two sections – the District Court Section and the Appellate Section – and handles federal immigration litigation nationwide.

District Court Section

The Office of Immigration Litigation's District Court Section represents government agencies challenged in federal district courts on matters involving the Immigration and Nationality Act. These include Homeland Security agencies handling immigration matters, the Department of State on cases involving passports and visas, the Department of Labor on employment-related visas, and the Federal Bureau of Investigation on background and other security checks conducted for immigration purposes. A large percentage of this Section's litigation is defensive, although it affirmatively files and prosecutes denaturalization cases.

Recently, the District Court Section's litigation has involved several national security cases. The Section defended numerous cases brought by known or suspected terrorists and convicted criminals attempting to acquire immigration benefits, thwart removal, or avoid mandatory detention pending removal, including naturalization claims of members of Hamas, Al-Qaeda, and Al-Shabab.

Appellate Section

The Office of Immigration Litigation's Appellate Section defends the United States in immigration litigation before the federal appellate courts. Appellate attorneys handle removal cases in the Courts of Appeals and support the Office of the Solicitor General's immigration litigation efforts in the U.S. Supreme Court. These cases comprise challenges related to whether an individual is subject to removal from the U.S. or is eligible for some form of benefit, relief, or protection that would allow him or her to remain in the United States.

The caseload is almost entirely defensive and is directly tied to the enforcement efforts of other government offices. First, U.S. Immigration and Customs Enforcement (ICE) initiates administrative removal actions against individuals. After ICE takes action, individuals may appeal to the DOJ's Board of Immigration Appeals (BIA). After the BIA takes action, individuals may appeal to federal circuit courts of appeals, where the Office of Immigration Litigation steps in and handles the matter. Thus, increased enforcement by ICE and BIA will undoubtedly increase the number of cases handled by the Appellate Section. Given the defensive nature of the Appellate Section's litigation, Civil Division attorneys must respond to each challenge or risk immigration enforcement actions being negated.

The Office of Immigration Litigation's Appellate Section also provides advice and counsel to U.S. Attorneys' offices prosecuting criminal immigration issues that overlap with the Office's civil litigation. The Appellate Section provides support and counsel to all federal agencies involved in the admission, regulation, and removal of aliens under U.S. immigration and nationality statutes, as well as related areas of border enforcement and national security, and participates in public outreach activities.

Torts Branch

The Torts Branch is comprised of four litigating sections:

- Aviation & Admiralty Section,
- Constitutional & Specialized Tort Litigation Section,
- Environmental Tort Litigation Section, and
- Federal Tort Claims Act Litigation Section

This Branch also is home to tort reform programs, including the National Childhood Vaccine Injury Program and the Radiation Exposure Compensation Program. Although a majority of the Torts Branch's workload involves defensive matters in which other parties have sued the Federal Government, the Torts Branch litigates one of the Federal Government's largest affirmative cases – Deepwater Horizon. In FY 2013, the Torts Branch handled cases worth billions of dollars.

Aviation & Admiralty Section

The Aviation & Admiralty Litigation Section handles matters surrounding aviation and maritime accidents. The **Aviation** caseload is comprised of activities such as air commerce regulation, air traffic control, aviation security, provision of weather services, and aeronautical charting. When aircraft accidents occur, the Aviation and Admiralty Litigation Section handles litigation involving the Federal Aviation Administration's air traffic control, weather dissemination services, and its certification of airports, aircraft, and air personnel.

The **Admiralty** caseload involves the Federal Government's role as ship-owner, regulator, and protector of the nation's waterways. Cases relate to collisions involving government vessels and challenges to the boarding of vessels on the high seas during national security activities. Affirmative admiralty actions seek compensation for the loss of government cargo and the costs associated with maritime pollution cleanups.

Deepwater Horizon. The Aviation & Admiralty Section represents the Federal Government in litigation arising from the explosion on the drilling rig Deepwater Horizon and the resulting oil spill in the Gulf of Mexico in 2010. This multi-district litigation is the largest oil pollution case ever filed. Since the day of the sinking, the Aviation & Admiralty Section has advised numerous federal agencies involved and is leading the United States' affirmative litigation against responsible parties – BP, Transocean, and Anadarko. Aviation & Admiralty works in tandem with the Department's Environment and Natural Resources Division (ENRD) and Criminal Division on the environmental damage aspects.

In the ongoing litigation, Civil is responsible for recovering the billions of dollars spent by numerous Government agencies in response costs, as well as assessing and pursuing damages and civil penalties authorized under existing statutes. Aviation & Admiralty Section attorneys and staff continue to participate in that litigation. The Section's primary involvement was leading the liability trial phase of the litigation. That liability trial lasted eight weeks, from February 25 to April 17, 2013, but the Court has not yet issued its decision on fault for the explosion and spill. Civil Division attorneys also participated in the "Phase II" trial to determine the quantity of oil spilled; that phase lasted three weeks, from September 30 to October 18, 2013. Civil's attorneys and support staff continue to participate in discovery and trial preparation for "Phase III," in which parties will address appropriate civil penalties, if any. This Phase is expected to be set for trial in 2014, and appellate litigation over all trial results is anticipated to continue into 2015 and potentially beyond. Civil and ENRD continue to share funding responsibilities for the very extensive document and personnel discovery in this affirmative litigation. The matter will continue to require significant staffing, funding, and technological resources.



Constitutional & Specialized Tort Litigation Section

Constitutional & Specialized Torts consists of three groups: the Constitutional Torts Staff, the Office of Vaccine Litigation, and the Radiation Exposure Compensation Act Program.

The core mission of the **Constitutional Torts Staff** is to provide legal representation to federal employees in cases filed against them for actions they perform as part of their official duties. The Staff focuses on cases with critical and sensitive Executive Branch functions, cutting-edge questions of law affecting the federal workforce, and difficult personal liability cases. Many cases encompass national security or law enforcement activity.

The Office of Vaccine Litigation was established pursuant to the National Childhood Vaccine Injury Act of 1986, which created a unique mechanism for adjudicating claims of injury resulting from immunizations. As a "no-fault" system, claimants need only establish causation and not prove that a vaccine was defective, or that there was any degree of negligence in its administration.



The Radiation Exposure Compensation Act Program administers a compensation program created by the Radiation Exposure Compensation Act, which provides limited financial compensation for individuals who have developed certain serious illnesses after radiation exposure arising from the mining, milling, and transporting of uranium, as well as atmospheric testing of nuclear weapons during the Cold War era.

Environmental Tort Litigation Section

The Environmental Tort Litigation Section defends the United States in high-stakes and complex environmental tort litigation involving alleged exposure to toxic substances in the environment, the workplace, and government-owned housing. These cases often cover complex scientific and medical issues requiring the presentation of expert testimony.

Past litigation efforts include cases involving hundreds of property damage and personal injury claims allegedly due to contamination from a United States Army chemical warfare research facility during World War I, thousands of personal injury and property damage claims allegedly caused by the military exercises occurring over a thirty-year period on the island of Vieques, Puerto Rico, hundreds of property damage claims allegedly caused by the Department of Interior's use of herbicides to prevent wildfires on federal land, and thousands of alleged personal injury claims due to contaminated drinking water from Camp Lejeune.

