**U.S. Department of Justice**

**CIVIL DIVISION**

**FY 2014 Budget**

**And Performance Plans**

**Submitted to the Congress of the United States**

**April 2013**

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**Background**

The Civil Division represents the Federal Government defensively when it is sued and in affirmative matters to recover money it is owed. At the same time, Civil defends challenges to federal statutes, regulations, and policies – such as defending the Government’s ability to detain terrorists or enforcing the removal of illegal aliens. Ultimately, Civil promotes justice by avoiding the payment of unmerited monetary claims, recovering money for the Government, and protecting the intent of Congress and the Executive Branch by defending federal laws, regulations, and policies.

The vast majority, approximately 90%, of Civil’s caseload is **defensive litigation** where the Government has been sued. These matters range from an almost $60 billion claim arising from the Government’s 2008 financial rescue efforts to multi-decade cases involving storing nuclear fuel. In defensive cases, Civil has virtually zero control over the timing of the suits but still must litigate each claim to avoid default judgments and unwarranted payments.

Approximately 10% of Civil’s caseload is **affirmative litigation** to recover money owed to the Government. Whether recovering money owed as damages due to oil spills, overbilling Medicare, or financial misconduct during the 2008 economic crisis, the Government always must protect its coffers and citizens while simultaneously deterring wrong-doing. Given the Nation’s current fiscal situation, now is not the time to retreat and risk billions of dollars in foregone revenue.

In sum, in FY 2012, the Civil Division:

* Received $283.1 million in appropriations and $103.1 million in reimbursements.
* Handled defensive cases with more than $80 billion at issue.
* **Defeated over $11 billion** in exaggerated or unwarranted claims.
* **Recovered over $6 billion** for the Federal Government’s coffers working with U.S. Attorneys and other governmental entities.

**The Civil Division’s legal work limits Government outlays and increases Government revenue.** **In FY 2012, Civil effectively returned $47 for each dollar spent.**

**Full Program Costs**

The FY 2014 President’s Budget requests 1,471 positions, including 1,052 attorneys, and $297,313,000. Base adjustments total $5,610,000. In addition, the budget includes a program enhancement of 51 positions and $7,000,000 to fund efforts to recover billions of dollars lost to financial and mortgage fraud, and a program enhancement of $1,600,000 to fill paralegal, technical, and clerical positions vital to attorney efficiency and success.

**Internal Challenges**

**Dramatically Reduced Support Services**

During the past several years of fiscal restraint, the Civil Division cut support services to the barest levels. As the chart below demonstrates, from FY 2010 through FY 2012, Automated Litigation Support (“ALS”), travel, consultants, printing, supplies, publications, awards, utilities, and overtime expenses have been squeezed in an aggressive cost-cutting effort. These reductions occurred while Civil’s workload remained constant at approximately 50,000. ALS, a contractor-provided program used at every stage of litigation from discovery to trial, provides Civil attorneys with the technology to efficiently manage large, complex cases that require expert consultants and extensive document collection and review. These services are necessary to handle document intensive cases, and yet expenditures for ALS contract services have been curtailed sharply.

Civil Spending Reductions, FY 2010 to FY 2012 ($ in Thousands)

**Significant Downsizing in the Number of Employees**

Just as Civil has reduced support services, in the past few years, its number of employees has significantly dropped due to attrition and reduced hiring Department-wide. In early 2011, Civil had 1,566 employees, but today Civil only employs 1,368 people – a loss of 198 employees – or more than 12 percent. At current resource levels, we will not be able to significantly expand efforts to investigate and punish those who commit financial and mortgage fraud. Civil also will be hampered in its ability to defend the United States in novel and complex cases collectively worth tens of billions of dollars.

Civil Division Staffing Levels: Attorneys and Non-attorneys, 2011-2013

**Reductions in Client Agency Reimbursements**

The Civil Division’s activities are funded, in part, by reimbursements from client agencies. Most client agency reimbursements are used for ALS services to collect and review evidentiary material. Since FY 2005, these reimbursements dropped by more than 35 percent. As noted above, at the same time Civil experiences decreases in client agency reimbursements, it also has reduced the number of employees and its support services. Despite these resource reductions, Civil’s workload remains.

**External Challenges**

**Civil Has Little Control Over Its Defensive Litigation**

The vast majority of the Civil Division’s caseload is defensive. Whether people opt to file a legal action against the Federal Government depends on many factors beyond the Civil’s control, such as hurricanes, oil spills, terrorist attacks, airplane crashes, and economic conditions.

Whatever the reason for a lawsuit, Civil is responsible for litigating each and every matter. Courts will impose requirements and deadlines on the Government as a party in litigation. A failure to meet court-imposed obligations and deadlines risks billions of dollars in payments and court orders overturning congressional statutes.

**Performance Challenges**

Without sufficient resources to defend civil cases, the Treasury would risk having to pay billions of dollars in bloated or unfounded claims. Without vital resources to fight fraud, billions of dollars in recoveries may be foregone. At the same time, immigration enforcement actions will be undone. Those who swindled American taxpayers will go unpunished.

**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 address: <http://www.justice.gov/02organizations/bpp.htm>.

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**Summary of Changes**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item Name** | **Description** | | | | **Page** |
|  |  | **Pos.** | **FTE** | **Dollars ($000)** |  |
| Financial and Mortgage Fraud | Increase capacity to pursue financial and mortgage fraud investigations and lawsuits to bring justice to consumers and taxpayers harmed by fraud and misconduct during the 2008 economic crisis and beyond | 51 | 26 | $7,000 | 24 |
| Attorney Productivity Initiative | Maximize the efficiency of attorney workforce and ensure the availability of essential support activities by hiring paralegals, clerical staff, and information technology (IT) analysts | 0 | 0 | $1,600 | 29 |
| **Total GLA Program Change** |  | **51** | **26** | **$8,600** |  |

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**Legal Representation**

The Civil Division represents the United States in litigation and investigations involving the Federal Government’s laws, policies, domestic and foreign operations, immigration enforcement, law enforcement initiatives, military actions, 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 Civil’s Office of Management Programs, which provides administrative and support services to the Division, are described in the following pages.

