

**Bureau of  
Alcohol, Tobacco, Firearms and Explosives  
(ATF)**



**Fiscal Year 2023  
Congressional Budget Submission  
Salaries and Expenses**

**March 2022**

## V. Program Increases by Item

<b>Item Name:</b>	<b>IOI Regulatory Enforcement and Diversion Control</b>
Strategic Goal 2:	Keep Our Country Safe
Strategic Objective 2.2:	Counter Foreign and Domestic Terrorism
Strategic Objective 2.3:	Combat Violent Crime and Gun Violence
Budget Decision Unit(s):	Law Enforcement Operations (LEO) Investigative Support Services (ISS)
Organizational Program:	Diversion of Firearms from Legal Commerce Tobacco Diversion

Program Increase: Positions 183 Agt/Atty 2 FTE 92 Dollars \$20,137,000

### **Description of Item**

The ATF is requesting an increase of \$19.3 million and 169 positions to improve inspections and oversight of Federal Firearms Licensees (FFLs). The request includes 160 industry operations investigators, 1 Attorney, and 8 additional support staff to address the ability of the ATF to increase FFL inspections. As part of its primary mission to combat violent firearms crime and protect the public, the ATF is responsible for licensing persons engaged in manufacturing, importing, and dealing in firearms. The ATF also ensures those who are licensed to engage in those businesses do so in compliance with applicable laws and regulations. The ATF is requesting a program enhancement to increase the number of IOIs who will conduct inspections, regulatory oversight, and outreach to the FFLs to ensure compliance with provisions of the Gun Control Act.

The ATF is also using requesting \$0.9 million to fund 14 positions for Firearms Enforcement Officers (FEOs), an additional attorney, and a paralegal specialist for the increased field case workload associated with PMFs, 3D printed firearms, and “Stabilizing Braces.” The workload and demand for FEOs to support ATF Field Operations and other Federal agencies in support of PMF criminal cases, search warrants, mass shootings, and training new Special Agents and IOIs is overwhelming. FEO positions are essential in meeting the real time need now and in the future for violent crime gun cases.

### **Justification**

#### *Regulating the Firearms Industry*

There were more than 20,000 homicides using a firearm in 2020, outpacing the next-highest recent year, 2017, by more than 3,600 homicides. The rise mirrors other alarming trends: in 2020, the United States saw the highest one-year increase in homicides since it began keeping records, with the country’s largest cities suffering a 30 percent spike. Gunshot injuries also rose

dramatically, to nearly 40,000, over 8,000 more than in 2017. FFLs play a key role in safeguarding the public from violent firearm crimes by maintaining accurate records, instituting internal controls, and performing background checks on potential firearms purchasers. The ATF partners with the industry through the IOIs educating the FFLs and advocating for best practices to prevent firearms-related crimes and to ensure the traceability of firearms when crimes do occur. The IOIs conduct inspections of FFLs to ensure compliance with applicable Federal, state, and local laws and regulations, and educate licensees on the specific requirements of those laws and regulations. The IOIs also review the required records kept by FFLs to identify individuals potentially associated with trafficking firearms or involved in other criminal activity. Compliance inspections assist to ensure traceability of crime guns is maintained. The information obtained during these inspections, paired with additional crime gun intelligence, allows law enforcement to identify traffickers and associates, disrupt the shooting cycle, and reduce violent crime.

With an increase of FFLs and other program initiatives, coupled with the inevitable attrition of IOIs, the need for additional personnel and resources is evident. The number of field IOIs conducting inspections declined over four years, from 626 in 2017, 624 in 2018, 607 in 2019, and 565 in 2020.<sup>3</sup> As of the January 2022, the total number of IOIs onboard have increased to 615. This number reflects the number of IOIs assigned to field offices and conducting inspection of the regulated firearms and explosives industries. The number of active FFLs continues to increase with 136,846 currently holding a license, of which 83,467 are engaged in the business of dealing, pawnbroking, manufacturing, or importing firearms. In addition to regulating the firearm industry, IOIs also regulate an explosives industry with 9,054 active Federal explosives permittees and licensees.

