

*United States Trustee  
Program  
Fiscal Year 2008 Budget  
Request*



**January 26, 2007**

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## I. Overview for the United States Trustee Program (USTP)

- For FY 2008, the U.S. Trustee Program (USTP) requests a total of 1,519 permanent positions (388 attorneys), 1,486 workyears, and \$231,899,000, an increase of \$5,462,000 over the FY 2007 appropriation estimate of 1,519 positions, 1,486 workyears, and \$226,437,000.

**Mission of the United States Trustee Program:** The USTP mission is to promote integrity and efficiency in the nation's bankruptcy system by enforcing bankruptcy laws, providing oversight of private trustees, and maintaining operational excellence.

### Introduction

The nation's bankruptcy laws are premised on the notion that honest, but needy debtors should be able to receive a fresh start and return to becoming productive members of society.

The USTP's mission, as set forth in Strategic Objective 2.6 of the Department's Strategic Plan for Fiscal Years 2003-2008, buttresses these laws by ensuring that they are fairly enforced.

The President signed into law, the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005 (P.L. 109-8) in April 2005. The BAPCPA, which took effect October 17, 2005, provides important statutory tools to assist the USTP in identifying and civilly prosecuting misconduct by debtors and others who misuse the bankruptcy system.

The fraud and abuse provisions of the BAPCPA strengthened the USTP's enforcement efforts, including the National Civil Enforcement Initiative, which targets those who file false, misleading, or inaccurate bankruptcy papers; debtors who can repay creditors or whose wrongful conduct disqualifies them for a discharge; debtors who reorganize and fail to follow through with their obligations under bankruptcy law; attorneys who do not satisfy their obligations in a case; bankruptcy petition preparers who do not comply with the law; and others, including creditors, who prey on vulnerable debtors using fraud and deceptive practices. The combined results of these efforts deter abuse, maximize the returns to creditors, and strengthen the laws to ensure that relief is appropriately granted.

In FY 2008, the USTP will continue its enforcement of the new law that took effect October 17, 2005, including the means testing, credit counseling, debtor education, debtor audit and the small business and other chapter 11 provisions.

## Issues, Outcomes, and Strategies

*The USTP's mission is included entirely in the Department of Justice's Strategic Goal 2.6: Protect the Integrity and Ensure the Effective Operation of the Nation's Bankruptcy System. The USTP's strategic objectives are listed below:*

- ▶ *Enforce compliance with federal bankruptcy laws and take civil actions against parties who abuse the law or seek to defraud the bankruptcy system.*
- ▶ *Pursue violations of federal criminal laws pertaining to bankruptcy by identifying, evaluating, referring, and providing investigative and prosecutorial support of cases.*
- ▶ *Promote the effectiveness of the bankruptcy system by appointing and regulating private trustees who administer bankruptcy cases expeditiously and maximize the return to creditors.*
- ▶ *Ensure financial accountability, compliance with the Bankruptcy Code, and prompt disposition of chapter 11 bankruptcy cases.*

The FY 2005-2010 USTP Strategic Plan includes three goals for the USTP that flow from the DOJ Strategic Plan: 1) Protect the integrity of the nation's bankruptcy system, 2) Promote effectiveness and efficiency within the nation's bankruptcy system, and 3) Maintain operational excellence that achieves desired results through continuous improvements in administration and services. Program goals are linked to objectives and measures, which are contained in the Performance Table of the budget.

In addition, the USTP invests in the development of information and decision support systems. These efforts and investments enhance USTP e-government capacities and make operations more effective and efficient. The USTP's efforts in information technology are guided by its Information Technology Strategic Plan, incorporating the Information Technology Investment Management (ITIM) process and an Executive Resources Board to support informed decision-making.

In January 2006, the Office of Management and Budget (OMB) completed its joint review of USTP operations under the Program Assessment Rating Tool (PART) and awarded the USTP its highest rating of "effective." The USTP's numerical score placed it among the top 15 percent of highly performing agencies in the Executive Branch. The PART rating reflected the USTP's efforts over the past five years to adopt performance-based management systems, including better measurements of results achieved and tying programmatic success to budget formulation.

*The FY 2007 PART assessment for the USTP indicated program effectiveness.*

### Full Program Costs

The USTP budget is contained in one decision unit, the Administration of Cases. The decision unit encompasses all operational activities and includes the direct cost of all outputs, indirect costs, and common administrative systems. There are two main USTP activities: 1) enforcement and 2) case and trustee administration. The workyears and associated funding are allocated to these Program activities based upon the direct labor hours of the USTP staff performing enforcement and case and

administrative activities, as well as resources directly related to the performance of these activities. For example, the costs for chapter 7 trustee audits are attributed to the trustee oversight activity, as are hours for trustee supervision.

### **Performance Challenges**

**External Challenges** The USTP faces a number of external challenges. It must work cooperatively with the federal Judiciary to implement and administer bankruptcy law. For example, the USTP continues to work with the courts to widen the use of data enabled “smart” forms and schedules necessary for the means testing provisions of the BAPCPA. The USTP is litigating challenges to the new statute as well as addressing issues relative to other stakeholders in the bankruptcy system. These challenges are made more difficult because the USTP does not control the rate of bankruptcy filings, hence it has no control over its workload. In addition, the USTP’s funding is entirely fee based, so the USTP must operate within the annual revenue it collects. Finally, the USTP faces challenges in detecting evolving and innovative schemes of fraud and deceit that affect the bankruptcy system as it implements the BAPCPA.

**Internal Challenges** The USTP continues to face internal challenges resulting from the passage of the BAPCPA. The USTP must retain highly qualified staff to carry out its expanded responsibilities under the Act. The USTP also needs to refine and maintain information technology and data solutions to assist in enforcing provisions of the law. Furthermore, the USTP continues to face challenges in adapting policies and procedures pursuant to BAPCPA and completing new data collection requirements necessary to prepare required reports. Finally, the USTP must ensure uniformity nationwide in enforcing the provisions of the new law.

### **II. Summary of Program Changes**

Item Name	Description	Pos.	FTE	Dollars (000’s)	Page
Adjustments to Base	Inflationary changes	...	...	\$5,462	Exhibit E

## U.S. Trustee System Fund

The self-funding characteristics of the USTP were a feature of Public Law 99-554 enacted on October 27, 1986. Two categories of fees generate most of the revenue for the U.S. Trustee System Fund. The first category is the filing fee paid at the inception of each case for chapters 7, 11, 12 and 13, and the second category is the quarterly fees paid by chapter 11 debtors. The chapter 11 quarterly fees are determined by the cash disbursement levels of the debtor. All fees are deposited in the Fund as offsetting collections and are available to the USTP as specified in Appropriations Acts. Debt collection receipts, payment of excess percentage fees collected by chapter 12 or 13 trustees, and interest on invested funds also generate revenue for the Fund. Revenue in the Fund that is not needed for current expenses is invested in Treasury securities, and the income so earned accrues to the Fund.

The following chart displays the revenue collected in FY 2005 and FY 2006 and projections for FY 2007 and FY 2008.