**Summary of FY 2014 Legal Representation Budget Request**

|  |  |  |  |
| --- | --- | --- | --- |
| **Legal Representation – TOTAL** | **Direct Pos.** | **FTE** | **Amount ($000)** |
| 2012 Enacted | 1,420 | 1,326 | $283,103 |
| 2013 Continuing Resolution | 1,420 | 1,233 | $284,836 |
| Base and Technical Adjustments | -- | -- | $3,877 |
| 2014 Current Services | 1,420 | 1,233 | $288,713 |
| 2014 Program Increases | 51 | 26 | $8,600 |
| 2014 Request | 1,471 | 1,259 | $297,313 |
| **Total Change 2012 – 2014** | **51** | **-67** | **$14,210** |

**Appellate Staff**

The Appellate Staff represents the security and financial 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. Appellate’s monetary cases involve billions of dollars, and the outcomes of Appellate’s cases determine how a law or policy in question will affect millions of Americans.

A significant portion of the Appellate Staff’s workload involves national security matters. Some of the most important cases involve challenges brought by detainees at Guantanamo Bay. In one recent case involving a Guantanamo detainee, the D.C. Circuit Court of Appeals affirmed the district court’s ruling rejecting the detainee’s petition for a writ of habeas corpus. This particular detainee admitted to being a senior Taliban official in Afghanistan; he served as a Taliban spokesman, governor of Kabul, and governor of Herat province.

The Appellate staff’s notable 2012 national security cases include:

* Appealing a court’s decision striking down a congressionally enacted military detention statute;
* Reversing a decision awarding damages to plaintiffs that alleged unlawful and warrantless surveillance; and
* Defending the procedures to place individuals on terrorist watchlists.

In addition to counter-terrorism matters, the Appellate Staff recently defended the nation’s child pornography statutes from constitutional challenges and filed an amicus curiae brief in support of a municipal ordinance regulating protests near funerals after the ordinance was challenged by the Westboro Baptist Church.

**Commercial Litigation Branch**

The Federal Government engages in countless transactions annually including purchasing and leasing goods or services, signing contracts, or issuing payroll. The Commercial Litigation Branch represents the Federal Government by defending monetary claims arising from these commercial disputes and acting to recover massive sums of money owed to the Federal Government. In total, the Commercial Litigation Branch’s caseload involves billions of taxpayer dollars. Its successful litigation is a major driver of the Civil Division’s rate of return of $47. In FY 2012, Civil’s rate of treturn was $47 defeated and recovered for each dollar spent.

The Commercial Litigation Branch is organized into five sections:

● Fraud Section ● National Courts Section

● Corporate/Financial Litigation Section ● Office of Foreign Litigation

● Intellectual Property Section

**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 related to a variety of government programs whether health care, loan programs, defense contracting, grants, construction of federal buildings and prisons, or foreign aid.

In recent years, there were record fraud recoveries. Between FY 2009 and FY 2012, the collaborative efforts of the Civil Division, U.S. Attorneys, FBI, and Criminal Division, while working the U.S. Department of Health and Human Services and other government entities, **recovered over $13 billion in False Claims Act cases.**  (The False Claims Act is the primary civil remedy to recoup money lost to fraud.)In FY 2012 alone, $4.9 billion was recovered through the use of the False Claims Act. The chart below highlights some of the Fraud Section’s more significant recent recoveries.

|  |  |
| --- | --- |
| The Fraud Section made significant contributions to the following recoveries. | |
| **Health Care Fraud** Recoveries:   * GlaxoSmithKline to Plead Guilty and Pay $3 Billion to Resolve Fraud Allegations and Failure to Report Safety Data *Largest Health Care Fraud Settlement in U.S. History*   July 2, 2012, Department of Justice Press Release   * Abbott Labs to Pay $1.5 Billion to Resolve Criminal & Civil Investigations of Off-label Promotion of Depakote *Company Maintained Specialized Sales Force to Market Drug for Off Label Purposes; Targeted Elderly Dementia Patients in Nursing Homes*   May 7, 2012, Department of Justice Press Release   * U.S. Pharmaceutical Company Merck Sharp & Dohme to Pay Nearly One Billion Dollars Over Promotion of Vioxx® *Merck to Pay $950 Million for Illegal Marketing*   November 22, 2011, Department of Justice Press Release | **Procurement and Other Fraud** Recoveries:   * ATK Launch Systems Inc. Settles False Claims Product Substitution Case for Nearly $37 Million *Allegedly Delivered Unsafe Illuminating Para-flares Under Department of Defense Contracts*   April 23, 2012, Department of Justice Press Release   * Residential Youth Treatment Facility for Medicaid Recipients in Marion, Virginia Agrees to Resolve False Claims Act Allegations *Will Pay $6.85 Million to Settle Allegations of Providing Substandard Adolescent Psychiatric Services*   March 28, 2012, Department of Justice Press Release   * Oracle Agrees to Pay U.S. $199.5 Million to Resolve False Claims Act Lawsuit *Largest False Claims Act Settlement Obtained by General Services Administration*   October 6, 2011, Department of Justice Press Release |

Additionally, the Fraud Section houses the **Elder Justice and Nursing Home Initiative**, which protects seniors and infirm citizens. Through this initiative, the Government enforces the False Claims Act against nursing facilities and other long term care medical providers that knowingly bill Medicare or Medicaid for inadequate or deficient services. Another part of the initiative offers grants to promote prevention, detection, intervention, investigation, and the prosecution of elder abuse and neglect.