In FY 2021, the IOIs conducted 6,721 firearm compliance inspections and 15,181 firearm qualification inspection for those applicants looking to become licensed with the ATF. IOIs also conducted 3,672 explosive compliance inspections. Over the previous five fiscal years, the ATF has on average inspected 12.6 percent of FFLs annually, not including collectors. For the ATF to have 100 percent inspections on all 83,467 licensed business entities, each IOI would have to conduct approximately 133 inspections per year, or about one inspection every 2 business days. This is an impossibility given that a large number of FFLs have sufficient volume as to require multiple IOIs to conduct the inspection over the course of several days. This also does not account for the ATF's requirement to conduct explosive compliance inspections or qualifying inspection for FFL and FEL applicants. The ATF utilizes CGI to better prioritize which FFLs are inspected; however, the prioritization of these inspections has caused many FFLs to go years between inspection.

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<sup>3</sup> The numbers referenced include all GS-13 and below IOIs assigned to field offices

Fiscal Year	Inspections	Licensed Business Entities*	Percent Inspected
2016	9,790	80,119	12.2%
2017	11,009	80,493	13.7%
2018	10,323	80,055	12.9%
2019	13,079	78,100	16.7%
2020	5,827	77,740	7.5%
2021	6,721	83,467	8.1%

\*Does not include Collector of Curio and Relics (Type 03)

*PMFs, 3D Printed Firearms, and “Stabilizing Braces”*

This program enhancement requests 12 FEOs, an additional attorney, and a paralegal specialist for the increased field case workload associated with PMFs, 3D Printed firearms, and “Stabilizing Braces.”

Complex criminal cases associated with PMFs have increased by 42 percent through FY 2021, not including other firearm exhibits. The ATF is seeing a significant increase in the recovery of non-serialized firearms during criminal investigations and firearms being made using 3D printers. Additive (3D) manufacturing has increased in popularity and the designs are very complex and require the expertise of FEOs to identify the manufacturing techniques and classify the firearms according to current law. Many of the PMFs are found disassembled to avoid detection which requires trained firearm experts to identify and classify in criminal prosecution. The workload and demand for FEOs to support ATF Field Operations and other federal agencies in support of PMF criminal cases, search warrants, mass shootings, and training new Special Agents and IOIs is overwhelming. The FEOs are very specialized technical positions that require approximately 24-36 months before certified to perform operational tasks independently. The FEOs are subject matter experts with all firearms and ammunition as defined in the law.

Possession of PMFs, whether through weapons kits or 3D printing, by prohibited persons increases the possibility or likelihood of their usage in violent incidents, thus endangering the public and law enforcement. On May 7, 2021, the Attorney General signed ATF proposed rule 2021R-06, “Definition of “Frame or Receiver” and Identification of Firearms,” that would amend ATF’s regulatory definition of a firearm to “(A) any weapon (including a starter gun) which *will or is designed to or may readily be converted* to expel a projectile by action of an explosive.” The proposed rule amends the definition of a firearm to include the kits referenced above as well as require FFLs to appropriately mark PMFs that are transferred into their inventory.

On June 7, 2021, the Attorney General signed ATF proposed rule 2021R-08, “Factoring Criteria for Firearms with Attached ‘Stabilizing Braces,” that would amend the ATF’s regulations to clarify when a rifle is “intended to be fired from the shoulder.” The proposed rule outlines the factors the ATF would consider when evaluating firearms equipped with a purported “stabilizing brace” to determine whether these weapons would be considered a “rifle” or “short-barreled

rifle” under the Gun Control Act of 1968, or a “rifle” or “firearm” subject to regulation under the National Firearms Act.

### **Impact on Performance**

To set strategic enforcement priorities, the request for an additional 160 IOI positions would provide the ATF with the necessary resources to work towards achieving a 5-year inspection cycle of FFLs. These inspections ensure traceability of crime guns is maintained and that firearms are kept out of the hands of prohibited individuals. IOIs also educate licensees in proper recordkeeping and business practices during the inspection process. Additional resources will ensure FFLs are regularly inspected to identify and prevent illegal firearm trafficking, thus working to reduce violent firearms crimes in communities. It will also ensure non-compliant FFLs are brought into compliance and addressed through administrative actions. The additional 160 IOIs will improve public safety consistent with the Department’s values – the true measure of success.