### Revenue Collected in FY 2005:

	<u>Amount</u>
Bankruptcy Fees:	
Filing Fees.....	\$73,870,863
Chapter 11 Quarterly Fees .....	110,721,232
Other .....	153,233
Interest earnings on investments .....	<u>4,871,457</u>
<b>TOTAL DEPOSITS</b> .....	<b>189,616,785</b>

### Revenue Collected in FY 2006:

	<u>Amount</u>
Bankruptcy Fees:	
Filing Fees.....	\$57,862,173
Chapter 11 Quarterly Fees .....	100,458,286
Other .....	143,370
Interest earnings on investments .....	<u>9,085,026</u>
<b>TOTAL DEPOSITS</b> .....	<b>167,548,855</b>

### Revenue Projections for FY 2007:

	<u>Amount</u>
Bankruptcy Fees:	
Filing Fees.....	\$108,579,503
Chapter 11 Quarterly Fees .....	92,576,922
Other .....	150,000
Interest earnings on investments .....	<u>5,000,000</u>
<b>TOTAL DEPOSITS</b> .....	<b>206,306,425</b>

**Revenue Projections for FY 2008:**

	<b><u>Amount</u></b>
Bankruptcy Fees:	
Filing Fees.....	\$116,771,866
Chapter 11 Quarterly Fees .....	117,391,117
Other .....	150,000
Interest earnings on investments .....	<u>5,000,000</u>
<b>TOTAL DEPOSITS</b> .....	<b>239,312,983</b>

**III. a. Appropriations Language and Analysis of Appropriations Language<sup>1</sup>**

United States Trustee System Fund

For necessary expenses of the United States Trustee Program, as authorized, [\$236,116,000] \$231,899,000, to remain available until expended and to be derived from the United States Trustee System Fund: Provided, That notwithstanding any other provision of law, deposits to the Fund shall be available in such amounts as may be necessary to pay refunds due depositors.

**Analysis of Appropriation Language**

No substantive changes proposed.

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<sup>1</sup> The FY 2008 President's Budget uses the FY 2007 President's Budget language as a base so all language is presented as new.



### **III. b. General Provision Language and Analysis of General Provision**

*Sec. 110 (a). Section 1930(a) of title 28, United States Code, is amended in paragraph (6) by striking everything after “whichever occurs first”. and inserting in lieu thereof:*

*“The fee shall be \$325 for each quarter in which disbursements total less than \$15,000; \$650 for each quarter in which disbursements total \$15,000 or more but less than \$75,000; \$975 for each quarter in which disbursements total \$75,000 or more but less than \$150,000; \$1,625 for each quarter in which disbursements total \$150,000 or more but less than \$225,000; \$1,950 for each quarter in which disbursements total \$225,000 or more but less than \$300,000; \$4,875 for each quarter in which disbursements total \$300,000 or more but less than \$1,000,000; \$6,500 for each quarter in which disbursements total \$1,000,000 or more but less than \$2,000,000; \$9,750 for each quarter in which disbursements total \$2,000,000 or more but less than \$3,000,000; \$10,400 for each quarter in which disbursements total \$3,000,000 or more but less than \$5,000,000; \$13,000 for each quarter in which disbursements total \$5,000,000 or more but less than \$15,000,000; \$20,000 for each quarter in which disbursements total \$15,000,000 or more but less than \$30,000,000; \$30,000 for each quarter in which disbursements total more than \$30,000,000. The fee shall be payable on the last day of the calendar month following the calendar quarter for which the fee is owed.”*

*(b) This section and the amendment made by this section shall take effect January 1, 2008, or the date of the enactment of this Act, whichever is later.*

#### **Analysis of General Provision Language**

The proposed language amends 28 U.S.C. § 1930(a)(6) to increase the quarterly fee imposed in each case filed pursuant to chapter 11 of title 11, United States Code. The fee would take effect for the quarter beginning January 1, 2008 or the date of enactment of the Appropriations Act, whichever is later. There is no effect on outlays.

## IV. Decision Unit Justification

### A. Decision Unit Administration of Cases

<b>Decision Unit Administration of Cases</b>	<b>Perm. Pos.</b>	<b>FTE</b>	<b>Amount</b>
2006 Enacted with Rescissions	1,468	1,325	\$214,402
2006 Enacted with Rescissions and Supplementals	1,468	1,325	214,402
2007 President's Budget	1,519	1,486	226,437
Adjustments to Base and Technical Adjustments	...	...	5,462
2008 Current Services	1,519	1,486	231,899
2008 Program Increases	...	...	...
2008 Request	1,519	1,486	231,899
<b>Total Change 2007-2008</b>	<b>...</b>	<b>...</b>	<b>5,462</b>

<b>Decision Unit: Administration of Cases- Information Technology Breakout</b>	<b>Perm. Pos.</b>	<b>FTE</b>	<b>Amount</b>
2006 Enacted with Rescissions	38	35	23,132
2006 Enacted with Rescissions and Supplemental	38	35	23,132
2007 President's Budget	38	37	16,725
Adjustments to Base and Technical Adjustments	...	...	...
2008 Current Services	38	37	16,725
2008 Program Improvements	...	...	...
2008 Request	<b>38</b>	<b>37</b>	16,725
<b>Total Change 2007-2008</b>	<b>...</b>	<b>...</b>	<b>...</b>

#### 1. Program Description

The U.S. Trustee Program operates in 88 judicial districts through a system of 21 regions defined pursuant to 28 U.S.C. Section 581(a). Each region is headed by a U.S. Trustee whose basic authority is conferred under 28 U.S.C. Section 586. U.S. Trustees are appointed by the Attorney General to five-year terms, subject to removal by the Attorney General. Each U.S. Trustee maintains a small regional staff that usually consists of an administrative officer, computer specialist, and clerical assistant. They supervise a cadre of Assistant U.S. Trustees who head 95 field offices located in 46 states.

The USTP's Executive Office is headed by the Office of the Director, which provides comprehensive policy and management direction to the U.S. Trustees and their staff, and directly supervises the operations of the Executive Office for U.S. Trustees (EOUST). The Office of the Director also has the primary responsibility for liaison with the Department, Congress, the bankruptcy courts, private trustee organizations, and other stakeholders in the bankruptcy system (e.g., professional associations and debtor and creditor bar representatives). Included within the Office of the Director are the Civil and Criminal Enforcement Units and the Credit Counseling and Debtor Education Unit. EOUST also includes the Office of General Counsel, the Office of Review and Oversight, the Office of Research and Planning, and the Office of Administration.

The President signed P.L. 109-8, the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005 on April 20, 2005. The Act provided the USTP with new tools to enhance the integrity and efficiency of the bankruptcy system for the benefit of all parties and in the public interest.

Despite the difficulties presented by the unprecedented surge in filings in the four weeks leading up to the implementation of the BAPCPA, the USTP has made great progress implementing and enforcing many of the new law's important provisions. Moreover, the USTP has acquired valuable information in enforcing new statutory provisions and in carrying out new responsibilities that were not previously part of its mission. The USTP expects to be engaged in a significant amount of litigation as bankruptcy courts are called upon to interpret new statutes for the first time. The BAPCPA provided substantial new responsibilities to the USTP primarily, but not exclusively, in five major areas: means testing; credit counseling and debtor education; small business chapter 11s; debtor audits; and studies and data collection.

#### Means Testing

The means testing provisions of the BAPCPA provide an objective approach for assessing a debtor's eligibility for chapter 7 relief. Under the means test, debtors with income above their State median income are presumed abusive if they have a certain level of disposable income after the deduction of expenses allowed under a statutory formula. The United States Trustees (USTs) are the primary enforcers of the law. Among other things, United States Trustees must file a statement within ten days after conclusion of the section 341 meeting of creditors if the case is presumed abusive. Thereafter, within thirty days, the UST must file a motion to dismiss the case or provide an explanation as to why such a motion is not warranted.

The USTP has worked extensively with the Judicial Conference's Advisory Committee on Bankruptcy Rules in the development of necessary official forms and accompanying rules to perform the means test. The USTP developed its own partially automated system to expedite calculations of debtor information under the statutory means testing formula. In addition, the USTP made a major investment in training field personnel to perform the means test, including exercising appropriate discretion in deciding whether to file a motion to dismiss a case under the "presumed abuse" standard.