**National Courts Section**

The National Courts Section is one of the largest and most active litigating sections of the Department of Justice. It handles a wide array of matters including government contracts, 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 Federal Claims, the U.S. Court of Appeals for the Federal Circuit, and the U.S. Court of International Trade.

Currently, National Courts is handling multi-billion dollar lawsuits originating out of the Federal Government’s economic rescue efforts during the 2008 economic downturn. In one matter, stockholders of the American International Group Inc. (“AIG”), led by the former Chairman of AIG, filed claims in the Court of Federal Claims alleging that the Federal Government violated the Fifth Amendment’s Takings Clause. In total, the stockholders are seeking damages of almost $60 billion. Importantly, even though AIG itself recently declined to take part in the lawsuit, the stockholders are pressing on with the suit. Discovery will be extensive and is expected to last through 2013. The AIG stockholders have requested more than 16 million pages of documents.

“David Boies, the attorney for the shareholders, said the plaintiffs regret the decision of the AIG Board, but will continue to pursue the case.”

Chris Isadore, “AIG Won’t Join Lawsuit Against U.S.,”Jan. 9, 2013,available at <http://money.cnn.com/2013/01/09/news/companies/aig-lawsuit/index.html>*.*

In another case arising out of the economic crisis, 141 former automobile dealerships claim that the Federal Government’s assistance to the automobile manufacturers in the 2008 economic downtown resulted in unconstitutional takings of their dealerships. In total, combined damages claims may exceed $900 million.

The outcomes of these cases will set important precedents. A failure to prevail could hamstring the Federal Government’s ability to respond to future economic crises.

**Corporate/Financial Litigation Section**

The Corporate and Financial Litigation Section handles claims for money and property by representing the Federal Government’s interests in large and complex Chapter 11 bankruptcies and other affirmative and defensive 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. A notable recent example of this section’s work is representing the Federal Government in objecting to Solyndra LLC’s bankruptcy reorganization plan that was pending before a bankruptcy court.

**Office of Foreign Litigation**

The Civil Division’s Office of Foreign Litigation handles all types of cases – whether civil or criminal, affirmative or defensive – in courts of foreign countries. 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 actually practice law in foreign countries, this office retains lawyers to represent the United States and its interests. To reduce future litigation, the Foreign Litigation Office also counsels U.S. departments operating overseas on international public and private legal matters.



Recently, the Office of Foreign Litigation participated in French court proceedings to oppose the request for conditional release of George Ibrahim Abdallah, a convicted terrorist serving a life sentence for the 1984 assassination of a U.S. military attaché and the attempted assassination of a U.S. Consul General.

**Intellectual Property Section**

The Intellectual Property Section represents the U.S. in intellectual property matters where a patent, copyright, or trademark is at issue. These cases can involve highly sophisticated electronic devices. To meet the challenges presented by these cases, all attorneys in the Intellectual Property section have a bachelor’s or advanced degree in one of the physical or life sciences, engineering, or mathematics. Over half 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 the Civil Division because it has both criminal and civil jurisdiction. Through investigations and litigating cases, the Consumer Protection Branch protects Americans in the areas of food, drugs, consumer goods, services, and financial fraud.

In its affirmative litigation, the Consumer Protection Branch recovers massive sums of the money for the U.S. Treasury. In 2012, the Consumer Protection Branch recovered over $1.95 billion in fines and penalties.

Recent Consumer Protection Branch accomplishments include:

* Initiating litigation against Standard and Poor’s for fraud in its rating mortgage-backed securities in the years before the 2008 financial crisis;

“U.S., S&P Settle In For Bitter Combat”

Jeannette Newmann, Evan Perez, and Jean Eaglesham, Wall Street Journal, A1, Feb. 6, 2013.

* Securing prison terms of 66 months and 60 months for defendants that defrauded distressed homeowners causing homeowners to lose equity in their homes and forcing the homeowners to move out of their homes;
* Filing an injunction against an Indian generic manufacturer for statutory violations related to drug manufacturing and testing in India and at facilities owned by its American subsidiary;
* Reaching an agreement with a company operating an online social networking application for it to pay $800,000 to settle charges that it violated federal regulations by collecting personal information from children under the age of 13 without obtaining parental consent; and

“Federal prosecutors have filed criminal charges against the former owner and several employees of a now-defunct peanut company that was the source of a salmonella outbreak in 2009 that killed nine people and sickened more than 700.”

Sabrina Tavernise, “Charges Filed in Peanut Salmonella Case,” N.Y. Times, Feb. 22, 2013

* As part of a larger settlement, GlaxoSmithKline agreed to pay $1 billion in fines and forfeitures to resolve criminal charges stemming from GlaxoSmithKline’s promoting drugs for purposes that the FDA had not approved and failing to provide the FDA safety data about a prescription drug (the Commercial Litigation Branch’s Fraud Section was involved in the False Claims Act civil litigation in this case).

**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 involving approximately 100 federal agencies.

Many of Federal Programs’ cases involve 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 U.S. Constitution. At the same time, Federal Programs also represents the Federal Government, as the Nation’s largest employer, in employment litigation.