This Section successfully defended the FEMA Trailer Litigation, a multi-district litigation action that consolidated lawsuits filed in Alabama, Mississippi, Louisiana, and Texas, which involved nearly 100,000 individual administrative claims seeking well in excess of \$100 billion, and

nearly 2,000 individual lawsuits against the United States that asserted claims on behalf of more than 33,000 plaintiffs, where the plaintiffs sought to recover for alleged personal injuries from exposure to formaldehyde in emergency housing units provided by FEMA in response to Hurricanes Katrina and Rita in 2005. The Environmental Tort Litigation Section has saved the Federal Government billions of dollars.

Federal Tort Claims Act Litigation Section

The Federal Tort Claims Act (FTCA) Section litigates complex and controversial cases under the Federal Tort Claims Act, a statute first passed by Congress in 1946 to provide damages for certain injuries and property damage caused by federal employees. Today, FTCA litigation typically arises from medical care, regulatory activities, law enforcement, and maintenance of federal lands.

For nearly a decade, the FTCA Section has been defending hundreds of cases that seek to hold the Government liable for more than a hundred billion dollars of damage and other losses caused by Hurricane Katrina flooding. On December 20, 2013, a U.S. district judge dismissed the vast majority of the pending lawsuits. This dismissal came on the heels of the FTCA Section's success in a bellwether trial of claims challenging an Army Corps of Engineers project near flood-wall breaches in the Lower Ninth Ward. Shortly before these successes, a federal appeals court held the Government to be immune from tort claims alleging that other breaches were caused by Corps activities.



Office of Management Programs

The Office of Management Programs supports Civil Division attorneys in all aspects of their work. Whether helping an employee prepare a presentation for trial, maintaining and updating discovery software, selecting a life insurance plan, or developing Civil's annual budget, Management Programs staff of analysts, accountants, and information technology specialists provides the technological, analytical, and litigation tools necessary for Civil Division attorneys to compete against the best law firms in the world.



Performance and Resources												
Decision Unit: Civil Division - Legal Representation												
DOJ Strategic Goal II: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law.												
Objective 2.4: Combat corruption, economic crimes, and international organized crime.												
Objective 2.6: Protect the Federal fisc and defend the interests of the United States.												
WORKLOAD/RESOURCES			Target		Actual		Projected		Changes		Requested (Total)	
			FY 2013		FY 2013		FY 2014		Current Services Adjustments and FY 2015 Program Changes		FY 2015 Request	
Workload	1. Number of cases pending beginning of year		31,215		27,750		27,923		N/A		26,118	
	2. Number of cases received during the year		15,809		15,566		15,709		N/A		16,744	
	3. Total Workload		47,024		43,316		43,632		N/A		42,862	
Total Costs and FTE			FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
(Reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)			1,348	270,555 (106,486)	1,324	270,038 (104,586)	1,344	285,927 (119,418)	0	12,467 (0)	1,344	298,394 (119,418)
Type	Strategic Objective	Performance	FY 2013		FY 2013		FY 2014		Current Services Adjustments and FY 2015 Program Changes		FY 2015 Request	
Output	2.6	1. Number of cases terminated during the year	14,380		15,393		17,514		N/A		18,087	
Civil Division Performance (Excludes VICP and RECA)												
Outcome	2.6	2. Percent of civil cases favorably resolved	80%		98%		80%		N/A		80%	
	2.6	3. Percent of defensive cases in which at least 85 percent of the claim is defeated	80%		87%		80%		N/A		80%	
	2.4	4. Percent of affirmative cases in which at least 85 percent of the claim is recovered	60%		64%		60%		N/A		60%	
	2.6	5. Percent of favorable resolutions in non-monetary trial cases	80%		90%		80%		N/A		80%	
	2.6	6. Percent of favorable resolutions in non-monetary appellate cases	85%		94%		85%		N/A		85%	

PERFORMANCE			Target	Actual	Projected	Changes	Requested
Type	Strategic Objective	Performance	FY 2013	FY 2013	FY 2014	Current Services Adjustments and FY 2015 Program Changes	FY 2015 Request
Vaccine Injury Compensation Program Performance							
Outcome	2.6	7. Percentage of cases where the deadline for filing the Government's response to Petitioner's complaint (the Rule (4b) report) is met once the case has been deemed complete	86%	95%	86%	N/A	86%
	2.6	8. Percentage of cases in which judgment awarding compensation is rejected and an election to pursue a civil action is filed	0%	0%	0%	N/A	0%
Efficiency	2.6	9. Percentage of cases in which settlements are completed within the court-ordered 15 weeks	92%	100%	92%	N/A	92%
Radiation Exposure Compensation Program Performance							
	2.6	10. Reduce average claim processing time to 200 days by FY 2016	200	247	200	N/A	200
Outcome	2.6	11. Percentage of claims paid within six weeks of Program receipt of acceptance form	90%	86%	90%	N/A	90%
	2.6	12. Percentage of claim appeals adjudicated within 90 days of filing administrative appeal	95%	96%	95%	N/A	95%
Efficiency	2.6	13. Percentage of claims adjudicated within 12 months or less	80%	75%	80%	N/A	80%

History of Performance													
Decision Unit: Civil Division - Legal Representation													
Type	Strategic Objective	Performance	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY2013		FY 2014	FY 2015
			Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target
Output	2.6	1. Number of cases terminated during the year	15,435	17,147	22,939	17,088	17,538	17,330	20,378	14,380	15,393	17,514	18,087
Civil Division Performance (Excludes VICP and RECA)													
Outcome	2.6	2. Percent of cases favorably resolved	93%	89%	91%	93%	93%	96%	96%	80%	98%	80%	80%
	2.6	3. Percent of defensive cases in which at least 85 percent of the claim is defeated	91%	91%	90%	88%	85%	86%	90%	80%	87%	80%	80%
	2.4	4. Percent of affirmative cases in which at least 85 percent of the claim is recovered	72%	68%	64%	63%	74%	66%	73%	60%	64%	60%	60%
	2.6	5. Percent of favorable resolutions in non-monetary trial cases	92%	86%	90%	90%	93%	92%	90%	80%	90%	80%	80%
	2.6	6. Percent of favorable resolutions in non-monetary appellate cases	87%	87%	90%	92%	92%	92%	94%	85%	94%	85%	85%
Vaccine Injury Compensation Program Performance													
Outcome	2.6	7. Percentage of cases where the deadline for filing the Government's response to Petitioner's complaint (the Rule (4b) report) is met once the case has been deemed complete	82%	83%	95%	94%	96%	97%	95%	86%	95%	86%	86%
	2.6	8. Percentage of cases in which judgment awarding compensation is rejected and an election to pursue a civil action is filed	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	2.6	Median time to process an award for damages (in days)*	484	335	483	445	637	N/A	N/A	N/A	N/A	N/A	N/A
	2.6	Average claim processing time (in days)*	738	894	834	1,337	1,280	1,269	N/A	N/A	N/A	N/A	N/A
Efficiency	2.6	9. Percentage of cases in which settlements are completed within the court-ordered 15 weeks	98%	96%	100%	100%	100%	100%	100%	92%	100%	92%	92%

*Discontinued Measure

Performance Report			FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013		FY 2014	FY 2015
			Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target
Radiation Exposure Compensation Program Performance													
Outcome	2.6	10. Reduce average claim processing time to 200 days by FY 2016	339	298	156	127	100	100	116	200	247	200	200
	2.6	11. Percentage of claims paid within six weeks of Program receipt of acceptance form	71%	91%	89%	94%	90%	91%	92%	90%	86%	90%	90%
	2.6	12. Percentage of claim appeals adjudicated within 90 days of filing administrative appeal	100%	97%	100%	100%	100%	100%	100%	100%	100%	96%	95%
	2.6	Reduce backlog of pending claims by 60 percent by FY 2011*	2,021	2,032	807	618	558	N/A	N/A	N/A	N/A	N/A	N/A
Efficiency	2.6	13. Percentage of claims adjudicated within 12 months or less	66%	71%	93%	96%	96%	94%	97%	97%	75%	80%	80%