#### Credit Counseling and Debtor Education

The credit counseling and debtor education provisions of the reform law provide protections for consumer debtors by helping ensure that debtors enter bankruptcy with full knowledge of their options and exit with knowledge to help them avoid future financial calamity. The USTP is charged with responsibility to approve eligible providers of credit counseling and debtor education services. BAPCPA requires individual debtors to seek credit counseling from approved providers as a condition of filing for bankruptcy. It also requires debtors to receive debtor education from an approved provider to receive a discharge of debts. Although enforcement practices differ according to local rules, USTP offices often are the primary agency ensuring debtor compliance.

As of the September 30, 2006, the USTP had approved more than 152 credit counseling agencies covering 88 judicial districts for pre-bankruptcy counseling. In addition to offering Internet and telephonic access, the companies have over 800 walk-in locations for credit counseling. For post-bankruptcy debtor education, the USTP had approved over 275 debtor education providers covering 88 judicial districts as of September 30, 2006. In addition to debtor education providers offering Internet and telephonic access, there were over 900 walk-in locations.

### Small Business Chapter 11 Cases

The small business provisions of the BAPCPA establish new deadlines and greater uniformity in financial reporting to ensure that cases expeditiously move through the chapter 11 process before assets are dissipated. They also provide important new enforcement tools to the United States Trustees. To implement the BAPCPA's new oversight provisions, the USTP developed a new Monthly Operating Report (MOR) form for small business chapter 11 cases to make financial reporting simpler and more uniform. In addition, the Bankruptcy Rules Committee also sought input from the USTP on drafting a form for a small business plan and disclosure statement. The documents approved by the Bankruptcy Rules Committee will be published for public comment.

### Debtor Audits

Under BAPCPA, the USTP must contract for random and targeted audits to verify the financial information provided by debtors. This provision helps the USTP identify fraud, deter the filing of false financial information, and potentially provide a baseline for measuring fraud, abuse, and errors in the bankruptcy system. The debtor audits mandated by the BAPCPA commenced on October 20, 2006. Independent auditors conduct random audits of no fewer than 1 out of every 250 cases in each judicial district. They also conduct non-random audits of cases filed by debtors with income and expenses higher than the norm of the district.

### Studies and Data Collection

The BAPCPA required the EOUST to undertake several studies, including (1) consulting with experts in the field of debtor education to develop, test, and evaluate a financial management training curriculum and materials; (2) evaluating the impact of the use of the IRS standards for determining the current monthly expenses under 11 U.S.C. § 707(b) on debtors and bankruptcy courts; and (3) evaluating the impact of the definition of "household goods" in section 313 of the BAPCPA. These studies are on-going.

## Proposal for a Quarterly Fee Increase

The U.S. Trustee Program is proposing an increase in the quarterly fees (28 U.S.C. 1930(a)(6)) assessed to debtors in chapter 11. Specifically, an increase of 30 percent in all quarterly fee categories and the addition of three disbursement levels at the upper end of the disbursement table are proposed. The FY 2008 revenue estimate assumes that the quarterly fee increase would take effect on January 1, 2008. The current and proposed fee schedules are listed below:

<b>Existing Disbursement Ranges</b>	<b>Fee</b>
\$0 to \$14,999	\$250
\$15,000 to \$74,999	\$500
\$75,000 to \$149,999	\$750
\$150,000 to \$224,999	\$1,250
\$225,000 to \$299,999	\$1,500
\$300,000 to \$999,999	\$3,750
\$1,000,000 to \$1,999,999	\$5,000
\$2,000,000 to \$2,999,999	\$7,500
\$3,000,000 to \$4,999,999	\$8,000
\$5,000,000 or more	\$10,000

<b>Proposed Disbursement Ranges</b>	<b>Proposed Fees</b>
\$0 to \$14,999	\$325
\$15,000 to \$74,999	\$650
\$75,000 to \$149,999	\$975
\$150,000 to \$224,999	\$1,625
\$225,000 to \$299,999	\$1,950
\$300,000 to \$999,999	\$4,875
\$1,000,000 to \$1,999,999	\$6,500
\$2,000,000 to \$2,999,999	\$9,750
\$3,000,000 to \$4,999,999	\$10,400
\$5,000,000 to \$14,999,999	\$15,000
\$15,000,000 to \$29,999,999	\$20,000
\$30,000,000 or more	\$30,000

The revenue resulting from the increased fees totals \$46,427,055 for a full year. In the first year of implementation, it is assumed that 50 percent of the increase will be collected.

Quarterly fees in chapter 11 cases have not increased since 1996. A 30 percent increase in chapter 11 quarterly fees is approximately equal to the inflation rate since 1996.

Bill Language: Sec\_\_ Bankruptcy Fees.

Sec \_\_ (a) Section 1930(a) of title 28, United States Code, is amended in paragraph (6) by striking everything after “whichever occurs first”. and inserting in lieu thereof:

“The fee shall be \$325 for each quarter in which disbursements total less than \$15,000; \$650 for each quarter in which disbursements total \$15,000 or more but less than \$75,000; \$975 for each quarter in which disbursements total \$75,000 or more but less than \$150,000; \$1,625 for each quarter in which disbursements total \$150,000 or more but less than \$225,000; \$1,950 for each quarter in which disbursements total \$225,000 or more but less than \$300,000; \$4,875 for each quarter in which disbursements total \$300,000 or more but less than \$1,000,000; \$6,500 for each quarter in which disbursements total \$1,000,000 or more but less than \$2,000,000; \$9,750 for each quarter in which disbursements total \$2,000,000 or more but less than \$3,000,000; \$10,400 for each quarter in which disbursements total \$3,000,000 or more but less than \$5,000,000; \$15,000 for each quarter in which disbursements total more than \$5,000,000 or more but less than \$15,000,000; \$20,000 for each quarter in which disbursements total more than \$15,000,000 but less than \$30,000,000; \$30,000 for each quarter in which disbursements total more than \$30,000,000. The fee shall be payable on the last day of the calendar month following the calendar quarter for which the fee is owed.”

(b) This section and the amendment made by this section, shall take effect January 1, 2008, or the date of the enactment of this Act, whichever is later.

## Performance Resources Table

### Decision Unit: Administration of Cases

DOJ Strategic Goal/Objective: 2.6 Protect the Integrity and ensure the effective operation of the Nation's bankruptcy system.

WORKLOAD/RESOURCES		Final Target		Actual		Projected		Changes		Requested (Total)	
		FY 2006		FY 2006		FY 2007 President's Budget		Current Services Adjustments and FY 2008 Program Changes		FY 2008 Request	
<b>Total Costs and FTE</b>		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
<b>TYPE</b>	<b>Performance /Resources</b>	1,325	214,402	1,173	200,621	1,486	226,437	...	5,462	1,486	231,899
Program Activity	<b>1. Civil Enforcement</b>	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		541	92,196	481	82,855	702	106,425	...	2,567	702	108,992
Performance Measure	# of motions & complaints & inquiries	37,500		48,011		40,000		...		40,000	
	% of successful motions & complaints	90%		97.5%		90%		...		90%	
	Success rate of civil adversary complaints filed	95%		99.1%		96%		...		96%	
	Success in litigating means testing	N/A		N/A		75%		...		75%	
Program Activity	<b>2. Case and Trustee Administration</b>	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
		784	122,209	692	117,766	784	120,012	...	2,895	784	122,907
Performance Measure	<u>Chapter 11</u> # of case filings	9,000		5,807		8,230		...		9,000	
	# of motions & inquiries to convert or dismiss Chapter 11 cases	2,750		3,306		3,750		...		3,750	
Efficiency Measure	% of unconfirmed Chapter 11 cases over 3 years old	<13.0%		14.1%		<13.0%		...		<13.0%	
	<u>Chapter 7</u> # of case filings	1,023,150		804,614		1,007,722		...		1,102,050	
	% of Chapter 7 cases over 3 years old	<3.50%		6.1% <sup>2</sup>		<3.50%		...		<3.50%	
Efficiency Measure	<u>Chapter 13</u> # of case filings	426,926		249,692		441,179		...		482,476	

<sup>2</sup> The percentage increase in the number of chapter 7 cases over 3 years old is primarily due to the drastic decrease in pending chapter 7 cases. Chapter 7 cases are now being filed at 30% of the levels reached prior to the bankruptcy reform legislation passed in 2005. Because the pending caseload fell abruptly, the ratio of pending old cases to pending new cases increased just as abruptly.