The Federal Programs Branch devotes substantial resources to the defense of federal programs and statutes, including:

* Rebutting a challenge brought by Guantanamo detainee currently facing capital charges related to the 2000 bombing of the U.S.S. Cole and other terrorist attacks;
* Representing the FBI in a class action suit alleging indiscriminate surveillance brought by three Muslim residents of southern California;
* Securing the dismissal of a lawsuit that sought to end the United States’ military involvement in Libya as an alleged violation of the War Powers Resolution; and
* Defending the constitutionality of the part of the Stop Trading on Congressional Knowledge (“STOCK”) Act requiring posting employees’ public financial disclosure forms on official websites of Executive Branch agencies.

**Office of Immigration Litigation**

The Office of Immigration Litigation is organized into two sections – the Appellate Section and the District Court Section.

**Appellate Section**

The Immigration Litigation’s Appellate Section defends the United States in immigration litigation before the federal appellate courts. These cases involve 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 U.S.

The caseload is entirely defensive and is tied to the enforcement efforts of the Immigration and Customs Enforcement, which initiates administrative removal actions against individuals. After Immigration and Customs Enforcement takes action, individuals may appeal to the Board of Immigration Appeals and then to the federal courts of appeals. Increased enforcement by Immigration and Customs Enforcement and the Board of Immigration Appeals will increase the number of cases handled by the Appellate Section of the Office of Immigration Litigation. Given the defensive nature of the Appellate Section’s litigation, Civil Division lawyers must respond to each challenge or risk immigration enforcement actions being negated.

“Filings in the regional courts of appeals rose four percent . . .  [and] appeals of administrative agency decisions grew in response to higher filings related to rulings by the Board of Immigration Appeals.”

Chief Justice John G. Roberts, Jr., *2012 Year-End Report on the Federal Judiciary.*

**District Court Section**

Immigration Litigation’s District Court Section represents all 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. Much of the District Court’s litigation is defensive although it does affirmatively file and prosecute denaturalization cases. In a recent denaturalization case, a federal district court ruled in favor of the Government’s action to revoke an alien’s naturalized citizenship because of his unlawful acts – the rape and sodomy of his minor stepdaughter.

Recent areas of focus for the District Court Section have included:



* **Preserving National Security:** In recent years, the District Court 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 those involving naturalization claims of members of Hamas, Al-Qaeda, and Al-Shabab.
* **Upholding the Department of Homeland Security’s Detention Authority:** Immigration Litigation’s District Court section has supported Homeland Security’s legal priorities by leading the defense of Immigration and Customs Enforcement’s authority to detain criminal aliens pending removal.

**Torts Branch**

The Torts Branch is comprised of four litigating sections and is home to tort reform programs, including the National Childhood Vaccine Injury Program and the Radiation Exposure Compensation Program. Although nearly all of the Torts Branch’s workload involves defensive matters in which other parties have sued the Federal Government, the Torts Branch is litigates one of the Federal Government’s largest affirmative cases – Deepwater Horizon. In FY 2012, the Torts Branch handled cases worth billions of dollars.

**Aviation and Admiralty Section**

The Aviation and Admiralty Litigation Section handles aviation and maritime accident matters.

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

In January 2013, Transocean agreed to plead guilty to violating the Clean Water Act and pay $1.4 billion in civil and criminal fines and penalties. Litigation, however, will continue with multiple trials to first allocate fault for the explosion and sinking of the Deepwater Horizon and then to assess damages. The first trial started on February 25, 2013.

  

The Deepwater Horizon Litigation is one of the largest cases ever litigated by the Federal Government. Given the size and complexity of the litigation, it is unsurprising that the volume of documents is hard to imagine.

In total, the Government has produced or received 47.7 terabytes of data. If printed on paper, these documents would total 23.85 billion pages and consume 7.95 million standard-sized boxes. If stacked 20 feet high, these boxes would fill the equivalent of almost three U.S. Capitols.

**Constitutional and Specialized Torts Litigation Section**

Constitutional and Specialized Torts consists of three components: the Constitutional Torts Staff, the Vaccine Litigation Group, and the Radiation Exposure Compensation Act Group.

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 involving critical and sensitive Executive Branch functions, cutting-edge questions of law affecting the federal workforce, and difficult personal liability cases. Many cases involve national security or law enforcement activity, including a case brought by the estate of three U.S. citizens who died in 2011 in Yemen by alleged drone strikes.



**The Vaccine Litigation Group** 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 Torts Litigation Section**

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The Environmental Torts Section defends the United States in high-stakes and complex environmental tort litigation. These cases often involve complex scientific and medical issues requiring the presentation of expert testimony. The Environmental Torts Litigation Section defends the Federal Government in property and personal injury cases involving toxic substances in the environment, the workplace, and government-owned housing.

Past successes include cases involving the contamination resulting from the Federal Government’s chemical warfare research during World War I; the use of asbestos in Government vessels during World War II and beyond; the use of Agent Orange during the Vietnam War; the use of herbicides to prevent wildfires on federal land; and alleged injuries from contamination from important Government – including military – facilities. In total, the Environmental Torts Litigation section has saved the Government billions of dollars.

**Federal Torts Claims Act Litigation Section**

The Federal Torts Claims Act Section litigates cases – which are often complex and controversial – under the Federal Tort Claims Act, a statute first passed by Congress in 1946 that provides damages for certain injuries and property damage caused of Federal Government employees. Today, Federal Tort Claims Act litigation typically arises due to medical care, regulatory activities, law enforcement, and maintenance of federal lands. Recently, the Federal Tort Claims Act Section has defended the United States in litigation related to Hurricane Katrina in which plaintiffs sought billions of dollars for losses caused by flooding.

**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, including analysts, accountants, and information technology specialists, provide the technological, analytical, and litigation tools necessary for Civil Division attorneys to compete against the best law firms in the world.