Consistently the top two violations IOIs have cited for FFLs during compliance inspections have been failure to maintain an accurate, complete, and timely acquisition and disposition (A&D) record of firearms, and failure to obtain a completed ATF Form 4473, Firearm Transaction Form. These violations demonstrate that FFLs need to be held accountable with routine compliance inspections, which can only be achieved with additional IOIs to conduct the compliance inspections. Properly maintaining firearm records is critical for completing an urgent firearm trace in order to quickly identify an individual responsible for a violent crime and expeditiously apprehend him or her before any further risk to public safety can occur.

Once the two new rules, definition of frame or receiver and concerning stabilizing braces, go into effect FEOs will be in increasing demand due to the influx of non-serialized 3D printed firearms, stabilizing braces, and PMFs. The requested 12 FEO positions, an additional attorney, and a paralegal specialist will directly impact ATF’s ability to investigate violent firearm crimes.

## Funding

### 1. Base Funding

FY 2021 Enacted				FY 2022 President's Budget				FY 2023 Current Services			
Pos	Agt/Atty	FTE	Amount (\$000)	Pos	Agt/Atty	FTE	Amount (\$000)	Pos	Agt/Atty	FTE	Amount (\$000)
700	0	700	110,254	700	0	700	110,254	700	0	700	110,254

### 2. Personnel Increase Cost Summary

Type of Position/Series	FY 2023 Request (\$000)	Positions Requested	Full Year Modular Cost per Position (\$000)	Annualizations (\$000)			
				1st Year	2nd Year	FY 2024 (net change from 2023)	FY 2025 (net change from 2024)
General Investigative (1800-1899)	17,540	160	171.9	109.6	62.0	9,923	9,755
Miscellaneous Operations (0001-0099)	568	8	129.1	71.0	74.4	595	576
Attorneys (0905)	245	2	217.5	122.8	90.3	148	144
Paralegals / Other Law (0900-0999)	71	1	129.1	71.0	74.4	74	72
Firearms Enforcement Officers (1801)	852	12	129.1	71.0	74.4	893	864
<b>Total Personnel</b>	<b>19,276</b>	<b>183</b>				<b>11,633</b>	<b>11,411</b>

### 3. Non-Personnel Increase/Reduction Cost Summary

Non-Personnel Item	FY 2023 Request (\$000)	Unit Cost (\$000)	Quantity	Annualizations (\$000)	
				FY 2024 (net change from 2023)	FY 2025 (net change from 2024)
FEO Operations	861	861	1	431	0
<b>Total Non-Personnel</b>	<b>861</b>	<b>861</b>	<b>1</b>	<b>431</b>	<b>0</b>

### 4. Justification for Non-Personnel Annualizations

N/A

**5. Total Request for this Item**

Category	Positions			Amount Requested (\$000)			Annualizations (\$000)	
	Count	Agt/Atty	FTE	Personnel	Non-Personnel	Total	FY 2024 (net change from 2023)	FY 2025 (net change from 2024)
Current Services	700	0	700	71,665	38,588	110,253	130,390	142,023
Increases	183	2	92	19,276	861	20,137	11,633	11,411
<b>Grand Total</b>	<b>883</b>	<b>2</b>	<b>792</b>	<b>90,941</b>	<b>39,449</b>	<b>130,390</b>	<b>142,023</b>	<b>153,434</b>

**6. Affected Crosscuts: National Security, Violent Crime, & Gun Safety**

**Item Name: National Tracing Center Modernization**

Strategic Goal 2: Keep Our Country Safe  
Strategic Objective 2.2: Counter Foreign and Domestic Terrorism  
Strategic Objective 2.3: Combat Violent Crime and Gun Violence  
  
Budget Decision Unit(s): Investigative Support Services (ISS)  
Organizational Program: NTC Division, Firearm Tracing Program

Program Increase: Positions 13 Agt/Atty 0 FTE 7 Dollars \$14,424,000

**Description of Item**

The ATF requests \$14.4 million to modernize the systems and applications utilized in support of the core firearms tracing mission and to support 13 new positions to address the increasing work volume. Additional personnel are required for the NTC Division to keep pace with the ever-increasing volume of incoming trace requests from the global law enforcement community. Historical trace data and forecasting models project a 7 percent annual growth rate in terms of incoming trace requests, making it necessary to support additional personnel at an equivalent rate. The NTC Division also requires a significant investment in technology enhancements, which would drastically curb the need to continuously add personnel, by streamlining internal processes and improving operational proficiency.