Outcome:	Payments to Creditors/% of total disbursements	Final Target FY 2006	Actual FY 2006	FY 2007 President's Budget	Current Services Adjustments	FY 2008 Request
Chapter 7		\$907,810,080 55%	Not yet available 55%	\$907,810,080 56%	... 2%	\$907,810,080 58%
Chapter 12		\$25,866,523 75%	\$24,048,893 84.5%	\$25,866,523 75%	...	\$25,866,523 75%
Chapter 13		\$4,028,582,446 83%	\$4,593,187,108 87.4%	\$4,028,582,446 84%	2%	\$4,178,582,446 86%
Potential Additional Returns to Creditors through Civil Enforcement and Related Efforts		\$500,000,000	\$878,719,418	\$500,000,000	...	\$500,000,000
# of Civil Enforcement Adversary Actions Filed		1,267	1,704	1,372	...	1,478



**PERFORMANCE MEASURE TABLE**

<b>Decision Unit: Administration of Cases</b>									
Performance Report and Performance Plan Targets	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
	Actual	Actual	Actual	Actual	Actual	Target	Actual	Target	Target
# of motions & complaints and inquiries	13,305	27,457	41,940	40,518	39,207	37,500	48,011	40,000	40,000
% of successful motions & complaints	90%	92.1%	94.5%	94.9%	97.4%	90.0%	97.5%	90.0%	90.0%
Success rate of civil adversary complaints filed	NA	NA	NA	NA	99.3%	95.0%	99.1%	95.0%	95.0%
# of Chapter 11 cases filed	10,225	11,380	9,782	10,043	6,412	9,000	5,807	9,000	9,000
# of motions & inquiries to convert or dismiss Chapter 11 cases	6,172	8,198	6,741	4,081	3,595	2,750	3,306	3,750	3,750
% of unconfirmed Ch. 11 cases over 3 years	4.5%	2.7%	3.84%	3.15%	9.54%	<13.0%	14.1%	<13.0%	<13.0%

	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target
# of Chapter 7 cases filed	982,934	1,047,969	1,137,723	1,114,622	1,299,824	1,023,150	804,614	1,102,050	1,102,050
% of Chapter 7 cases over 3 years old	2.2%	2.1%	2.18%	2.31%	1.38%	<3.5%	6.1% <sup>3</sup>	<3.5%	<3.5%
# of Chapter 13 cases filed	374,133	410,686	432,545	414,747	391,127	426,929	249,692	482,476	482,476
<b>OUTCOME Measure*</b>									
<b>Payments &amp; % to Creditors</b>									
Chapter 7	\$886.23M 58.6%	\$724.60M 57.26%	\$907.81M 57.73%	\$1.02B 58.42%	\$1.02B* 59.4%	\$907.81M 55%	\$907.8M 55%	Not Available 56%	\$907.81M 58%
Chapter 12	\$31.27M 88.8%	\$27.07M 87.2%	\$40.01M 84.14% **	**	\$27.9M** 85.3%	\$25.87M 75%	\$24.05M 84.5%	\$25.87M 75%	\$27.9M 75%
Chapter 13	\$3.15B 86.65%	\$3.31B 85.8%	\$3.58B 85.26%	\$4.02B 85.53%	\$4.39B 85.9%	\$4.03B 83%	\$4.6B 87.4%	\$4.18B 84%	\$4.18B 86%
Potential Additional Returns to Creditors	N/A	\$159.01M	\$644.62M	\$522.37M	\$593.9M	\$500.0M	\$878.7M	\$500.0M	\$500.0M
# of Civil Enforcement adversary actions filed	N/A	N/A	N/A	N/A	1,301	1,267	1,704	1,372	1,478

\*Chapter 7 data for FY 2005 reflects actual payments made to creditors as of April 2006.

\*\*The chapter 12 trustee annual cycle was changed from a calendar year to a fiscal year (1/1/03 to 6/30/2004). During that 18 month period, a total of \$40.01 million was distributed to creditors. Chapter 13 data for FY 2006 is taken from unaudited annual reports.

<sup>3</sup> The percentage increase in the number of chapter 7 cases over 3 years old is primarily due to the drastic decrease in pending chapter 7 cases. Chapter 7 cases are now being filed at 30% of the levels reached prior to the bankruptcy reform legislation passed in 2005. Because the pending caseload fell abruptly, the ratio of pending old cases to pending new cases increased just as abruptly.

## **Data Definition, Validation, Verification, and Limitations:**

### **Data Definitions:**

Chapter 7: A liquidation case. A trustee is appointed to sell the debtor's non-exempt assets and distribute the proceeds to creditors. Generally, absent fraud or abuse, the remaining debts are discharged.

Chapter 11: A reorganization case. The debtor usually remains in possession of its assets, continues to operate its business, and repays and/or readjusts debts through a plan that must be approved by creditors and the bankruptcy court. Chapter 11 cases are generally business cases.

Chapter 13: A debt adjustment case by an individual with regular income. The debtor retains property, but repays creditors, in whole or in part, through a court-approved chapter 13 plan over a period not to exceed 5 years.

### **Civil Enforcement:**

Number of motions and complaints & inquiries: The number of motions and complaints filed with the court by U.S. Trustees pursuant to Sections 707, 727, and 110 of Title 11, United States Code (the Bankruptcy Code). Section 707(a) of the Bankruptcy Code permits a chapter 7 liquidation case to be dismissed for cause, while Section 707(b) provides that a case may be dismissed for presumed abuse, bad faith or the totality of the circumstances. Under Section 727, a complaint may be filed objecting to the entry of the chapter 7 debtor's discharge. Section 110 places stringent requirements on all non-lawyers who prepare bankruptcy petitions for compensation and establishes penalties for those individuals who negligently or fraudulently prepare bankruptcy petitions. In addition to formal actions filed with the court, this performance measure also includes the number of inquiries made by U.S. Trustees under the same Bankruptcy Code sections. An inquiry is a written or documented verbal communication by the U.S. Trustee to a debtor about possible violations of any of these sections, either directly or through a third party such as the case trustee, which requires a response. It does not rise to the level of a formal pleading.

Percent of successful motions & complaints: The number of motions and complaints filed by the U.S. Trustees pursuant to Sections 707, 727 and 110 in which the court granted the relief sought, or the debtor/respondent agreed to the relief sought by the U.S. Trustees, divided by the total number of motions/complaints that were filed and resolved.

Success rate of civil adversary complaints filed: The number of complaints filed by the U.S. Trustees pursuant to Section 727 in which the court granted the relief sought, or the debtor agreed to the relief sought by the U.S. Trustees, divided by the total number of complaints that were filed and resolved. The success rate shows the quality of the work done by USTP.

### **Case and Trustee Administration:**

Number of cases filed: The number of new bankruptcy cases filed. This data is provided by the Administrative Office of the U.S. Courts on a quarterly basis.

Number of motions and inquiries to dismiss or convert chapter 11 cases: The number of motions filed by U.S. Trustees pursuant to Section 1112 (b) of the Bankruptcy Code. In chapter 11 case administration, the U.S. Trustees act promptly to file a motion either to dismiss or convert a chapter

11 case to one under chapter 7 if the debtor is not complying with the provisions of the Bankruptcy Code or Rules, or is unable to confirm a plan of reorganization. In addition to the formal motions filed with the court, this performance measure also includes the number of inquiries made by U.S. Trustees. An inquiry is a written or documented verbal communication by the U.S. Trustee to the debtor about issues that would be grounds for conversion or dismissal that required a response from the debtor. It does not rise to the level of a formal pleading.