**\* 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. 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.

**\*Discontinued Measure**

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**Performance, Resources, and Strategies**

**Performance Plan and Report for Outcomes**

The Civil Division’s work advances the Department of Justice’s efforts to “prevent crime, protect the rights of the American people, and enforce federal law.” More specifically, Civil aims to achieve this goal by:

* Combating corruption, economic crimes, and international organized crime (Strategic Objective 2.4 of the Department of Justice’s FY 2012 – FY 2016 Strategic Plan); and
* Protecting the federal fisc and defend the interests of the United States (Strategic Objective 2.6 of the Department of Justice’s FY 2012 – FY 2016 Strategic Plan).

In recent years, the Civil Division’s performance demonstrates tremendous success in supporting the Department’s overall efforts in defending congressional statutes, regulations, and federal policies; recouping losses to the treasury; safeguarding America’s interests abroad; and preserving the safety and security of U.S. citizens. This success is evident in the outstanding return on investment the Civil Division provided the U.S. Treasury in FY 2012.

**$11.2** ***Billion*** **Defeated**

**$6** ***Billion*** **Recovered**

Given that Civil’s workload is 90 percent defensive, its vigorous defense against monetary claims and against challenges to federal programs and policies has saved the Treasury from billions of dollars in unmerited payments. In FY 2012 alone, Civil defeated $11.2 billion in defensive claims. Also in FY 2012, Civil attorneys, in conjunction with the U.S. Attorneys and other governmental entities, recovered over $6 billion lost through financial, health care, procurement, and other forms of fraud. The Civil Division continues to meet its performance targets. It must remain, however, conscientious in how it spends its dwindling resources to continue its pursuit of high-stake cases.

**Strategies to Accomplish Outcomes**

The Civil Division plays an indepensable role in preserving national security, upholding federal programs and policies, protecting consumers from fraud and unsafe practices, and restoring trust in the marketplace. The Civil Division continues to emphasize the following strategies to address high priorities and objectives set by the Administration and the Attorney General:

* Hire the best people;
* Provide them with the best tools; and
* Reduce administrative and overhead costs.

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**Best people**: To the extent that Civil can hire, it will continue to build a workforce composed of the brightest attorneys and staff. Hiring high-quality people is crucial to fulfilling mission-critical activities, such as protecting the interests of U.S. taxpayers, defending federal laws and programs, and preserving national security.

**Best tools**: The Civil Division’s information technology (IT) infrastructure and litigation support services play a critical role in serving its core mission of representing the United States in a variety of civil matters. From the moment an investigation is initiated or a case is filed through its final resolution after trial or settlement, attorneys extensively rely on litigation support services and IT resources. For example, paralegals are needed to handle document collection and review, and contractors are retained to create and manage databases that store and sort through millions of electronically uploaded documents. Civil will continue to preserve its primary IT needs, including efforts to improve e-discovery resources and case management systems. Such tools and IT capabilities provide attorneys and paralegals with the flexbility and functionality they require to handle legal matters that increasingly rely on electronic data.

**Administrative and overhead cost reductions**: In order to preserve the Civil Division’s two strongest assets, its highly-skilled workforce and technology resources, it must cut costs elsewhere. Civil continues to take the tough, but necessary, actions to achieve administrative savings wherever possible without compromising the ability of its attorneys to litigate effectively in court and at the settlement table. Since FY 2010, Civil has implemented drastic measures to reduce costs in the areas of automated litigation support, travel, consultants, printing, supplies, publications, and utilities. The following chart states the percentage cuts each area has sustained in the past two years.

|  |  |
| --- | --- |
| Savings | |
| Automated Litigation Support | -20% |
| Travel | -24% |
| Consultants | -74% |
| Printing | -48% |
| Supplies | -32% |
| Publications | -31% |
| Overtime Utilities | -93% |

**Priority Goals**

Protecting American businesses, consumers, and taxpayers from financial and health care fraud is a top goal of the Civil Division, the Department of Justice, and the Administration. Civil attorneys recover billions of taxpayer dollars every year and work with medical and financial companies to prevent future abuse.

By working with U.S. Attorneys, Antitrust Division, and Criminal Division, the Department intends, at a minimum, to increase the number of financial and health care fraud investigations completed per Department of Justice attorney by five percent over FY 2011 levels. The Department’s progress for this goal is reported quarterly. In recent years, close coordination with U.S. Attorneys and other partners has led to the highest recovery amounts and criminal prosecutions in Department history. Civil Division attorneys are leaders in national fraud taskforces that ensure successful coordination and compliance with the Attorney General’s priority goal.

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**Program Increase**

**Item Name: Financial and Mortgage Fraud**

Budget Decision Unit: Legal Representation

Strategic Goal & Objective: 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.

Ranking: 1 of 2

Program Increase: Positions 51; Attorneys 32

Total Dollars $7,000,000

This $7 million investment will allow the Commercial Litigation’s Fraud Section and the Consumer Protection Branch to expand existing efforts – in both civil and criminal matters – to combat financial and mortgage fraud. These expanded efforts will ultimately benefit consumers by providing relief to those victimized by fraud and will replenish the Government’s coffers by recovering money for the Treasury that was lost due to fraud.

Financial and mortgage fraud harms individual American consumers while also damaging the Nation’s financial markets. The recent financial crisis underscored the dangers that financial fraud poses to America’s economic system. The Department of Justice is committed to punishing those that commit financial and mortgage fraud and deterring future fraud. Within the Civil Division of the Department of Justice, the Fraud Section and the Consumer Protection Branch play a critical role in civil litigation and criminal enforcement matters to prosecute and punish those that commit financial fraud.