*Discontinued Measure

DATA DEFINITION, VALIDATION, VERIFICATION, AND LIMITATIONS

- **All Workload and Performance Indicators:** The data source for all indicators is CASES, the Civil Division's automated case management system. Quality assurance efforts include regular interviews with attorneys to review data listings; program input screens designed to preclude incorrect data; exception reports listing questionable or inconsistent data; attorney manager review of monthly reports for data completeness and accuracy; and verification of representative data samples by an independent contractor.
- **Limitations:** Incomplete data may cause the system to under-report case terminations and attorney time. These numbers will be updated prior to the end of the fiscal year. Some performance successes can be attributed to litigation where the U.S. Attorneys' Offices were involved.
- **Performance Indicators 2, 5, and 6:** Favorable resolutions include court judgments in favor of the Government, as well as settlements.
- **All Workload and Performance Indicators:** All workload actuals and workload estimates exclude nearly 500,000 Hurricane Katrina administrative claims and approximately 100,000 FEMA Hurricane Katrina/Rita trailer-related administrative claims. These claims have been removed to avoid skewing the data.

ISSUES AFFECTING SELECTION OF FY 2013 and FY 2014 ESTIMATES

- **Performance Indicators 2 and 3:** Vaccine Injury Compensation Program cases are excluded from these measures.

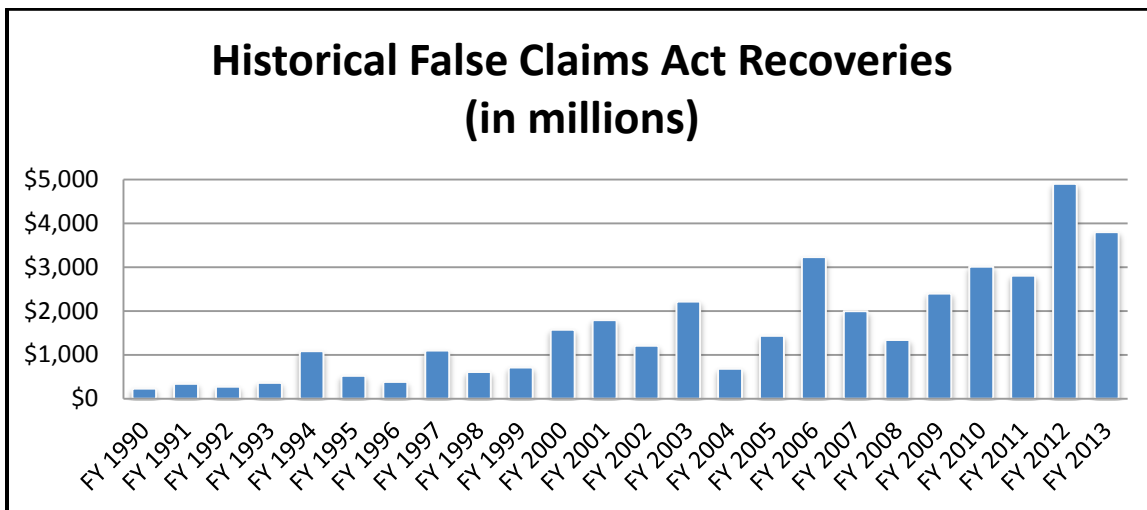
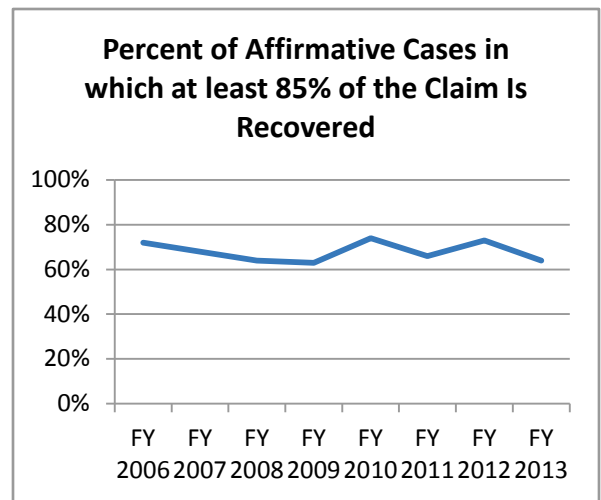
PERFORMANCE, RESOURCES, AND STRATEGIES

The data in the preceding Performance and Resources tables detail Civil’s performance. Civil’s workload is directly tied to two of the Department’s strategic objectives – 2.4 (“combat corruption, economic crimes, and international organized crime”) and 2.6 (“protect the federal fisc and defend the interests of the United States”). Generally, Civil’s performance can be broken down into two key areas – affirmative and defensive litigation.

Performance Plan and Report for Outcomes

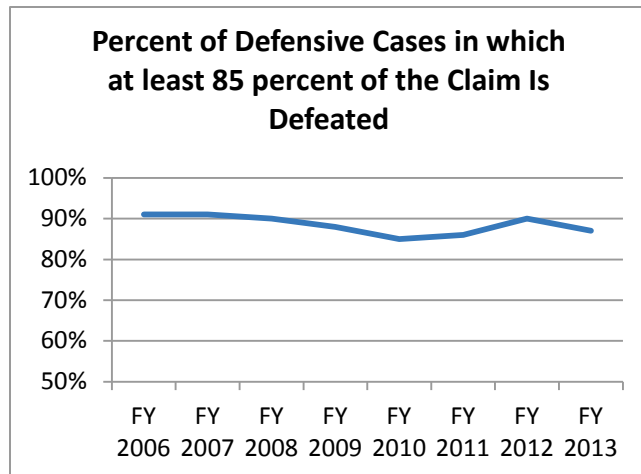
Recover Billions of Dollars in Affirmative Cases

Civil litigates hundreds of cases each year that, in the aggregate, bring in billions of dollars for the U.S. Treasury. As shown in the chart, Civil’s performance measure of recovering at least 85% percent of the Government’s claim has been met or exceeded consistently each year. Since FY 2009, Civil’s litigation has generated more than \$20 billion in revenue for the U.S. Treasury. Looking at FY 2013, Civil, working with U.S. Attorneys, secured over **\$4 billion in federal judgments and settlements** on behalf of the United States. Looking forward, billions of dollars in additional recoveries are expected in FY 2014 and beyond. The Civil Division’s largest recoveries typically occur in cases litigated under the False Claims Act, as well as the Federal Food, Drug and Cosmetic Act.



Defeat Billions of Dollars of Claims in Defensive Cases

Civil also defeats billions of dollars in unmerited damages. As shown in the chart, Civil routinely meets its performance measure of defeating at least 85% of these defensive claims. Each year, thousands of lawsuits are filed against the United States, in which the opposing parties seek, in total, tens of billions of dollars. Historically, in litigation handled by Civil, the U.S. Treasury has paid a very small percentage of the total dollars claimed – often only pennies for each dollar claimed.