Percent of unconfirmed chapter 11 cases over 3 years old: The percentage of chapter 11 cases pending that do not have a confirmed plan and are more than 3 years old.

### **Outcomes:**

Payments to Creditors: Total dollar amount of disbursements made to creditors in chapters 7, 12, and 13 cases. For chapter 7 cases, the USTP receives trustee distributions reports as part of the Final Account on each chapter 7 case closed during the year. The chapter 7 data are aggregated on a nationwide basis and reported twice a year in January and July. Chapter 12 data come from annual reports submitted by trustees at the end of their operating year in June. Chapter 13 data are gathered from the standing chapter 13 trustees' annual reports on a fiscal year basis.

Percentage of Total Payments: The percentage of total payments to creditors is calculated by dividing the payments to creditors by either the total receipts of the bankruptcy estate (in chapter 7 cases) or the trust fund (in chapter 12 and 13 cases). Funds that are not distributed to creditors may include private trustee compensation, professional fees, and other administrative costs.

Potential Additional Returns to Creditors through Civil Enforcement Efforts: The amount of scheduled general unsecured debt in a chapter 7 case that was not immediately discharged in chapter 7 because of dismissal or conversion of the case, or because of the denial or voluntary waiver of the debtor's discharge, plus all professional fee reductions, professional fee disgorgements, and all fines imposed as a result of civil enforcement actions.

Number of Civil Enforcement Adversary Actions Filed: The number of complaints filed by the U.S. Trustees pursuant to Section 727. Under Section 727, a complaint may be filed objecting to the entry of the chapter 7 debtor's discharge. The measure focuses on USTP's priority; prevent and root out fraud and abuse in the bankruptcy system.

### **USTP Data Validation and Verification Process**

The Significant Accomplishments and Reporting System (SARS) is the primary database utilized in connection with the U.S. Trustee Program's civil enforcement activity. Data of all informal and formal actions taken are entered by each of the USTP's 95 field offices. Data is verified at the end of each fiscal quarter by the Assistant U.S. Trustee (AUST) in each field office. The AUST conducts a SARS data verification process for the respective office and submits an email to the U.S. Trustee stating the data verification protocol for the office has been completed.

To ensure data integrity, efficiency, and effectiveness of existing and future data collection systems and to develop long-range goals and priorities to support the USTP mission, the Data Integrity Group (DIG) working group was formed. DIG, which consists of four AUSTs, works closely with the EOUST Office of Research and Planning and IT staffs. In connection with SARS, DIG reviews a sampling of SARS reports from at least one office in each of the 21 regions. These "spot checks" are conducted twice a year, or as needed. DIG establishes data element definitions, provides training and

guidance to the field, and looks for ways to streamline the data collection process for more efficient and effective data collection systems.

### **Departmental Strategic Goals and Objectives and Results**

The USTP mission is included in the DOJ Strategic Plan under Goal II: Enforce Federal Laws and Represent the Rights and Interests of the American People and Strategic Objective 2.6: Protect the integrity and ensure the effective operation of the Nation's bankruptcy system. The following lists USTP strategies to achieve the objectives.

#### **Enforce compliance with federal bankruptcy laws and take civil actions against parties who abuse the law or seek to defraud the bankruptcy system.**

The centerpiece of the USTP's anti-fraud and abuse efforts has been the National Civil Enforcement Initiative. The Initiative focuses on wrong-doing both by debtors and by those who exploit debtors. The USTP combats debtor fraud and abuse primarily by seeking case dismissal if a debtor has an ability to repay debts and by seeking denial of discharge for the concealment of assets and other violations. The USTP protects consumer debtors from wrongdoing by attorneys, bankruptcy petition preparers, creditors, and others by seeking a variety of remedies, including disgorgement of fees, fines, and injunctive relief.

To accomplish these objectives, the USTP uses existing statutory tools to combat fraud and abuse in the bankruptcy system and to protect consumers. Civil enforcement actions include taking steps to dismiss abusive filings, deny discharges to ineligible or dishonest debtors, limit improper refilings by debtors, curb unfair practices by attorneys, sanction unscrupulous bankruptcy petition preparers and others who prey upon those in financial straits, and attack identity fraud in bankruptcy.

From the inception of the National Civil Enforcement Initiative in October 2001, civil enforcement related projects have included the development and implementation of annual enforcement strategies in all 95 field offices; the appointment of national civil enforcement coordinators who facilitate the Initiative by issuing standard guidance, providing technical assistance and training, and coordinating multi-district litigation; the formation of a civil enforcement resource team consisting of some of the USTP's most experienced attorneys, financial analysts, and litigation support personnel; and the marshalling of resources to assist staff in their enforcement responsibilities.

From FY 2003 through FY 2006, more than 220,000 civil enforcement and related actions and inquiries were brought by the USTP, yielding \$2.6 billion in monetary results. In FY 2006, more than 58,000 actions were initiated that generated nearly \$879 million in potential returns to creditors through debts not discharged, fines, and fee disgorgements. USTP attorneys prevailed in over 96 percent of the actions resolved by judicial decision or consent in the fundamental areas of dismissal for substantial abuse (11 U.S.C. § 707(b)), denial of discharge (11 U.S.C. § 727), fines against bankruptcy petition preparers (11 U.S.C. § 110), and disgorgements of attorneys' fees (11 U.S.C. § 329).

#### **Pursue violations of federal criminal laws pertaining to bankruptcy by identifying, evaluating, referring, and providing investigative and prosecutorial support of cases.**

The integrity of the bankruptcy system depends upon debtors to self-report honestly and accurately all their assets and liabilities when they file for bankruptcy protection. The U.S. Trustees have an

affirmative duty to refer instances of possible criminal conduct to the U.S. Attorney and to assist in the prosecution of such criminal conduct. The bankruptcy system requires vigorous prosecution of criminal violations to encourage honest, lawful behavior. Moreover, criminal referrals from the USTP show that bankruptcy crimes are often linked to other white collar crimes such as fraud in obtaining federally guaranteed mortgage loans, money laundering, identity theft, mail fraud, and wire fraud. The USTP tracks criminal referrals, evaluates current efforts, and cooperates with other federal agencies (e.g., the U.S. Attorneys and the FBI) to address this multi-faceted problem.

In 2003, the Criminal Enforcement Unit (CREU) was established to coordinate the criminal referral responsibilities carried out by USTP's 95 field offices and to directly assist prosecutors in pursuing bankruptcy crimes. CREU has made a marked difference in the quality of the criminal program by providing extensive training, developing resource materials, and enhancing coordination for the benefit of USTP staff, federal prosecutors, and other law enforcement personnel.

In FY 2006, the USTP made 925 criminal referrals, a 24 percent increase over FY 2005. In many cases, USTP lawyers directly prosecuted or assisted the prosecution team in cases initiated as a result of criminal referrals made by USTP offices. Four veteran career prosecutors within CREU, plus approximately 25 attorneys in field offices across the country who have been designated as Special Assistant U.S. Attorneys, are available to try cases involving bankruptcy crimes. In addition, a majority of USTP field offices participate in bankruptcy fraud working groups which are headed by U.S. Attorney offices and often involve the FBI, USPIS, IRS-CI, and HUD-OIG. With the enactment of 18 U.S.C. § 158 as part of the BAPCPA, every U.S. Attorney office is required to designate a prosecutor and every FBI field office an agent who will assume primary responsibility for bankruptcy fraud cases. This provision further strengthens existing working groups by formalizing points of contact and provides a foundation for establishing working groups where currently none exist.