**Financial and Mortgage Fraud**

**Program Increase**

*$7 million total program increase*

* $4.866 million for 51 Positions
  + 32 Attorneys
  + 11 Professional Support
  + 7 Paralegals
  + 1 Clerical Support
* $2.134 million for Automated Litigation Support

The Civil Division has long-standing success in large-scale, complex litigation. In FY 2012 alone, the Civil Division, working with partners in U.S. Attorneys offices, returned over $6 billion to the U.S. Treasury in its affirmative litigation. The Fraud Section and the Consumer Protection Branch are primarily responsible for this success.

**Fraud Section:** The work of the Fraud Section in False Claims Act cases is a major source of Civil’s affirmative monetary recoveries. In FY 2012, the combined efforts of Civil and the U.S. Attorneys resulted in $4.9 billion in False Claims Act recoveries. Historically, False Claims Act litigation primarily involved health care and procurement fraud. In recent years, a new area of focus in False Claims Act litigation has been financial and mortgage fraud.

FY 2012 saw significant recoveries in this area; in total, the Civil Division and U.S. Attorneys recovered over $1.4 billion in financial and mortgage fraud cases. In addition, Civil has worked closely with the Department of Housing and Urban Development’s Inspector General to identify lenders that fraudulently induced the Federal Housing Authority to guarantee mortgages on single family homes that the lenders knew did not meet the Authority’s lending guidelines.  This initiative has identified potentially billions of dollars in false claims, and additional resources would enable the Department to continue to support this important effort.

**Consumer Protection Branch:** Another key component in the Civil Division’s affirmative monetary recoveries is the work of the Consumer Protection Branch. Since 2009, the Consumer Protection Branch, working with partners in the U.S. Attorneys offices, obtained over $5.8 billion in criminal fines, forfeiture, disgorgement, and restitution to victims. In addition to these monetary fines and penalties, the Consumer Protection Branch has the authority to undertake criminal prosecutions. During this same period – since 2009 – the Consumer Protection Branch also has obtained criminal convictions of 115 individuals and total prison sentences exceeding 312 years.

Historically, the Consumer Protection Branch has handled matters under the Food, Drug, and Cosmetic Act, the odometer tampering prohibitions of the Motor Vehicle Information and Cost Savings Act, the Consumer Product Safety Act, and a variety of laws administered by the Federal Trade Commission including the Fair Debt Collection Practices Act. Most of the high dollar cases that the Consumer Protection Branch has handled have involved pharmaceutical and other health care matters. In 2011, Congress approved a reorganization that created today’s Consumer Protection Branch. Under new leadership, the Branch made financial and mortgage fraud a top priority.

Fraud matters typically take several years to be investigated before litigation ensues. Yet, dividends from the Consumer Protection Branch’s expanded mandate have already arisen. On February 5, 2013, Attorney General Eric Holder announced that the Civil Division and its Consumer Protection Branch will lead the fraud case against credit rating agency Standard & Poor’s Ratings Services (S&P). Civil attorneys spent more than three years investigating the rating agency’s actions. Ultimately, litigation was brought under the Financial Institutions Reform, Recovery, and Enforcement Act, and the Civil Division seeks penalties from the $5 billion in losses suffered by federally insured financial institutions. Because S&P allegedly inflated its ratings to gain a larger market share in the credit ratings industry, federally insured financial institutions made investments that were far riskier than S&P’s ratings suggested.

“S&P girds for multi-year fight against US gov't charges that it inflated ratings before crisis.”

*Associated Press*

**Future Plans:** Going forward, the Department of Justice is committed to identifying and prosecuting those that committed financial fraud and, in particular, penalizing those responsible for schemes that caused the 2008 financial crisis. This enhancement would boost the Civil Division’s efforts to combat fraud that goes to the very heart of the recent financial crisis. As the Attorney General noted during his February 5, 2013, press conference announcing the Civil Division’s lawsuit against S&P, resources for civil fraud enforcement are essential to investigate and hold accountable those who contributed to the worst economic crisis in recent American history.

Beyond targeting those responsible for the greatest financial crisis since the Great Depression, Civil would use additional resources to prosecute those who have taken advantage of the crisis by preying on consumers already suffering under the weight of crushing debt. The economic crisis spawned a variety of other scams including fraudulent foreclosure rescue, debt relief, work-at-home, and pay-day lending scams. These scams took advantage of vulnerable consumers’ desperate conditions while simultaneously delaying the recovery. Additional resources will enable the Civil Division to target such scams more efficiently and creatively. For example, more investigations could be opened against third party payment processors, each of which may facilitate several different fraudulent activities. Stopping fraud at the payment processor chokes off fraudsters’ access to victim bank accounts and access to the cash that keeps the scams going.

Additional resources are critical in these complex matters as corporate parties will almost certainly employ scorched-earth litigation strategies. Without doubt, given the dollar amounts at issue, corporate defendants will employ the nation’s pre-eminent law firms and spare no expense in aggressively litigating each and every claim. To assist consumers and recover money owed to the Treasury, the Civil Division requires sufficient resources to compete against the armies of attorneys our opponents will bring to this battle. This $7 million investment will ensure that Civil has the resources necessary to compete against its opponents.

**Automated Litigation Support:** A key component to this program increase is $2,134,000 in funding for Automated Litigation Support (ALS). Only with ALS resources can Civil attorneys efficiently use paralegal and information technology services, which are almost always used by its opponents, for electronic discovery, forensics, document processing, database creation and maintenance, as well as pretrial and trial support. In major investigations, millions of pages of documents are produced by defendants and ALS resources permit electronic searching to easily review voluminous materials to identify key evidence. As more major cases and investigations are opened, ALS becomes even more important.

