



U.S. Trustees (USTP)

FY 2022 Budget Request At A Glance

FY 2021 Enacted:	\$232.4 million (1,027 positions; 395 attorneys)
Current Services Adjustments:	+\$6.3 million
Program Changes:	+\$7.9 million
FY 2022 Budget Request:	\$246.6 million (1,102 positions; 428 attorneys)
Change From FY 2021 Enacted:	+\$14.2 million (+6.1%) (+75 positions; +33 attorneys)

Mission:

The United States Trustee Program's (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:

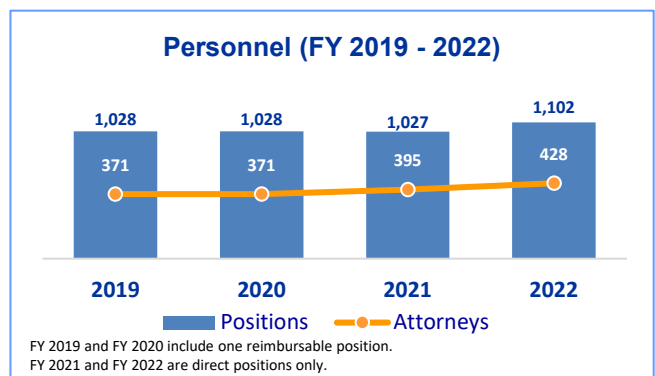
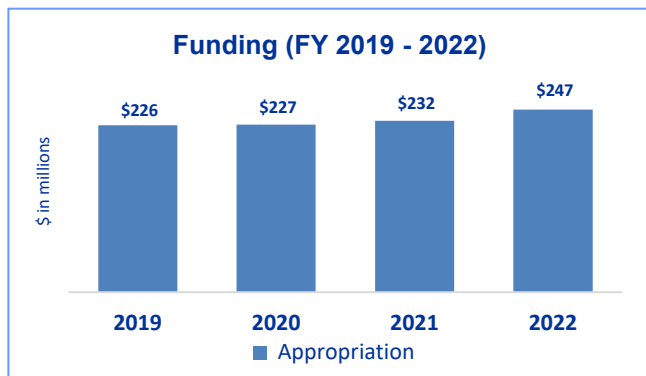
The USTP is managed by an Executive Office in Washington, DC, which is headed by a Director, a career appointee in the Senior Executive Service who provides comprehensive policy and management direction to the U.S. Trustees and their staffs. The USTP operates in 88 judicial districts through a system 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 2022 budget request for the USTP totals \$246.6 million, which is a 6.1 percent increase over the FY 2021 Enacted.

Personnel:

The USTP's direct authorized positions for FY 2022 total 1,102 positions, including an increase of 75 positions over the FY 2021 Enacted of 1,027 direct authorized positions.



FY 2022 Strategy:

The USTP is a litigating component of the Department whose mission is to promote the integrity and efficiency of the Nation's bankruptcy system for the benefit of all stakeholders – debtors, creditors, and the public. As the vigilant “watchdog” of the bankruptcy system,¹ the USTP conducts a broad range of administrative, regulatory and enforcement activities, including:

- Appointing and supervising 1,200 private trustees who administer cases filed under chapters 7, 12 and 13, and who distribute on average between \$9.0 and \$10.0 billion 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 more than 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:

- 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;
- Disqualifying conflicts of interest for professionals retained in business cases. In the past two fiscal years, the Program has reached two significant settlements to address failures to disclose possible conflicts of interest by one of the world's largest management consulting firms. These settlements include one of the highest repayments made by a bankruptcy professional for alleged non-compliance with disclosure rules; and,
- Trustee and case oversight duties for filings proceeding under subchapter V, enacted in August 2019 through the

Small Business Reorganization Act of 2019, Pub. L. No. 116-54. Since the February 2020 effective date for the subchapter, overall small business filings have increased by 35 percent over the previous year with around 75 percent of chapter 11 small business debtors proceeding under the new subchapter.

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, Pub. L. 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 will enable the offset of the USTP's FY 2022 appropriation, continues funding for bankruptcy judgeships and uses any surplus fees for additional private chapter 7 bankruptcy trustee compensation.

FY 2022 Program Changes:

Bankruptcy Filing Workload - COVID-19: \$7.9 million and 75 positions (33 attorneys)

The USTP is requesting additional staff to address a significant anticipated increase in COVID-19 related bankruptcies assuming bankruptcy filings rise in line with levels recorded during the 2008 Great Recession. The request would enable the USTP to handle the expected FY 2022 workload increase by limiting filings per FTE to 30 percent above the FY 2019 pre-pandemic average staff caseload level. Beyond addressing filing volumes, the additional staff would also enable the USTP to address the evolving complexities of bankruptcy cases, particularly with regards to large chapter 11 cases, which are resource-intensive in nature and can remain open for several years. Overall, chapter 11 filings by large public companies, including mega-cases (those potentially involving hundreds of millions to billions in liabilities), more than doubled during calendar year 2020 and reached their highest level since the Great Recession. External research also suggests a trend of more mega-cases being filed in jurisdictions outside the more typical venues of Delaware and New York. Both trends underscore the need for the USTP to have an appropriately sized, skilled, and geographically distributed workforce base. There are no current services for this initiative.

¹See 28 U.S.C. § 586 (a) (3); see H.R. Rep. No. 95-595, at 99 (1977), reprinted in 1978 U.S.C.C.A.N. 5963, 6049 U.S. Trustees “serve as bankruptcy watchdogs to prevent fraud, dishonesty, and overreaching in the bankruptcy arena.”

U.S. Trustees
(Dollars in Thousands)

	U.S. Trustees		
	Pos	FTE	Amount
2020 Appropriation	[1,028]	943	227,229
2021 Enacted	[1,027]	1,015	232,361
2022 Request	[1,102]	1,053	246,593
Change 2022 from 2021 Enacted	[75]	38	14,232
Technical Adjustments			
Total Technical Adjustments	0	0	0
Base Adjustments			
Pay & Benefits	0	0	5,310
Domestic Rent & Facilities	0	0	994
Other Adjustments	0	0	13
Total Base Adjustments	0	0	6,317
2022 Current Services	[1,027]	1,015	238,678
Program Changes			
Increases:			
Bankruptcy Filing Workload - COVID-19	[75]	38	7,915
Subtotal, Program Increases	[75]	38	7,915
Decreases:			
Subtotal, Program Decreases	0	0	0
Total Program Changes	[75]	38	7,915
2022 Request	[1,102]	1,053	246,593

U.S. Trustees
(Dollars in Thousands)

Comparison by activity and program	2021 Enacted			2022 Current Services		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,027	1,015	232,361	1,027	1,015	238,678
Total	1,027	1,015	232,361	1,027	1,015	238,678
Reimbursable FTE		1			1	
Total Direct and Reimbursable	1,027	1,016	232,361	1,027	1,016	238,678

Comparison by activity and program	2022 Total Program Changes			2022 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	75	38	7,915	1,102	1,053	246,593
Total	75	38	7,915	1,102	1,053	246,593
Reimbursable FTE		0			1	
Total Direct and Reimbursable	75	38	7,915	1,102	1,054	246,593