**Promote the effectiveness of the bankruptcy system by appointing and regulating private trustees who administer bankruptcy cases expeditiously and maximize the return to creditors.**

Trustees are fiduciaries who administer cases filed under chapters 7, 12, and 13. They are appointed and supervised by the U.S. Trustee. It is a bedrock duty of the U.S. Trustee to regulate and monitor the activities of these private trustees, and to ensure their compliance with fiduciary standards. The USTP administers a formal system for merit selection of trustees; trains trustees and evaluates their overall performance; regularly reviews their financial operations; and intervenes to prevent loss of estate assets when instances of embezzlement, mismanagement, or other improper activity are uncovered. The USTP maintains data on trustee oversight in several database files. To measure the return of estate assets, the USTP tracks distributions to creditors.

**Chapter 7 distributions:** During Calendar Year 2005, \$1,021,140,941 in assets was distributed to creditors (out of a total of \$1,719,336,323 in disbursements). Actual 2006 data for Chapter 7 will not be available until spring, 2007.

**Chapter 13 distributions:** During FY 2006, \$4,593,087,108 was distributed to creditors. (Unaudited FY 2006 amount; audited data will be available in April 2007).

**Ensure financial accountability, compliance with the Bankruptcy Code, and prompt disposition of Chapter 11 bankruptcy cases.**

USTP staff must continually address emerging legal issues and challenges in chapter 11. Annually, the USTP participates in a variety of chapter 11 reorganization cases, ranging from small, single proprietorship cases to giant, multinational conglomerates. Without substituting its business judgment for that of parties with a monetary stake in a case, the USTP focuses its attention on such areas as the appointment of official committees of creditors and equity holders, the retention of professionals under §327 and professional compensation issues, and the adequacy of disclosure statements, especially in smaller cases.

In the area of retention of professionals, the USTP focuses on the lack of disinterestedness and actual conflicts of interest which may take the form of the professional regularly representing other parties in matters unrelated to the bankruptcy case such as a large shareholder, a priority or secured creditor, or a stalking horse bidder or potential purchaser. To the extent that a waiver may have been obtained, the U. S. Trustee will act to make sure that the waiver allows for the professional to meet the fiduciary duty that is owed to the debtor or committee client. The USTP also focuses on compensation issues and continues to monitor professional fees in large chapter 11 cases at the time of retention. The U.S. Trustee may attempt to negotiate or ensure more favorable rates, akin to those rates the professional might provide to its most favorable clients, and to require professionals to submit and live within their budgets.

During FY 2006, the USTP filed over 2,400 motions to convert or dismiss chapter 11 cases. The grounds for such motions, which are critical to the effective functioning of the reorganization provisions of the Bankruptcy Code, typically include failure to file financial reports, dissipation of estate assets without a reasonable likelihood of rehabilitation, cancellation of insurance, or non payment of taxes.

**2. Performance, Resources, and Strategies**

**a. Performance Plan and Report for Outcomes**

Performance Measure: Percent of Assets/Funds Returned to Creditors

<b>Fiscal Year</b>	<b>Measure</b>	<b>Target</b>	<b>Actual</b>
FY 2001	Chapter 7 Assets returned to creditors	52%	59%
	Chapter 13 Funds returned to creditors	80%	86%
FY 2002	Chapter 7 Assets returned to creditors	52%	57.3%
	Chapter 13 Funds returned to creditors	80%	85.8%
FY 2003	Chapter 7 Assets returned to creditors	52%	57.3%
	Chapter 13 Funds returned to creditors	80%	85.3%
FY 2004	Chapter 7 Assets returned to creditors	54%	58.42%
	Chapter 13 Funds returned to creditors	80%	85.53%
FY 2005	Chapter 7 Assets returned to creditors	54%	59.39%
	Chapter 13 Funds returned to creditors	80%	85.87%
FY 2006	Chapter 7 Assets returned to creditors	55%	N/A
	Chapter 13 Funds returned to creditors	83%	87.4%

FY 2007	Chapter 7 Assets returned to creditors	56%	N/A
	Chapter 13 Funds returned to creditors	84%	N/A
FY 2008	Chapter 7 Assets returned to creditors	58%	N/A
	Chapter 13 Funds returned to creditors	86%	N/A

**b. Strategies to Accomplish Outcomes**

*Discussion:* The USTP has a comprehensive oversight process that ensures cases filed each year are effectively and efficiently moved through the bankruptcy system. The USTP audits and evaluates private trustees, follows up on deficiencies, ensures that old cases are closed promptly, and initiates action when private trustees fail to comply with their obligations. The USTP tracks the cost of trustee operations, as well as, distributions to creditors. In particular, the Distribution Report for Closed Asset Cases helps trustees to identify specific distributions in closed asset cases. Portions of all trustee operations are closely reviewed each year by private accounting firm audits or on-site examinations by USTP personnel. Finally, the USTP’s civil enforcement initiatives, by reducing the amount of fraud and abuse in the system, will increase the amount of funds potentially available for creditors. As a direct result of the USTP’s oversight and effort, a total of \$1,021,140,941 in assets was distributed to chapter 7 creditors in CY 2005; CY 2006 data is not yet available. During FY 2005, a total of \$4,396,378,738 in disbursements was distributed to chapter 13 creditors, and in FY 2006 \$4,593,187,108 in disbursements was distributed (unaudited), representing an increase of almost \$200,000,000 over the FY 2005 returns of chapter 13 funds distributions.

**c. Results of Program Assessment Rating Tool (PART) Reviews**

*During FY 2005, the USTP was assessed through OMB’s Program Assessment Rating Tool (PART). At the end of the assessment, the USTP received a rating of Effective. Other findings showed the following:*

- *The USTP has a clear purpose and addresses a specific need for the efficient, effective, and fair resolution of bankruptcy cases.*
- *The USTP has long-term, outcome oriented measures, as well as, annual performance targets.*
- *There need to be regular, independent evaluations of the Program to measure future success in meeting program objectives.*

*Additionally, to exhibit continual improvement of our practices, the USTP performed several follow-up actions during FY 2006, including:*

- ***Completing a comprehensive review of performance targets to make them more aggressive.*** *Status - The USTP identified those targets that could be modified and obtained Department and OMB approval to include the more aggressive targets in the Fall 2006 PART update. Those targets also are reflected in the performance section of this document.*