**Bottom Line:** If the Civil Division receives more resources, it will open more financial fraud investigations, litigate more cases, and provide additional resources in ongoing matters. Those responsible for the economic crisis and those attempting to defraud vulnerable consumers will face justice. More vigorous enforcement of the Nation’s consumer protection laws will deter others from engaging in similar practices. At the same time, increased monetary recoveries will provide hundreds of millions, or even billions, of dollars to the Treasury.

**Funding**

**Summary**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| FY 2012 Enacted | | | | FY 2013 CR | | | | FY 2014 Current Services | | | |
| Pos | Agt/  Atty | FTE | $(000) | Pos | Agt/  Atty | FTE | $(000) | Pos | Agt/  Atty | FTE | $(000) |
| 56 | 46 | 58 | $16,034 | 56 | 46 | 58 | $16,034 | 56 | 46 | 58 | $16,338 |

**Personnel Increase Cost Summary**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type of Position | Modular Cost per Position | Number of Positions Requested | FY 2014  Request  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
| Attorney | $111,359 | 32 | $3,563 | $3,087 |
| Professional Support (Forensic Accountants, Investigators, Financial Analysts) | 77,012 | 11 | 847 | 603 |
| Paralegals | 57,450 | 7 | 402 | 187 |
| Clerical Support | 54,341 | 1 | 54 | 11 |
| Total Personnel |  | 51 | $4,866 | $3,888 |

**Non-Personnel Increase Cost Summary**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Non-Personnel Item | Unit | Quantity | FY 2014  Request  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
| Automated Litigation Support |  |  | $2,134 |  |
| Total Non-Personnel |  |  | $2,134 | $0 |

**Total Request for this Item**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Pos | Agt/  Atty | FTE | Personnel  ($000) | Non-Personnel  ($000) | Total  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
| Current Services | 56 | 46 | 58 | $16,338 | $0 | $16,338 | $0 |
| Increases | 51 | 32 | 26 | 4,866 | 2,134 | 7,000 | 3,888 |
| Grand Total | 107 | 78 | 84 | $21,204 | $2,134 | $23,338 | $3,888 |

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**Program Increase**

**Item Name: Attorney Productivity Initiative**

Budget Decision Unit: Legal Representation

Strategic Goal & Objective: 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.

Ranking: 2 of 2

Program Increase: Total Dollars $1,600,000

Having operated under a partial hiring freeze for two years, the Civil Division seeks to accomplish its mission effectively even as some positions are lost to attrition. This increase will imrpove the efficiency of its remaining attorney workforce. Today, the ratio of attorneys to support staff is seriously skewed, as attrition among paralegals, administrative professionals, secretaries, and clerks has far outpaced attorney attrition. As a result, attorneys are spending their scarce time searching databases, proofreading documents, performing privilege review, preparing exhibits, and doing a host of activities that could be performed more efficiently by support staff as opposed to performing activities requiring attorney expertise.

According to a recent survey, up to 45 percent of attorneys’ workdays in some branches are spent on non-attorney tasks in contrast to the preferable business model (detailed on the following page). Top private law firms employ far more support staff for each attorney than the Civil Division. Lack of sufficient support resources hampers our ability to devise and execute top quality legal services and threatens to undermine Civil’s performance in high-stakes cases. To remedy this problem, we are seeking $1,600,000 to fund 17 positions.

**Business Model for Litigation**

In the current legal business climate, private law firms are concerned about expenses and strive to reduce costs. Clients of law firms incessantly demand firms keep billing rates as low as possible. Given the competitive nature of legal services in America today, to attract new clients and maintain existing clients, law firms must reduce costs wherever possible. Moreover, law firms have repeatedly demonstrated an eagerness to downsize. These cost-conscious private law firms hire secretaries, paralegals, and other support staff to become more efficient.

“The usefulness of a paralegal in supportive roles can open up time for attorneys to actually work on legal issues and do things that only attorneys can do…[I]t allows corporate law departments to get the most out of their attorneys.”

Association of Corporate Counsel, *Top 10 Reasons to Use Paralegals, Oct. 3, 2011.*

The Civil Division’s ratio of non-attorneys to attorneys is far afield from that of the private bar. Various trade publications and other resources detail staffing levels at private law firms. The data shows, for law firms, the ratios of non-attorneys to attorneys,

secretaries to attorneys, and paralegals to attorneys. All of the studies point to the same conclusion – the Civil Division’s support staff constitutes a far smaller percentage of Civil’s total employment than does the percentage of support staff at private law firms. Sources consulted to obtain the data in the chart include the following. *2009 Survey of Law Firm Economics*, ALM Legal Intelligence, 2009. Tracy Wymer, *The Emerging Law Firm Practice*, Knoll Workplace Research, 2009.

|  |  |
| --- | --- |
| **Staffing Levels for**  **Private Law Firms** | **Staffing Levels for**  **the Civil Division** |
| 1 secretary for every  3 – 4 attorneys | 1 secretary for every 7.5 attorneys |
| 1 paralegal for every 4.5 attorneys | 1 paralegal for every 6 attorneys |

Importantly, the Civil Division is already outgunned in its larger cases by the number of attorneys representing its opponents. Reduced support staff compounds this problem. A recent survey across the Civil Division revealed that the following problems have arisen due to the current staffing configuration.