The Federal Government engages in countless transactions annually such as purchasing and leasing goods or services, offering loan guarantees, signing contracts, and issuing payroll. Inevitably, disagreements arise over the terms of these agreements and parties will sue the Federal Government seeking damages. Meanwhile, Civil represents the Federal Government in the broad range of tort litigation arising from the Federal Government’s operation including suits that seek personal monetary damages against individual officers and employees. Civil represents the Federal Government in litigation associated with these diverse financial interests.

Strategies to Accomplish Outcomes

Achieving favorable outcomes in some of the Government’s most complex cases requires high caliber attorney and non-attorney personnel, as well as cutting edge litigation support services. Given that major cases typically take several years to investigate and litigate, Civil’s current success is a result of investments made in previous years. Continuing to invest in technology and personnel resources, particularly to pursue priority financial litigation, will ensure that Civil’s performance in these key areas remains strong.

1. Aggressively Represent the Federal Government When Sued

Civil continues to aggressively represent the Federal Government, its agencies, and employees when sued. The litigation related to the 2008 economic crisis demonstrates the importance of these types of cases. In that crisis, the Federal Government provided assistance to many companies so that they would not fail and America’s economy would not crater any further. Today, shareholders and others associated with these companies are suing the Federal Government for billions of dollars.

AIG (Plaintiffs Seek \$40.1 billion plus prejudgment interest from the Treasury). In 2008, at the height of the economic crisis and when American International Group, Inc. (AIG) was facing a liquidity crisis and potential collapse, AIG and the Federal Reserve Bank of New York, pursuant to an authorization from the Federal Reserve Board of Governors, agreed to a deal in which AIG provided 79.9% of its stock while receiving an \$85 billion loan. The Treasury later invested billions of additional dollars in AIG. In November 2011, after these transactions saved AIG, AIG's shareholders filed suit alleging that the Government's actions were an unconstitutional taking or illegal exaction. Initially, these shareholders demanded at least \$23 billion in damages tied to the alleged dilution of their shares.

Shareholders then sought to file a derivative claim on behalf of AIG. Had AIG succeeded, the damages sought would have swelled to over \$50 billion. Civil opposed this derivative claim and prevailed in court. Currently, only the original \$23 billion is at issue. However, potential damages may rise based on expert review of valuation documents. Based upon the plaintiffs' expert reports, it appears that the plaintiffs will claim \$40 billion in damages. A trial will likely occur later in 2014. Before any trial, expert discovery will be necessary; Civil will review millions of pages of documents, take depositions, analyze expert reports, and engage experts to help ensure this claim against the Government is defeated.

Fannie Mae and Freddie Mac (Plaintiffs Seek \$63.8 billion from the Treasury). During the 2008 economic crisis, two Government-sponsored enterprises, Fannie Mae and Freddie Mac (the Enterprises) faced failure as the value of real estate plummeted. In September 2008, the Enterprises consented to placement into conservatorships under the supervision of the Federal Housing Finance Agency. Shortly thereafter, the Treasury agreed to invest hundreds of billions of dollars in the Enterprises in exchange for preferred stock with a fixed dividend and other consideration, including a liquidation preference equal to the amount invested. In 2012, after the Enterprises were repeatedly required to fund the quarterly dividends owed to the Treasury by obtaining additional funding from the agency, the preferred stock agreements were amended. The amended agreements eliminated the fixed dividend, and instead require the Enterprises to pay virtually all of their net profits as dividends.

In 2013, shareholders of the Enterprises filed suit in district courts and the U.S. Court of Federal Claims, alleging that (1) placement of the Enterprises into conservatorship effected an unconstitutional taking or illegal exaction, (2) the amended agreement requiring the Enterprises to pay virtually all of their profits to the Government effected an unconstitutional taking or illegal exaction, and (3) the amended agreement lacked statutory authorization or constituted arbitrary and capricious Government action. The shareholders are seeking in excess of \$63.8 billion in damages. While the litigation is in its early stages, the Government has begun collecting relevant documents. Should the case proceed to discovery, it likely will be a mammoth undertaking, involving millions of pages of documents and requiring extensive technological, expert, and staff resources.

Autos Cases (Plaintiffs Seek \$3-5 billion from the Treasury). In 2008-2009, Chrysler and General Motors underwent structured bankruptcies. In this process, the Federal Government lent large sums of money to these automobile manufacturers, and, as part of the bankruptcy reorganization, hundreds of Chrysler and GM dealership agreements were terminated.

Over 150 of these dealerships, including a putative class, have filed suit claiming that the termination of their dealership agreements effected an uncompensated – and therefore unconstitutional – taking. Three suits were filed in the U.S. Court of Federal Claims. While Civil did not prevail in its motion to dismiss the suits at the trial court, the U.S. Court of Appeals for the Federal Circuit heard arguments in interlocutory appeals of the trial court’s dismissal of two of the cases on November 6, 2013. The third case is stayed pending issuance of the appellate decision. In the event that these cases move forward, discovery will be extremely complicated, requiring intensive fact development and expert assistance in ascertaining the economic value of the plaintiff dealerships.

A defeat in any of these cases tied to the 2008 economic crisis will be devastating to the Federal Government. First, the Treasury would be forced to pay billions of dollars. Second, any defeat will only encourage similar suits. Many financial institutions received assistance during the 2008 economic crisis, and these shareholders may rush to file suit if there is favorable precedent in this area. Third, if these plaintiffs prevail, future efforts by the Federal Government to rescue companies from economic crises will likely be hampered by any adverse precedent resulting from the pending cases. Finally, protecting companies, or their investors, from the costs of their investment mistakes will create moral hazard, whereby future market participants will take even greater risks with the expectation that the Government will protect them from loss.

2. Aggressively Pursue Affirmative Cases in Priority Areas, including Financial Fraud

Vigorous enforcement of financial and mortgage fraud laws is essential to bring perpetrators of fraud to justice – especially those responsible for the 2008 economic crisis and those who would attempt to take advantage of the efforts at economic recovery. Ultimately, financial and mortgage fraud litigation will increase recoveries for the Federal Government, provide relief to victims, and deter future fraud. Although cases in this area are often extremely complex – comprising of sophisticated actors, millions of documents and financial transactions, and large numbers of witnesses – the potential recoveries also are large. The cases already resolved have involved very large recoveries. The dollars spent on these efforts have been returned manifold to the U.S. Treasury, and each additional successful case has the potential to yield substantial returns.

The Civil Division serves a leadership role in President Obama’s Financial Fraud Enforcement Task Force. Civil’s Assistant Attorney General serves as co-chair of the Residential Mortgage-Backed Securities (RMBS) Working Group. This role reflects the commitment Civil has made to the collaborative efforts to investigate false or



misleading statements, deception, or other misconduct by market participants in the creation, packaging, and sale of mortgage-backed securities. The RMBS Working Group and its attorneys are continuing investigations of large financial institutions. Civil's Assistant Attorney General is also the co-chair of two other working groups – the Consumer Protection Working Group and the Mortgage Fraud Working Group.

In addition to investigating large financial institutions for their role in the 2008 economic crisis, Civil has made protecting individual consumers a centerpiece of DOJ's anti-fraud efforts. Civil investigates those who prey on vulnerable Americans, such as those facing foreclosure, the elderly, and families of service members who have been deployed in the military. Examples of these predatory practices include fraudulent foreclosure rescue and debt relief. These practices defraud victims of their money, their time, and their credit. Often, these scams take advantage of consumers' desperate conditions. Civil is dedicated to investigating, prosecuting, and deterring these predatory practices that harm American consumers.