The goal of this initiative is to incrementally incorporate technology enhancements while augmenting personnel until such time that the proposed IT solutions have been fully delivered. Collectively, these enhancements will provide a substantial return on investment by reducing out year operations and maintenance costs, increasing workflow efficiency, improving accuracy, and significantly reducing trace completion times.

The 13 positions requested in FY 2023 will enhance functional capacity at the NTC and will be added to coincide with the proposed IT development. Other areas of support such as contracting, and procurement will be integral in supporting acquisition and delivery of the technology improvements to the NTC.

**IT Investment Requirements:**

Consolidated Firearms Tracing Application (eTrace Modernization with enhanced data sharing capabilities)	\$11,500,000
NTC Connect (formerly A2K) Automation	\$800,740
GIS Mapping component in eTrace	\$1,200,000



The total estimated cost for all technology enhancements required in support of NTC operations is \$13.5 million. The proposed IT investments are listed in priority order, however some of these projects could occur concurrently. The consolidation of firearms tracing applications through an eTrace modernization effort with enhanced data sharing capabilities will serve as a key building block for the remaining IT investments. This modernization effort will significantly improve the operational proficiency of the National Tracing Center Division and build capacity to meet expectations in firearms tracing capabilities for Federal, state, local, and international law enforcement agencies.

Out-Year/Recurring Costs (FY 2024 through FY 2026):

Annual O&M Cost (beginning in late FY 2024)	\$2,500,000
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The annual operations and maintenance costs associated with the production implementation of new IT systems and solutions is estimated at 10 percent of total development cost. This would equate to \$2.5 million annually after all functionality is delivered. However, the overall O&M costs for maintaining the NTC Division’s Firearm Tracing Applications (FTA portfolio) should be significantly lower than current costs given that multiple disparate systems will be eliminated or consolidated.

**Justification**

The NTC has an insufficient number of employees to effectively control processes and sustain institutional knowledge across its program areas and production capacity to meet the ever-increasing workload. This in turn has negatively impacted the NTC’s ability to meet established DOJ performance measures. Work products of the NTC Division are widely utilized throughout the agency (CGI Analytics) and by law enforcement partners as a primary data source for developing enhanced investigative leads.

Over the last ten years, the volume of incoming trace requests has increased by 63 percent. There was an 11.7 percent increase in traces between FY 2020 and FY 2021, when law enforcement agencies recovered and traced 548,186 firearms. The NTC Division is forecasting a 9.5 percent annual increase for FY 2022 (600,368) and FY 2023 (657,403). This increase in volume has significantly impacted the NTC Division’s ability to respond to law enforcement trace requests in a timely manner. In FY 2021, the average time to complete a trace request increased from 8 to 14 days, with an expectation of nearly doubling by the end of FY 2023, unless technology enhancements are implemented, and additional personnel are allocated.

There have been no significant IT enhancements for any mission critical NTC systems and applications since eTrace version 4.0 was deployed at the end of 2009. The modernization and consolidation of all trace processing, validation, workflow and reporting functions into one standard web-enabled firearms tracing application would significantly improve the productivity of the NTC Division, while also reducing operational costs for personnel and space.

The Crime Gun Tracing Modernization effort will provide a decentralized trace analysis and reporting capability, while also ensuring a consistent approach to collect, view, and disseminate

firearms trace related data in a timely manner. This investment will also establish an enhanced information sharing platform via eTrace, thereby empowering all participating law enforcement components with increased flexibility in managing and sharing trace data at various levels and across jurisdictions (local, state, multi-state, and national); thus, increasing and improving the sharing of gun trace data amongst and across U.S. Attorneys' Offices.