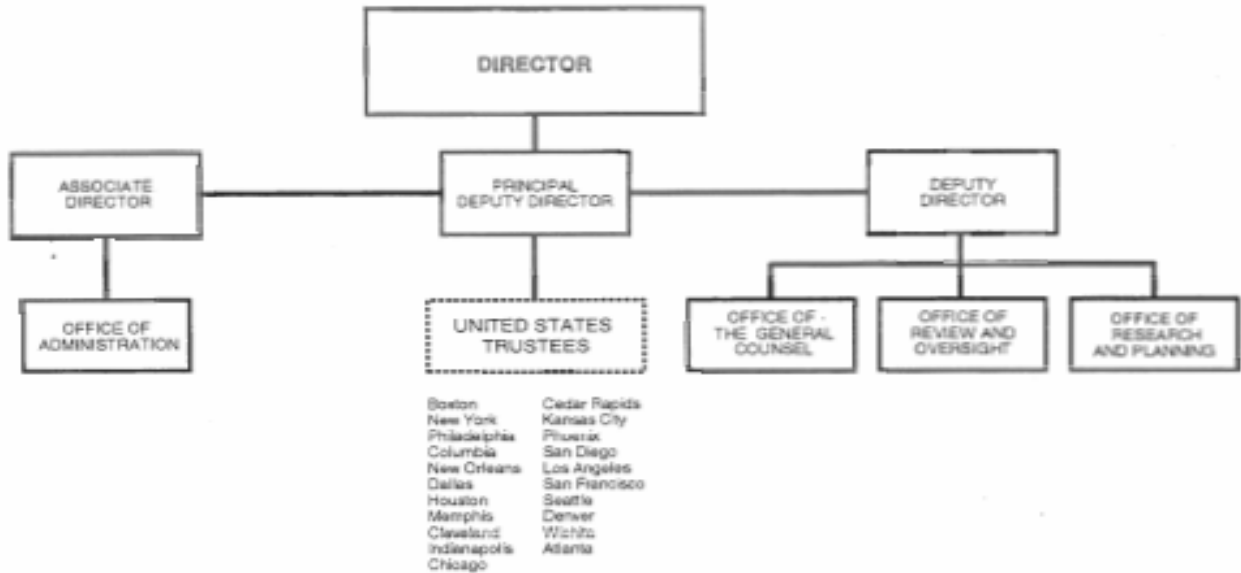


- ***Developing an additional performance measure that reflects the new responsibilities assigned to the USTP as a result of the bankruptcy legislation enacted in 2005.***  
*Status – The USTP obtained Departmental and OMB approval to include the new measure, “Success in litigating means testing” in its performance measurement data. The measure is included in the Fall 2006 PART update and in the performance section of this document.*
- ***Continuing to develop a capacity for independent evaluations, either by re-focusing internal resources or contracting for evaluations by outside entities.***  
*Status – A draft independent study on fraud, abuse and errors in the bankruptcy system will be available for USTP review at the end of January, 2007. During FY 2007, the USTP expects to draft a solicitation for an independent evaluation of agency operations. In addition, the General Accountability Office (GAO) is studying the credit counseling and debtor education process, the handling of domestic support obligations by private trustees, and the reaffirmation process in bankruptcy cases.*

# **Exhibits**

**A: Organizational Chart**

**EXECUTIVE OFFICE FOR UNITED STATES TRUSTEES**



*John D. Ascroft*  
Approved by \_\_\_\_\_ Date 5-14-02  
JOHN D. ASCROFT  
Attorney General

**B: Summary of Requirements**

**Summary of Requirements**

U. S Trustee Program  
Salaries and Expenses  
(Dollars in Thousands)

	FY 2008 Pres. Budget		
	Perm. Pos.	FTE	Amount
<b>2006 Enacted (with Rescissions, direct only)</b>	1,468	1,325	\$214,402
2006 Supplementals	....	....	....
<b>Total 2006 Enacted (with Rescissions and Supplementals)</b>	1,468	1,325	214,402
2007 President's Budget (Information Only)	1,519	1,486	236,116
2007 Continuing Resolution Level (as reflected in the 2008 President's Budget; Information Only)	1,468	1,460	200,000
<b>2007 Estimate (direct only)*</b>	1,519	1,486	226,437
2007 Rescission Against Balances	....	....	....
<b>2007 Estimate (with Rescissions)</b>	1,519	1,486	226,437
Technical Adjustments			
Restoration of 2007 Rescission Against			....
<b>Total Technical Adjustments</b>	....	....	....
Adjustments to Base			
Increases:			
2008 pay raise (3.0%)			3,388
2007 pay raise annualization (2.2%)			1,086
Retirement			276
GSA Rent			712
Subtotal Increases	....	....	5,462
<b>Total Adjustments to Base</b>	....	....	5,462
<b>Total Adjustments to Base and Technical Adjustments</b>	....	....	5,462
<b>2008 Current Services</b>	<b>1,519</b>	<b>1,486</b>	<b>231,899</b>
Program Changes	....	....	....
<b>Total Program Changes</b>	....	....	....
<b>2008 Total Request</b>	<b>1,519</b>	<b>1,486</b>	<b>231,899</b>
2007 - 2008 Total Change	....	....	5,462

\* The Department of Justice 2008 budget request was built on a starting point that recognized progress in enacting the FY 2007 appropriation. The starting point used (referred to throughout this document as the "Estimate") is the average of the Senate Committee and House passed marks, less one percent, unless noted otherwise.

Estimates by budget activity	2006 Enacted with Rescissions and Supplementals			2007 Estimate			2008 Adjustments to Base and Technical Adjustments			2008 Current Services			2008 Request		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,468	1,325	214,402	1,519	1,486	226,437	....	....	5,462	1,519	1,486	231,899	1,519	1,486	\$231,899
Other FTE:		....			....			....			....			....	
<b>Total Comp. FTE</b>		1,325			1,486			....			1,486			1,486	

**D: Resources by DOJ Strategic Goal and Strategic Objective**

**Resources by Department of Justice Strategic Goal/Objective  
U. S Trustee Program  
(Dollars in Thousands)**

Strategic Goal and Strategic Objective	2006 Enacted with Rescissions and Supplementals		2007 Estimate		2008 Current Services		2008 Increases/Offsets		2008 Request	
	Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s
	<b>Goal 2: Enforce Federal Laws and Represent the Rights and Interests of the American People</b>  2.6 Protect the integrity and ensure the effective operation of the Nation's bankruptcy system.	1,325	214,402	1,486	226,437	1,486	231,899	...	...	1,486

## E. Justification for Base Adjustments

### Justification for Base Adjustments 1/ U. S Trustee Program

#### Increases

2008 pay raise. This request provides for a proposed 3.0 percent pay raise to be effective in January of 2008. (This percentage is likely to change as the budget formulation process progresses.) This increase includes locality pay adjustments as well as the general pay raise. The amount requested, \$3,388,000, represents the pay amounts for 3/4 of the fiscal year plus appropriate benefits (\$2,473,000 for pay and \$915,000 for benefits).

Annualization of 2007 pay raise. This pay annualization represents first quarter amounts (October through December) of the 2007 pay increase of 2.2 percent. The amount requested \$1,086,000, represents the pay amounts for 1/4 of the fiscal year plus appropriate benefits (793,000 for pay and \$293,000 for benefits).

Retirement. Agency retirement contributions increase as employees under CSRS retire and are replaced by FERS employees. Based on OPM government-wide estimates, we project that the DOJ workforce will convert from CSRS to FERS at a rate of 3 percent per year. The requested increase of \$276,000 is necessary to meet our increased retirement obligations as a result of this conversion.

General Services Administration (GSA) Rent. GSA will continue to charge rental rates that approximate those charged to commercial tenants for equivalent space and related services. The requested increase of \$712,000 is required to meet our commitment to GSA.

1/ ATB's must be recalculated following final FY 2007 action.

**F: Crosswalk of 2006 Availability**

**Crosswalk of 2006 Availability**

U. S Trustee Program  
Salaries and Expenses  
(Dollars in Thousands)

Decision Unit	FY 2006 Enacted Without Rescissions			Rescissions			Reprogrammings / Transfers			Carryover/ Recoveries			2006 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,468	1,325	214,402	....	....	....				....	....	3,310	1,468	1,325	217,712
													....	....	....
													....	....	....
													....	....	....
<b>TOTAL</b>	<b>1,468</b>	<b>1,325</b>	<b>\$214,402</b>	<b>....</b>	<b>....</b>	<b>\$0</b>	<b>....</b>	<b>....</b>	<b>\$0</b>	<b>....</b>	<b>....</b>	<b>\$3,310</b>	<b>1,468</b>	<b>1,325</b>	<b>\$217,712</b>
Reimbursable FTE															....
Total FTE		1,325			....			....			....			1,325	
Other FTE															
LEAP															....
Overtime															....
Total Compensable FTE		1,325			....			....			....			1,325	

Unobligated Balances. Funds were carried over from FY 2005 from the U.S. Trustee Fund account. The U.S. Trustee Program brought forward \$3,154,000 from funds provided in 2005 for operational expenses and \$156,000 in recoveries.