3. Utilize the Best Technology to Improve Efficiency

Civil's complex investigations and litigation require state-of-the art technology. One of most important technology programs that Civil utilizes is its ALS program. With ALS, Civil can use technology to conduct discovery, manage pre-trial activities, aid attorneys in their motions practices, and assist with trial preparation – saving time, money, and resources. One of the most important uses for ALS is reviewing and analyzing documents and electronic media. In a large-scale investigation or case, massive amounts of information will be collected and produced.

Civil is the Leader of ALS Technology in the RMBS Working Group. As part of its role in the RMBS Working Group, Civil is hosting data and providing technological infrastructure and advanced tools for all members of the working group, playing a major role in its efficiency. If all of the data was printed on paper and put in standard bankers boxes, then it would fill more than 1.1 million boxes. By internally hosting the data, not using outside vendors, and making the data available to other participants, Civil is saving millions of dollars for the RMBS Working Group and avoiding needless duplication of these services.

Obviously, with this quantity of documents, data analysis tools are absolutely essential. Without databases and search tools, attorneys would be forced to manually review billions of pages of documents. Manual review would not only be costly, slow, and subject to unavoidable human error, but it would render attorneys unavailable to work on other matters, further crippling the Department's mission.

4. Contribute to Professional Development of Attorney and Staff Resources

As the hiring freeze is lifted, Civil will be able to hire new attorneys and support staff. Civil will hire bright and promising attorneys and non-attorneys, to ensure having a staff that brings passion to public service and defending the Federal Government. The new staff will require advanced training programs and professional development resources to fulfill their true potential. Senior attorneys and managers will need to mentor and coach new attorneys on the complexity of Civil's caseload to fully prepare them for these landmark cases.

Priority Goals

The Civil Division contributes data to the Department's priority goal of reducing the number of financial and healthcare fraud investigations pending longer than two years by three percent over FY 2013 levels, to efficiently and effectively drive cases to resolution. When deciding how to complete an investigation, Civil attorneys carefully consider a number of factors, including: litigation resources needed, amount of federal funds at issue, and potential public impact or harm. Many investigations are time-consuming because attorneys must interview potential witnesses, master complex regulatory or statutory schemes, and analyze technical financial documents, detailed health utilization records, and other complex evidence to determine the likelihood of the Government's success. Managers review lists of ongoing investigations to decide how to best complete (*i.e.*, make a decision pertaining to charging or intervention) the investigation based on interests of the Government and the public.

(Note: Representatives from Civil compile priority goal data on a quarterly basis and the Justice Management Division combines Civil's data with data from other components to report progress for the Department of Justice.

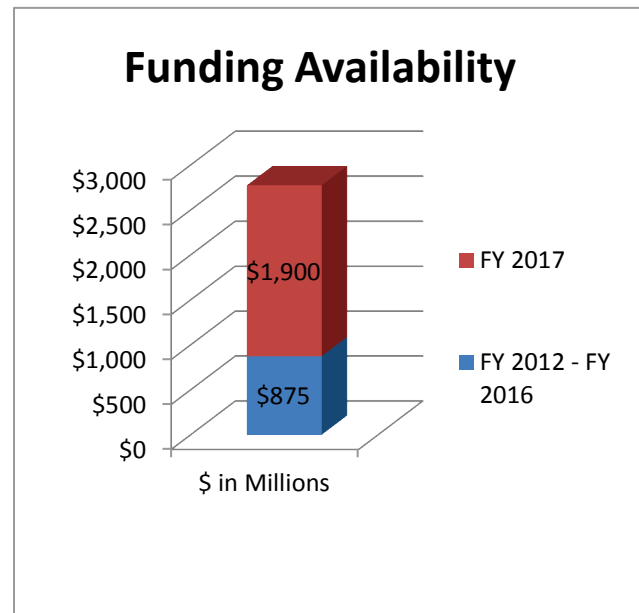
September 11th Victim Compensation Fund

Background

The James Zadroga 9/11 Health and Compensation Act of 2010 (“the Act”) became law on January 2, 2011. Title II of the Act reopened the September 11th Victim Compensation Fund (the “VCF”). The Act required a Special Master, appointed by the Attorney General, to provide compensation to any individual or personal representative of a deceased individual who suffered physical harm as a result of the terrorist-related aircraft crashes of September 11, 2001, or the debris removal efforts that took place in the immediate aftermath. Sheila Birnbaum, the appointed Special Master, issued final regulations that reopened the VCF, on October 3, 2011. Currently, the Act authorizes the VCF to accept claims for five years, beginning in October 2011 and ending in October 2016. Additionally, the Act amended the original statute by adding new categories of beneficiaries and setting new filing deadlines.

Program Funding

The Act provides a limited \$2.775 billion appropriation with \$875 million available in the first five years to provide compensation to claimants, as well as to cover the VCF’s administrative costs. To ensure that the \$875 million cap is not exceeded during the five-year period and that all eligible claimants receive some award, the Special Master will prorate and reduce the initial compensation payment. The VCF will issue a second payment during the sixth year, when the additional money may be spent.



Administrative Costs

The Civil Division provides administrative support for the Special Master and her staff. Civil oversees a variety of support services, such as database development and maintenance, claims intake, case management, staffing a call center, statistical analysis and reporting, and other vital activities. Administrative funding for the VCF is paid for by the VCF's total appropriation. The total appropriation is the same capped pool of funds available for awards. As such, every effort is made to keep administrative costs to a minimum while maintaining an effective and efficient operation.

Claims Activity

Before a potential claimant can receive an award for compensation, the potential claimant must register with the VCF, submit completed Eligibility Forms, and submit completed Compensation Forms.

According to the Act, claimants have two years to register with VCF if they knew of their illness or injury at the time of the VCF's reopening, meaning claimants who were diagnosed with physical harm resulting from the September 11th attacks on or before October 3, 2011, should have registered by October 3, 2013. However, the registration deadlines for several groups of people are after October 3, 2013. Potential claimants diagnosed with any 9/11-related condition after October 3, 2011, must register within two years of the date of their diagnosis. Additionally, the final rule adding certain types of cancer to the List of WTC-Related Health Conditions took effect on October 12, 2012. Therefore, potential claimants diagnosed with one of the covered cancers on the list on or before October 12, 2012, must register with the VCF by October 12, 2014. Moreover, the WTC Health Program continues to examine the science behind covered diseases. The VCF will continue to follow their determinations and may add conditions based on these determinations.

Registration with the VCF requires answering a few questions online or completing and mailing Part I of the Eligibility Form. Prior to the October 3, 2013, deadline, the VCF anticipated that some individuals would have difficulty completing the registration process before the deadline. To ease the burden of registration for potential claimants, the VCF made available an Interim Registration Form. As of January 28, 2014, the VCF received 53,497 registrations in total.

Most registrants have not yet submitted Eligibility or Compensation Forms. The final deadline for submitting completed Eligibility and Compensation Forms is October 3, 2016. FY 2015 is expected to be an active year for the VCF as it processes additional Eligibility and Compensation Forms. The VCF regularly updates program statistics, which are available at www.vcf.gov.

Program Offsets

Item Name: **Miscellaneous Program and Administrative Reductions**

Strategic Goal & Objectives: Strategic Goal II: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law.

Objective 2.4: Combat corruption, economic crimes, and international organized crime.

Objective 2.6: Protect the federal fisc and defend the interests United States.