### **Impact on Performance**

In FY 2021, the NTC processed 548,186 trace requests. There are currently more than 8,500 Federal, state, local, and foreign law enforcement agencies (including Canada, Mexico, the Caribbean, most of Central America, parts of Western Europe, Australia, and Japan) utilizing eTrace to send trace requests and get trace results from the NTC. The NTC is significantly limited in its capacity to support the demand for firearms trace results, which are often time-sensitive, particularly those submitted as urgent trace requests. Failure to invest in technology improvements will result in significantly inflated out-year costs in terms of operations and maintenance, increased human resource requirements, physical space allocations, lost productivity, and most importantly, delays in responding to the needs of law enforcement partners. The successful implementation of the proposed technology enhancements will drastically curb the requirement to continuously add personnel by substantially increasing operational efficiency, specifically the ability to complete more traces per person which translates to more production per dollar.

This requested increase will advance the ATF's Strategic Goal 1: Deter Illegal Firearms Trafficking and Violent Gun Crime by sustaining the Firearms Tracing Program which produces the underlying data and information critical to the identification of firearms traffickers.

This requested increase will advance the ATF's Strategic Goal 5: Modernize ATF Processes and Systems through the modernization of NTC business processes and systems for improved information sharing and knowledge management and the use of innovative technologies to support ATF's mission.

This requested increase will support DOJ Priority Goal: Reduce Violent Crime and Promote Public Safety by producing Firearms Trace Results for law enforcement to generate enhanced investigative leads.

## Funding

### 1. Base Funding

FY 2021 Enacted				FY 2022 President's Budget				FY 2023 Current Services			
Pos	Agt/ Atty	FTE	Amount (\$000)	Pos	Agt/ Atty	FTE	Amount (\$000)	Pos	Agt/ Atty	FTE	Amount (\$000)
52	2	52	32,439	52	2	52	32,439	52	2	52	32,439

### 2. Personnel Increase Cost Summary

Type of Position/Series	FY 2023 Request (\$000)	Positions Requested	Full Year Modular Cost per Position (\$000)	Annualizations (\$000)			
				1st Year	2nd Year	FY 2024 (net change from 2023)	FY 2025 (net change from 2024)
Clerical and Office Svcs (0300-0399)	142	2	129.1	71.0	74.4	149	144
General Investigative (1800-1899)	1,206	11	171.9	109.6	62.0	682	670
<b>Total Personnel</b>	<b>1,348</b>	<b>13</b>				<b>831</b>	<b>814</b>

### 3. Non-Personnel Increase/Reduction Cost Summary

Non-Personnel Item	FY 2023 Request (\$000)	Unit Cost (\$000)	Quantity	Annualizations (\$000)	
				FY 2024 (net change from 2023)	FY 2025 (net change from 2024)
Consolidated Firearms Tracing Application (eTrace Modernization)	11,500	11,500	1	2,500	75
NTC Connect (formerly A2K) Automation	600	600	1	0	0
GIS Mapping component in eTrace	976	976	1	0	0
<b>Total Non-Personnel</b>	<b>13,076</b>	<b>13,076</b>	<b>3</b>	<b>2,500</b>	<b>75</b>

### 4. Justification for Non-Personnel Annualizations

Non-personnel costs, including but not limited to technology enhancements and firearms tracing applications through an eTrace modernization effort with enhanced data sharing capabilities, will serve as a key building block for the remaining IT investments.

### 5. Total Request for this Item

Category	Positions			Amount Requested (\$000)			Annualizations (\$000)	
	Count	Agt/Atty	FTE	Personnel	Non-Personnel	Total	FY 2024 (net change from 2023)	FY 2025 (net change from 2024)
Current Services	52	2	52	21,085	11,354	32,439	46,863	50,194
Increases	13	0	7	1,348	13,076	14,424	3,331	888
<b>Grand Total</b>	<b>65</b>	<b>2</b>	<b>59</b>	<b>22,433</b>	<b>24,854</b>	<b>46,863</b>	<b>50,194</b>	<b>51,082</b>

6. Affected Crosscuts: National Security, Violent Crime, and Gun Safety