**G: Crosswalk of 2007 Availability**

**Crosswalk of 2007 Availability**

U.S. Trustee Program

Salaries and Expenses

(Dollars in Thousands)

Decision Unit	2007 Estimate			Rescissions			Reprogrammings / Transfers			Unobligated Balances Carried Forward /Recoveries			2007 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Administration of Cases	1,519	1,486	226,437	....	....	....	....	....	....	....	....	16,936	1,519	1,486	243,373
Unobligated Balance Rescission			....			....			....			....	....	....	....
<b>TOTAL</b>	<b>1,519</b>	<b>1,486</b>	<b>226,437</b>	<b>....</b>	<b>....</b>	<b>\$0</b>	<b>....</b>	<b>....</b>	<b>\$0</b>	<b>....</b>	<b>....</b>	<b>\$16,936</b>	<b>1,519</b>	<b>1,486</b>	<b>243,373</b>
Reimbursable FTE															....
Total FTE		1,486			....			....			....			1,486	
Other FTE															
LEAP															....
Overtime															....
Total Compensable FTE		1,486			....			....			....			1,486	

Unobligated Balances. Funds were carried over from FY 2006 from the U.S. Trustee Systems Fund account. The U.S. Trustee Program brought forward \$16,936,000 from funds provided in 2006 for operational expenses.



## H: Summary of Reimbursable Resources

### Summary of Reimbursable Resources

U. S Trustee Program

Salaries and Expenses

(Dollars in Thousands)

Collections by Source	2006 Enacted			2007 Planned			2008 Request			Increase/Decrease		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Counterdrug Intelligence Executive Secretariat	....	....	109	....	....	....	....	....	....	....	....	....
Regime Crimes Liaison Office	....	....	40	....	....	69	....	....	....	....	....	(69)
Office of Attorney Recruitment	....	....	7	....	....	10	....	....	10	....	....	....
<b>Budgetary Resources:</b>	....	....	<b>\$156</b>	....	....	<b>\$79</b>	....	....	<b>\$10</b>	....	....	<b>-\$69</b>

## I: Detail of Permanent Positions by Category

### Detail of Permanent Positions by Category

U. S Trustee Program  
Salaries and Expenses

Category	2006 Enacted w/Rescissions and Supplementals	2007 Estimate	2008 Request	
	Total Authorized	Total Authorized	Program Increase/ Decreases	Total Authorized
U.S. Trustees/Ass't. U.S. Trustees (301)	126	126	....	126
Bankruptcy Analysts (301)	273	273	....	273
Personnel Management (200-299)	6	6	....	6
Clerical and Office Services (300-399)	124	124	....	124
Accounting and Budget (500-599)	13	13	....	13
Attorneys (905)	347	388	....	388
Paralegal Specialists (950)	311	311	....	311
Other Legal and Kindred (986)	225	235	....	235
Contracting, Purcurement (1102-1106)	6	6	....	6
Other (1515, 1035)	4	4	....	4
Computer Specialists (2210)	32	32	....	32
Security Specialists (080)	1	1	....	1
<b>Total</b>	<b>1,468</b>	<b>1,519</b>	<b>....</b>	<b>1,519</b>
<b>Location</b>				
Headquarters (Washington, D.C.)	80	90	....	90
U.S. Field	1,388	1,429	....	1,429
Foreign Field			....	....
<b>Total</b>	<b>1,468</b>	<b>1,519</b>	<b>....</b>	<b>1,519</b>

## K: Summary of Requirements by Grade

### Summary of Requirements by Grade

U. S Trustee Program  
Salaries and Expenses

Grades and Salary Ranges	2006 Actual w/Rescissions and Supplementals		2007 Estimate		2008 Request		Increase/Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
SES, \$109,808 - \$152,000	4		4		4		....	
Administratively Determined Pay	126		126		126			
GS-15, \$107,521 - 139,774	191		191		191		....	
GS-14, \$91,407 - 118,828	308		349		349		....	
GS-13, \$77,353 - 100,554	176		176		176		....	
GS-12, \$65,048 - 84,559	26		26		26		....	
GS-11, \$54,272 - 70,558	170		170		170		....	
GS-10, 49,397 - 64,213	2		2		2		....	
GS-9, \$44,856 - 58,318	51		51		51		....	
GS-8, 40,612 - 52,794	19		19		19		....	
GS-7, \$36,671 - 47,669	271		281		281		....	
GS-6, \$33,000 - 42,898	121		121		121		....	
GS-5, \$29,604 - 38,487	2		2		2		....	
GS-4, \$26,460 - 34,402	1		1		1		....	
<b>Total, appropriated positions</b>	<b>1,468</b>		<b>1,519</b>		<b>1,519</b>		<b>....</b>	
<b>Average SES Salary</b>		<b>\$ 150,492</b>		<b>\$ 155,157</b>		<b>\$ 158,571</b>		
<b>Average Ungraded Salary</b>		<b>\$ 136,318</b>		<b>\$ 139,044</b>		<b>\$ 141,825</b>		
<b>Average GS Salary</b>		<b>\$ 81,758</b>		<b>\$ 84,292</b>		<b>\$ 86,147</b>		
<b>Average GS Grade</b>		<b>GS-13 / 4</b>		<b>GS-13 / 4</b>		<b>GS-13 / 4</b>		

## L: Summary of Requirements by Object Class

### Summary of Requirements by Object Class

U. S Trustee Program

Salaries and Expenses

(Dollars in Thousands)

Object Classes	2006 Actual w/Rescissions and Supplementals		2007 Estimate		2008 Request		Increase/Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11.1 Direct FTE & personnel compensation	1,129	97,379	1,381	118,236	1,381	121,428	....	3,192
11.3 Other than full-time permanent	44	4,160	44	4,279	44	4,354	....	75
11.5 Total, Other personnel compensation	....	815	....	1,023	....	1,023	....	....
<i>Overtime</i>	....	....	....	[8]	....	[8]	....	....
<i>Other Compensation</i>	....	[815]	....	[1,015]	....	[1,015]	....	....
11.8 Special personal services payments	....	....	....	10	....	10	....	....
<b>Total</b>	<b>1,173</b>	<b>102,354</b>	<b>1,425</b>	<b>123,548</b>	<b>1,425</b>	<b>126,815</b>	<b>....</b>	<b>3,267</b>
Other Object Classes:								
12.0 Personnel benefits		27,637		33,685		35,168		1,483
21.0 Travel and transportation of persons		3,282		2,927		2,927		....
22.0 Transportation of things		398		400		400		....
23.1 GSA Rent		24,706		27,716		28,428		712
23.2 Rental Payments to Others		426		460		460		....
23.3 Comm., util., & other misc. charges		5,062		5,200		5,200		....
24.0 Printing and reproduction		626		408		408		....
25.1 Advisory and assistance services		1,412		1,174		1,174		....
25.2 Other services		5,692		6,573		6,573		....
25.3 Purchases of goods & services from Government accounts		22,037		19,953		19,953		....
25.7 Operation and maintenance of equipment		383		408		408		....
26.0 Supplies and materials		1,547		1,736		1,736		....
31.0 Equipment		5,059		2,249		2,249		....
<b>Total obligations</b>		<b>\$200,621</b>		<b>\$226,437</b>		<b>\$231,899</b>		<b>\$5,462</b>
Unobligated balance, start of year [-]		(2,282)		(16,936)		....		
Unobligated balance, end of year [+]		16,936						
Recoveries of prior year obligations [-]		(872)		....		....		
<b>Total requirements</b>		<b>214,403</b>		<b>209,501</b>		<b>231,899</b>		
Relation of Obligation to Outlays:								
<b>Total obligations</b>		<b>200,621</b>		<b>226,437</b>		<b>231,899</b>		
Obligated balance, start of year [+]		19,738		31,960		....		
Obligated balance, end of year [-]		(31,960)						
Recoveries of prior year obligations		(872)		....		....		
<b>Outlays</b>		<b>187,667</b>		<b>192,471</b>		<b>222,023</b>		