Budget Decision Unit: Legal Representation

Program Offset: Positions 0; Agt/Atty 0; FTE 0; Dollars -\$395,000

Description of Item

Program and administrative reductions to be identified once funds are appropriated.

Justification

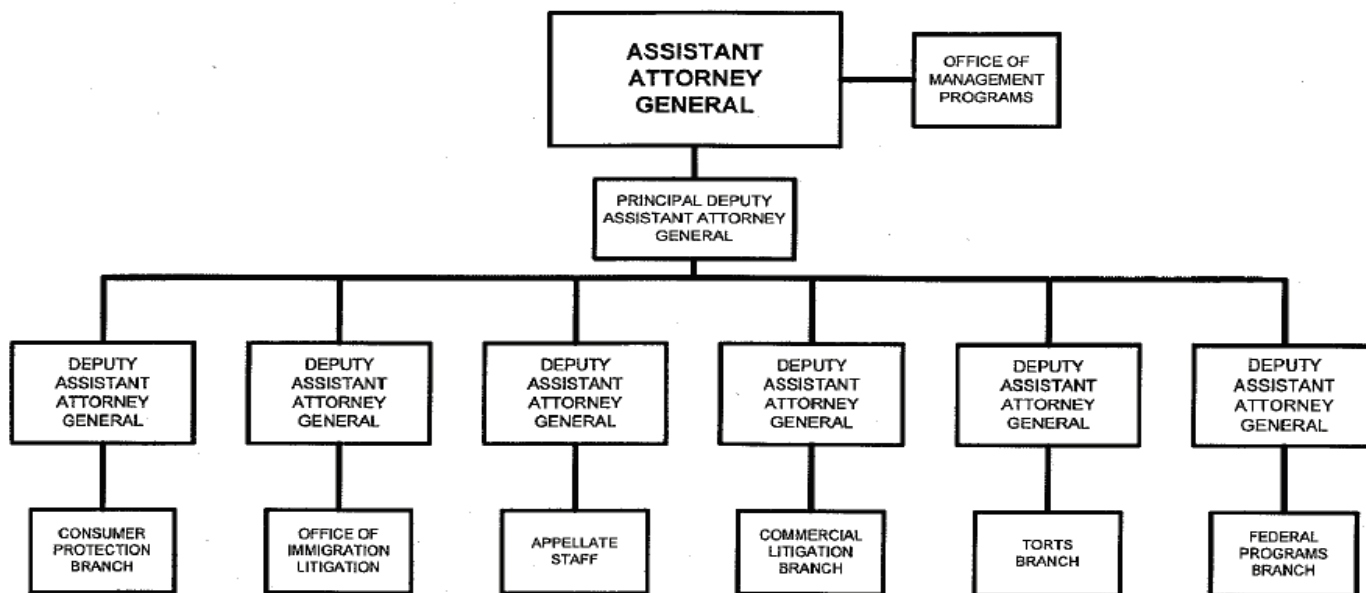
Reductions to existing operations and services necessary to pay for increases in existing costs, including pay raises, FERS contributions, State Department charges, and GSA rent, among others. Program and administrative reductions to be identified once funds are appropriated.

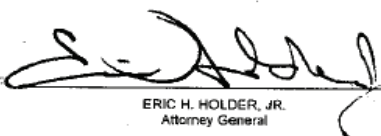
Impact on Performance

Performance impact information is not yet available for this offset.

A: Organizational Chart

CIVIL DIVISION



Approved by  Date: April 3, 2012
ERIC H. HOLDER, JR.
Attorney General

B. Summary of Requirements

Summary of Requirements

Civil Division
Salaries and Expenses
(Dollars in Thousands)

	2015 Request		
	Direct Positions	FTE	Amount
2013 Enacted	1,425	1,154	290,929
2013 Rescissions (1.877% & 0.2%)	0	0	-6,031
2013 Sequester	0	0	-14,343
Total 2013 Enacted (with Rescissions and Sequester)	1,425	1,154	270,555
2014 Enacted	1,425	1,189	285,927
Base Adjustments			
Pay and Benefits	0	0	4,181
Domestic Rent and Facilities	0	0	8,721
Foreign Expenses	0	0	-40
Total Base Adjustments	0	0	12,862
2015 Current Services	1,425	1,189	298,789
Program Changes			
Offsets:			
Miscellaneous Program and Administrative Reductions	0	0	-395
Subtotal, Offsets	0	0	-395
Total Program Changes	0	0	-395
2015 Total Request	1,425	1,189	298,394
2014 - 2015 Total Change	0	0	12,467

Note: The FTE for FY 2013 is actual and for FY 2014 and FY 2015 is estimated.

B. Summary of Requirements

Summary of Requirements

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Program Activity	2013 Enacted with Rescissions and Sequester			2014 Enacted			2015 Technical and Base Adjustments			2015 Current Services		
	Direct Pos.	Actual FTE	Amount	Direct Pos.	Est. FTE	Amount	Direct Pos.	Est. FTE	Amount	Direct Pos.	Est. FTE	Amount
Legal Representation	1,425	1,154	270,555	1,425	1,189	285,927	0	0	12,862	1,425	1,189	298,789
Total Direct	1,425	1,154	270,555	1,425	1,189	285,927	0	0	12,862	1,425	1,189	298,789
Reimbursable FTE		170			155			0			155	
Total Direct and Reimb. FTE		1,324			1,344			0			1,344	
Other FTE:												
Overtime		3			3			0			3	
Grand Total, FTE		1,327			1,347			0			1,347	

Program Activity	2015 Increases			2015 Offsets			2015 Request		
	Direct Pos.	Est. FTE	Amount	Direct Pos.	Est. FTE	Amount	Direct Pos.	Est. FTE	Amount
Legal Representation	0	0	0	0	0	-395	1,425	1,189	298,394
Total Direct	0	0	0	0	0	-395	1,425	1,189	298,394
Reimbursable FTE		0			0			155	
Total Direct and Reimb. FTE		0			0			1,344	
Other FTE:									
Overtime		0			0			3	
Grand Total, FTE		0			0			1,347	

C. Program Changes by Decision Unit

FY 2015 Program Changes by Decision Unit

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Program Offsets	Location of Description in Narrative	Legal Representation				Total Offsets			
		Direct Pos.	Agt./ Atty.	Est. FTE	Amount	Direct Pos.	Agt./ Atty.	Est. FTE	Amount
Miscellaneous Program and Administrative Reductions	Legal Representation	0	0	0	-395	0	0	0	-395
Total Program Offsets		0	0	0	-395	0	0	0	-395

D. Resources by DOJ Strategic Goal and Strategic Objective

Resources by Department of Justice Strategic Goal/Objective

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Strategic Goal and Strategic Objective	2013 Enacted with Rescissions and Sequester		2014 Enacted		2015 Current Services		2015 Increases		2015 Offsets		2015 Total Request	
	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount	Direct/ Reimb FTE	Direct Amount
Goal 2 Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law												
2.4 Combat corruption, economic crimes, and international organized crime.	93	20,338	93	20,541	93	20,746	0	0	0	0	93	20,746
2.6 Protect the Federal fisc and defend the interests of the United States.	1,231	250,217	1,251	265,386	1,251	278,043	0	0	0	-395	1,251	277,648
Total, Goal 2	1,324	270,555	1,344	285,927	1,344	298,789	0	0	0	-395	1,344	298,394

E. Justification for Technical and Base Adjustments

Justifications for Technical and Base Adjustments

Civil Division
Salaries and Expenses
(Dollars in Thousands)

