



U.S. Trustees (USTP)

FY 2023 Budget Request At A Glance	
FY 2022 President's Budget:	\$246.6 million (1,102 positions; 428 attorneys)
Current Services Adjustments:	+\$13.3 million
Program Changes:	+\$392,000
FY 2023 Budget Request:	\$260.3 million (1,105 positions; 431 attorneys)
Change From FY 2022 President's Budget:	+\$13.7 million (+5.5%) (+3 positions; +3 attorneys)

Mission:

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

Organization:

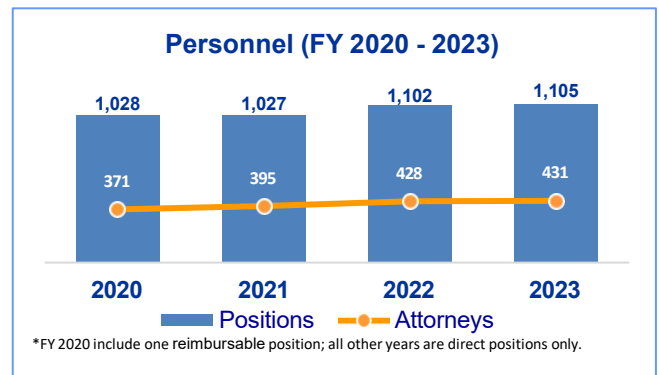
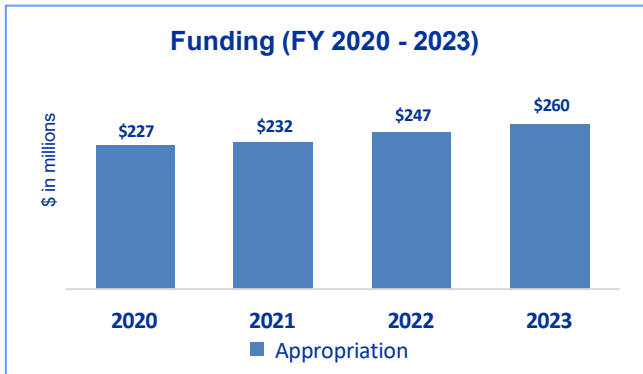
The USTP is managed by an Executive Office in Washington, DC, which is headed by a Director, a career appointee in the Senior Executive Service who provides comprehensive policy and management direction to the U.S. Trustees and their staffs. The USTP operates in 88 judicial districts through a system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

Resources:

The FY 2023 budget request for the USTP totals \$260.3 million, which is a 5.5 percent increase over the FY 2022 President's Budget and an 8.9 percent increase over the FY 2022 Enacted.

Personnel:

The USTP's requested direct authorized positions for FY 2023 total 1,105 positions, including an increase of three positions over the FY 2022 President's Budget of 1,102 direct authorized positions.



FY 2023 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. The FY 2023 budget request builds upon resources in the FY 2022 President’s Budget and will enable the Program to meet its mission, which includes duties for large complex chapter 11 business cases with court proceedings that last for two to three years, or longer; small business cases, including subchapter V filings; chapter 7 and 13 consumer cases; and the Program’s criminal enforcement efforts.

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

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

The USTP is the only national enforcement agency that can identify and marshal resources against significant fraud, abuse, and emerging threats to the integrity of the bankruptcy system. Recent USTP accomplishments have addressed the following:

- Illegal releases of third parties to chapter 11 bankruptcy cases who themselves have not filed for bankruptcy. The Bankruptcy Code does not allow such releases and bankruptcy courts lack the constitutional authority to award them. In the high-profile bankruptcy case of a pharmaceutical company, the Program obtained the reversal of a plan that would have released company founding family owners and others from civil liability to thousands of opioid victims and their survivors, states, and other entities. The debtor appealed the decision to the circuit court, and the case is ongoing.