|  |  |
| --- | --- |
| **Consumer Protection** | Criminal and civil investigations are being scaled back or foregone, document management is severely strained, and exhibits are disorganized. Quality is suffering due to lack of time to review work adequately. |
| **Radiation Exposure Compensation Act** | Compliance with statutory requirements may be in jeopardy because of the administrative backlog. There will be excessive delays for individuals who risked their lives and health for the Nation. |
| **Aviation and**  **Admiralty** | We are shifting resources from crisis project to crisis project as deadlines approach. We are unable to prepare legal work products in a professional way. |
| **Fraud** | Caseloads are increasing as we suffer attrition, and we are not able to conduct investigations as thoroughly. For example, recently, there was a substantial setback in a major case due to poor copying of key evidence. |
| **Intellectual Property** | Some work is simply not getting done, for example, proofreading and filing documents. Inadequate review results in poorer final products. Plus, today’s problems cause unnecessary future problems as staff struggle to locate disorganized documents needed for trial. |
| **Constitutional Torts** | Work related to the discovery process, including client coordination, witness review, and trial preparation is faltering. |
| **Immigration Litigation** | A 33-percent reduction in certain support positions over the past two years is delaying time-sensitive work. |
| **Management and Administration** | The Office lost 19 positions since January 2011, at a time when planning, budget, and IT needs have surged. Currently, 69 management and administration employees support 1,368 employees in the litigating branches – representing a mere 5 percent of total staffing. |

In short, the lack of essential support translates into a weakened ability to gather and review evidence, meet court deadlines, and prepare for trial, placing the Federal Government at a significant disadvantage compared to its legal adversaries. The Nation cannot afford attorney productivity to plummet with so much at stake in multi-billion dollar cases, such as Deepwater Horizon, Hurricane Katrina, and the AIG shareholders lawsuits.

**Funding**

**Summary**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| FY 2012 Enacted | | | | FY 2013 CR | | | | FY 2014 Current Services | | | |
| Pos | Agt/  Atty | FTE | $(000) | Pos | Agt/  Atty | FTE | $(000) | Pos | Agt/  Atty | FTE | $(000) |
| 340 | 0 | 319 | $42,676 | 278 | 0 | 259 | $37,582 | 278 | 0 | 259 | $37,958 |

**Personnel Increase Cost Summary**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type of Position | Modular Cost per Position | Number of Positions to be Filled | FY 2014  Request  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
| Paralegals | $90,795 | 14 | $1,270 |  |
| Professional Support | 169,112 | 1 | 169 |  |
| Clerical Support | 80,765 | 2 | 161 |  |
| Total Personnel |  | 17 | $1,600 | $0 |

**Non-Personnel Increase Cost Summary**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Non-Personnel Item | Unit | Quantity | FY 2014  Request  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
|  |  |  |  |  |
| Total Non-Personnel |  |  | $0 | $0 |

**Total Request for this Item**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Pos | Agt/  Atty | FTE | Personnel  ($000) | Non-Personnel  ($000) | Total  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
| Current Services | 278 | 0 | 259 | $37,958 | $0 | $37,958 |  |
| Increases | 0 | 0 | 0 | 1,600 | 0 | 1,600 |  |
| Grand Total | 278 | 0 | 259 | $39,558 | $0 | $39,558 | $0 |

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**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 of 2001 (“the Fund”). 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. The Act also amended the original statute by adding new categories of beneficiaries, setting new filing deadlines, and listing health conditions and diseases—including certain types of cancers—to be covered by the Fund. Sheila Birnbaum, the appointed Special Master, issued final regulations that reopened the Fund, on October 3, 2011.

**Program Funding**

Congress appropriated a total of $2.775 billion for award payments and administrative expenses needed to operate the Fund. The Act makes available $875 million of the $2.775 billion, approximately 31 percent, to be used during the Fund’s five years of operation, FY 2011 – FY 2016. The remaining $1.9 billion will be distributed in FY 2017, after the Fund has closed and can no longer receive claims. 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 amount of compensation paid to claimants to ensure that all entitled claimants receive an initial award from their claim.

**Funding Availability**

**$ in Millions**

**Administrative Costs**

The Civil Division is providing 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, inter-agency coordination, and other vital activities. The Special Master and Deputy Special Master are providing legal services at no cost. Claims reviewers were hired as special government employees, and their legal services are being charged to the Fund. Every attempt is made to keep such costs to a minimum.

**Claims Activity**

FY 2013 and FY 2014 are expected to be active years for the Fund because: 1) a large number of claims are expected to be filed in FY 2013; and 2) a large number of initial awards are expected to be paid in FY 2014. According to the Act, claimants have two years to submit a claim if they knew, or reasonably should have known, of their illness or injury at the time of the Fund’s reopening. Because the majority of potential claimants are likely to be injured or sick at the time of the Fund’s reopening (October 3, 2011), they must apply before the two year deadline of October 3, 2013. In similar situations, claimants typically have waited until shortly before the deadline to apply. Thus, a high number of claims are expected to arrive in the fourth quarter of FY 2013. Nonetheless, a large number of awards payments are expected to occur in FY 2014, after the two-year window because of the following factors.

1. In many cases, the Fund does not receive all of the required documentation needed to evaluate a claim. Claimants are given an opportunity to submit supporting materials to complete their applications after the October 3, 2013, deadline.
2. According to the Act, the Special Master has 120 days to adjudicate a claim once it is deemed substantially complete.

The following chart provides the estimated number of claims filed and claims awarded during the entire lifetime of the Fund (as of January 29, 2013). Currently, it is estimated that the first payment reflects 10 percent of the total value of the claim.

|  |  |
| --- | --- |
| **FY 2011 – FY 2016 Estimated Claims and Awards** | |
| Estimated Population | 681,255 |
| Estimated Total Number of Claims to be Filed | 34,447 |
| Estimated Number of Awards to be Made | 26,475 |