	Direct Pos.	Estimate FTE	Amount
Pay and Benefits			
1 <u>2015 Pay Raise</u> This request provides for a proposed 1 percent pay raise to be effective in January of 2015. The amount requested, \$1,334,000, represents the pay amounts for 3/4 of the fiscal year plus appropriate benefits (\$1,041,000 for pay and \$293,000 for benefits).	0	0	1,334
2 <u>Annualization of 2014 Pay Raise:</u> This pay annualization represents first quarter amounts (October through December) of the 2014 pay increase of 1 percent included in the 2014 President's Budget. The amount requested \$471,000, represents the pay amounts for 1/4 of the fiscal year plus appropriate benefits (\$367,000 for pay and \$104,000 for benefits).	0	0	471
3 <u>FERS Regular/Law Enforcement Retirement Contribution:</u> Effective October 1, 2014 (FY 2015), the new agency contribution rates of 13.2% (up from the current 11.9%, or an increase of 1.3%) and 28.8% for law enforcement personnel (up from the current 26.3%, or an increase of 2.5%). The amount requested, \$1,912,000, represents the funds needed to cover this increase.	0	0	1,912
4 <u>Health Insurance:</u> Effective January 2015, the component's contribution to Federal employees' health insurance increases by 2.3 percent. The additional amount required is \$180,000.	0	0	180
5 <u>Retirement:</u> Agency retirement contributions increase as employees under CSRS retire and are replaced by FERS employees. Based on U.S. Department of Justice Agency 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 \$284,000 is necessary to meet our increased retirement obligations as a result of this conversion.	0	0	284
Subtotal, Pay and Benefits	0	0	4,181
Domestic Rent and Facilities			
1 <u>General Services Administration (GSA) Rent:</u> 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 FY 2015 for each building currently occupied by Department of Justice components, as well as the costs of new space to be occupied. GSA provides data on the rate increases.	0	0	1,489
2 <u>Guard Services:</u> This includes Department of Homeland Security (DHS) Federal Protective Service charges, Justice Protective Service charges and other security services across the country. The requested increase of \$32,000 is required to meet these commitments.	0	0	32
3 <u>Moves (Lease Expirations):</u> GSA requires all agencies to pay relocation costs associated with lease expirations. This request provides for the costs associated with new office relocations caused by the expiration of leases in FY 2015.	0	0	7,200
Subtotal, Domestic Rent and Facilities	0	0	8,721
Foreign Expenses			
1 <u>International Cooperative Administrative Support Services (ICASS):</u> The Department of State charges agencies for administrative support provided to staff based overseas. Charges are determined by a cost distribution system. The FY 2015 request is based on the projected FY 2014 bill for post invoices and other ICASS costs.	0	0	45
2 <u>Capital Security Cost Sharing (CSCS):</u> Per P.L. 108-447 and subsequent acts, "all agencies with personnel overseas subject to chief of mission authority...shall participate and provide funding in advance for their share of costs of providing new, safe, secure U.S. diplomatic facilities, without offsets, on the basis of the total overseas presence of each agency as determined by the Secretary of State." Originally authorized for FY 2000-2004, the program has been extended annually by OMB and Congress and has also been expanded beyond new embassy construction to include maintenance and renovation costs of the new facilities. For the purpose of this program, State's personnel totals for DOJ include current and projected staffing. The estimated cost to the Department, as provided by State, for FY 2015 is \$123.7 million. The Civil Division currently has one position overseas, and a funding decrease of \$85,000 is requested for this account.	0	0	-85
Subtotal, Foreign Expenses	0	0	-40
TOTAL DIRECT TECHNICAL and BASE ADJUSTMENTS	0	0	12,862

F. Crosswalk of 2013 Availability

Crosswalk of 2013 Availability

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Program Activity	2013 Appropriation Enacted w/o Balance Rescission ¹			Sequester			Reallocations			Carryover	Recoveries/ Refunds	2013 Actual		
	Direct Pos.	Actual FTE	Amount	Direct Pos.	Actual FTE	Amount	Direct Pos.	Actual FTE	Amount	Amount	Amount	Direct Pos.	Actual FTE	Amount
Legal Representation	1,425	1,154	284,898	0	0	-14,343	0	0	10,520	518	151	1,425	1,154	281,744
Total Direct	1,425	1,154	284,898	0	0	-14,343	0	0	10,520	518	151	1,425	1,154	281,744
Reimbursable FTE		170			0			0					170	
Total Direct and Reimb. FTE		1,324			0			0					1,324	
Other FTE:														
LEAP		0			0			0					0	
Overtime		3			0			0					3	
Grand Total, FTE		1,327			0			0					1,327	

Footnotes:

1) The 2013 Enacted appropriation includes the 2 across-the board rescissions of 1.877% and 0.2%.

Reallocations:

Funding of \$10,520,000 was distributed from GLA's ALS account to Civil Division's ALS account.

Carryover:

Funds were carried over into FY 2013 from GLA's 2012 no-year account (\$286K) and GLA's VCRP no-year account (\$232K).

Recoveries/Refunds:

Recoveries from GLA's no-year account total \$151K.

G. Crosswalk of 2014 Availability

Crosswalk of 2014 Availability

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Program Activity	2014 Enacted			Reprogramming/Transfers			Carryover	2014 Availability		
	Direct Pos.	Estim. FTE	Amount	Direct Pos.	Estim. FTE	Amount	Amount	Direct Pos.	Estim. FTE	Amount
Legal Representation	1,425	1,189	285,927	0	0	0	8,969	1,425	1,189	294,896
Total Direct	1,425	1,189	285,927	0	0	0	8,969	1,425	1,189	294,896
Reimbursable FTE		155			0				155	
Total Direct and Reimb. FTE		1,344			0				1,344	
Other FTE:										
LEAP		0			0				0	
Overtime		3			0				3	
Grand Total, FTE		1,347			0				1,347	

Carryover:

Funds were carried over into FY 2014 from GLA's 2013 no-year account.