- Disqualifying conflicts of interest for professionals retained in business cases. Since FY 2019, the Program has reached three significant settlements to address failures to disclose possible conflicts of interest, including two settlements with one of the world’s largest management consulting firms and one settlement with the law firms representing debtors in the high-profile pharmaceutical company case.
- Fraudulent conduct and other violations by consumer bankruptcy law firms including system-wide, multi-jurisdictional misconduct. Lawyers who are incompetent, dishonest or who fail to satisfy minimal professional obligations impede the debtor’s “fresh start” and add costs to creditors and the entire system.
- Trustee and case oversight duties for filings proceeding under subchapter V, enacted in August 2019 through the Small Business Reorganization Act of 2019 (SBRA), PL 116-54. During the first year of the SBRA, overall small business filings increased by 35 percent over the previous year and around 75 percent of chapter 11 small business debtors continue to proceed under the new subchapter. The Program continues to allocate base resources not only to trustee appointment and supervision duties, but also to the evaluation and monitoring of each subchapter V filing, which will continue in FY 2023 and beyond.

The USTP’s appropriation is offset primarily by filing fees paid by consumer and business debtors as well as quarterly fees based on disbursements made by most chapter 11 debtors that are deposited into the United States Trustee System Fund. Following the January 2021 enactment of the Bankruptcy Administration Improvement Act, PL 116-325, fees were revised starting April 1, 2021 through December 31, 2025. Under the new simplified fee structure, almost all chapter 11 cases pay a reduced fee while the rest pay the same fee. The law enables the offset of the USTP’s FY 2023 appropriation, continues funding for bankruptcy judgeships, and uses any surplus fees for additional private chapter 7 bankruptcy trustee compensation and the cost to administer those payments.

FY 2023 Program Changes:

Criminal Enforcement Coordinators: \$392,000 and 3 positions (3 attorneys)

The USTP is requesting funds for additional staffing necessary to coordinate and guide the Program’s criminal enforcement activities. With the additional staffing, the Program’s ability to address fraud and abuse in the bankruptcy system, including initiatives targeting vulnerable and disadvantaged populations, would be appropriately enhanced. FY 2023 current services for this program are \$397,000 and two positions (one attorney).

U.S. Trustees
(Dollars in Thousands)

	U.S. Trustees		
	Pos	FTE	Amount
2021 Appropriation	[1,027]	1,015	232,361
2022 Continuing Resolution	[1,027]	1,015	232,361
Expected Change from FY 2022 CR	[75]	38	14,232
2022 President's Budget	[1,102]	1,053	246,593
2023 Request	[1,105]	1,092	260,277
Change 2023 from 2022 President's Budget	[3]	39	13,684
Technical Adjustments			
Total Technical Adjustments	0	0	0
Base Adjustments			
Pay & Benefits	0	37	13,376
Domestic Rent & Facilities	0	0	219
Other Adjustments	0	0	-303
Total Base Adjustments	0	37	13,292
2023 Current Services	[1,102]	1,090	259,885
Program Changes			
Increases:			
Criminal Enforcement Coordinators	[3]	2	392
Subtotal, Program Increases	[3]	2	392
Decreases:			
Subtotal, Program Decreases	0	0	0
Total Program Changes	[3]	2	392
2023 Request	[1,105]	1,092	260,277

U.S. Trustees
(Dollars in Thousands)

Comparison by activity and program	2022 President's Budget			2023 Current Services		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	[1,102]	1,053	246,593	[1,102]	1,090	259,885
Total	[1,102]	1,053	246,593	[1,102]	1,090	259,885
Reimbursable FTE		1			1	
Total Direct and Reimbursable	[1,102]	1,054	246,593	[1,102]	1,091	259,885

Comparison by activity and program	2023 Total Program Changes			2023 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	[3]	2	392	[1,105]	1,092	260,277
Total	[3]	2	392	[1,105]	1,092	260,277
Reimbursable FTE	0	0	0	0	1	0
Total Direct and Reimbursable	[3]	2	392	[1,105]	1,093	260,277