H. Summary of Reimbursable Resources

Summary of Reimbursable Resources

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Collections by Source	2013 Actual			2014 Planned			2015 Request			Increase/Decrease		
	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount
Bureau of Alcohol, Tobacco, Firearms and Explosives	0	0	0	0	0	15	0	0	15	0	0	0
Commodity Futures Trading Commission	0	0	940	0	0	123	0	0	123	0	0	0
Consumer Financial Protection Bureau	0	0	1,557	0	0	8,222	0	0	8,222	0	0	0
Consumer Product Safety Commission	0	0	32	0	0	15	0	0	15	0	0	0
Corps of Engineers	0	0	0	0	0	4,700	0	0	4,700	0	0	0
Defense Contract Management Agency	0	0	0	0	0	200	0	0	200	0	0	0
Department of Agriculture	0	0	413	0	0	5	0	0	5	0	0	0
Department of the Air Force	0	0	0	0	0	230	0	0	230	0	0	0
Department of Commerce	0	0	30	0	0	0	0	0	0	0	0	0
Department of Defense	0	0	3,190	0	0	0	0	0	0	0	0	0
Department of Education	0	0	12	0	0	0	0	0	0	0	0	0
Department of Energy	0	0	2,257	0	0	826	0	0	826	0	0	0
Department of Health and Human Services	0	0	3	0	0	650	0	0	650	0	0	0
Department of Homeland Security	0	0	340	0	0	0	0	0	0	0	0	0
Department of the Interior	0	0	200	0	0	100	0	0	100	0	0	0
Department of Justice	0	0	7,820	0	0	2,338	0	0	2,338	0	0	0
Department of the Navy	0	0	0	0	0	1,122	0	0	1,122	0	0	0
Department of State	0	0	0	0	0	50	0	0	50	0	0	0
Department of Transportation	0	0	20	0	0	0	0	0	0	0	0	0
Department of the Treasury	0	0	1,121	0	0	0	0	0	0	0	0	0
Department of the Treasury, Vaccine Injury Compensation	0	34	7,671	0	34	7,833	0	34	7,833	0	0	0
Department of Veterans Affairs	0	0	146	0	0	1,500	0	0	1,500	0	0	0
District of Columbia	0	0	700	0	0	712	0	0	712	0	0	0
Federal Bureau of Investigation	0	0	2,000	0	0	1,500	0	0	1,500	0	0	0
Federal Communications Commission	0	0	0	0	0	32	0	0	32	0	0	0
Federal Housing Finance Agency	0	0	0	0	0	1,428	0	0	1,428	0	0	0
Federal Reserve Board	0	0	150	0	0	0	0	0	0	0	0	0
Health Care Fraud and Abuse Account	0	69	25,383	0	80	28,288	0	80	28,288	0	0	0
National Aeronautics and Space Administration	0	0	262	0	0	0	0	0	0	0	0	0
National Labor Relations Board	0	0	138	0	0	100	0	0	100	0	0	0
Office of Debt Collection	0	67	47,096	0	41	59,399	0	41	59,399	0	0	0
US Attorneys	0	0	3,105	0	0	30	0	0	30	0	0	0
Budgetary Resources	0	170	104,586	0	155	119,418	0	155	119,418	0	0	0

Obligations by Program Activity	2013 Actual			2014 Planned			2015 Request			Increase/Decrease		
	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount	Reimb. Pos.	Reimb. FTE	Amount
Debt Collection	0	67	47,096	0	41	59,399	0	41	59,399	0	0	0
Health Care Fraud	0	69	25,383	0	80	28,288	0	80	28,288	0	0	0
Vaccine Injury Compensation Program	0	34	7,671	0	34	7,833	0	34	7,833	0	0	0
Miscellaneous	0	0	24,436	0	0	23,898	0	0	23,898	0	0	0
Budgetary Resources	0	170	104,586	0	155	119,418	0	155	119,418	0	0	0

I. Detail of Permanent Positions by Category

Detail of Permanent Positions by Category

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Category	2013 Enacted with Rescissions & Sequestration		2014 Enacted		2015 Request				
	Direct Pos.	Reimb. Pos.	Direct Pos.	Reimb. Pos.	ATBs	Program Increases	Program Offsets	Total Direct Pos.	Total Reimb. Pos.
Attorneys	1,025	126	1,025	115	0	0	0	1,025	115
Paralegals	150	18	150	16	0	0	0	150	16
Clerical and Other	250	26	250	24	0	0	0	250	24
Total	1,425	170	1,425	155	0	0	0	1,425	155
Headquarters (Washington, D.C.)	1,403	170	1,403	155	0	0	0	1,403	155
U.S. Field	21	0	21	0	0	0	0	21	0
Foreign Field	1	0	1	0	0	0	0	1	0
Total	1,425	170	1,425	155	0	0	0	1,425	155

J. Financial Analysis of Program Changes

Financial Analysis of Program Changes

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Grades	Legal Representation	
	Program Offsets	
	Direct Pos.	Amount
SES		
GS-15	0	0
GS-14	0	0
GS-13	0	0
GS-12	0	0
GS-11	0	0
GS-10	0	0
GS-9	0	0
GS-8	0	0
GS-7	0	0
GS-6	0	0
GS-5	0	0
Total Positions and Annual Amount	0	0
Lapse (-)		0
11.5 Other Personnel Compensation		0
Total FTEs and Personnel Compensation	0	0
12.0 Personnel benefits		0
21.0 Travel and Transportation of Persons		0
22.0 Transportation of Things		0
23.1 Rental Payments to GSA		0
23.3 Communications, Utilities, and Miscellaneous Charges		0
24.0 Printing and Reproduction		0
25.1 Advisory and Assistance Services		0
25.2 Other Services from Non-Federal Sources		-395
25.3 Other Goods and Services from Federal Sources		0
25.5 Research and Development Contracts		0
25.7 Operation and Maintenance of Equipment		0
26.0 Supplies and Materials		0
31.0 Equipment		0
Total Program Change Requests	0	-395

K. Summary of Requirements by Object Class

Summary of Requirements by Object Class

Civil Division
Salaries and Expenses
(Dollars in Thousands)

Object Class	2013 Actual		2014 Availability		2015 Request		Increase/Decrease	
	Direct FTE	Amount	Direct FTE	Amount	Direct FTE	Amount	Direct FTE	Amount
11.1 Full-Time Permanent	1,097	135,450	1,139	142,966	1,139	157,450	0	14,484
11.3 Other than Full-Time Permanent	57	4,617	50	4,696	50	4,789	0	93
11.5 Other Personnel Compensation	[3]	454	[3]	1,956	[3]	1,956	0	0
<i>Overtime</i>	[3]	185	[3]	185	[3]	200	0	15
<i>Other Compensation</i>	0	269	0	1,771	0	1,756	0	-15
11.8 Special Personal Services Payments	0	37	0	410	0	200	0	-210
Total	1,154	140,558	1,189	150,028	1,189	164,395	0	14,367
Other Object Classes								
12.0 Personnel Benefits		39,945		42,282		46,455		4,173
13.0 Benefits for former personnel		7		10		10		0
21.0 Travel and Transportation of Persons		2,897		3,390		3,390		0
22.0 Transportation of Things		909		895		895		0
23.1 Rental Payments to GSA		31,980		31,667		33,156		1,489
23.2 Rental Payments to Others		498		511		511		0
23.3 Communications, Utilities, and Miscellaneous Charges		5,006		4,691		4,735		44
24.0 Printing and Reproduction		718		716		716		0
25.1 Advisory and Assistance Services		715		1,000		1,000		0
25.2 Other Services from Non-Federal Sources		36,531		49,072		25,727		-23,345
25.3 Other Goods and Services from Federal Sources		8,000		7,670		8,151		481
25.6 Medical Care		117		117		117		0
25.7 Operation and Maintenance of Equipment		154		156		156		0
26.0 Supplies and Materials		991		905		905		0
31.0 Equipment		1,012		1,350		875		-475
32.0 Land and Structures		0		0		7,200		7,200
42.0 Insurance Claims and Indemnities		0		436		0		-436
Total Obligations		270,038		294,896		298,394		3,498
Subtract - Unobligated Balance, Start-of-Year		(518)		(8,969)		0		8,969
Subtract - Reallocations		(10,520)		0		0		0
Subtract - Recoveries/Refunds		(151)		0		0		0
Add - Unobligated End-of-Year, Available		8,969		0		0		0
Add - Unobligated End-of-Year, Expiring		2,737		0		0		0
Total Direct Requirements		270,555		285,927		298,394		12,467
Reimbursable FTE								
Full-Time Permanent	170		155		155		0	
23.1 Rental Payments to GSA (Reimbursable)		3,383		3,715		3,715		0
25.3 Other Goods and Services from Federal Sources - DHS Security (Reimbursable)		117		122		122		0