CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 31, 1999

H.R. 1752
Federal Courts Improvement Act of 1999

As ordered reported by the House Committee on the Judiciary on July 27, 1999

SUMMARY

H.R. 1752 would make numerous operational and administrative changes to the federal court system. CBO estimates that implementing H.R. 1752 would cost $186 million over the 2000-2004 period, subject to appropriation of the necessary funds. H.R. 1752 would also increase direct spending by about $20 million in fiscal year 2001, but in subsequent years any effects on direct spending and receipts would be negligible. Because H.R.1752 would affect direct spending and receipts, pay-as-you-go procedures would apply.

H.R. 1752 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates the costs would be small and would not meet the threshold established in that act ($50 million in 1996, adjusted annually for inflation).

H.R. 1752 would impose one new private-sector mandate as defined in UMRA by eliminating the automatic exemption from federal jury service now granted to military personnel, police officers, firefighters, and certain public officials. CBO estimates that the total cost of this mandate would fall below the threshold established in UMRA ($100 million in 1996, adjusted annually for inflation).

DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

Section 201 would authorize additional magistrate judgeships for Guam and the Northern Mariana Islands. (Magistrate judges serve as adjuncts to district judges, and they perform a variety of judicial duties, such as trying misdemeanor cases and conducting preliminary hearings.) Unlike the salaries and benefits of Article III judges and Supreme Court justices, the salaries and benefits of magistrate judges are not considered mandatory. Section 206 would authorize appropriations for the federal substance abuse treatment program. Other sections of H.R. 1752 could affect spending subject to appropriation, but CBO expects that their budgetary effects would not be significant.

Section 101 would allow the Administrative Office of the United States Courts (AOUSC) to be reimbursed for expenses incurred related to forfeiture cases out of funds in the Department of Justice's (DOJ's) Assets Forfeiture Fund and the Treasury Forfeiture Fund. Section 104 would enable the court districts in Alabama and North Carolina to assess quarterly fees on debtors in chapter 11 cases. Other sections of H.R. 1752 could affect direct spending and receipts, but CBO expects that their budgetary effects would not be significant

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1752 is shown in the following table. The costs of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Additional Magistrate Judgeships for Guam and the Northern Mariana Islands (Section 201)					
Estimated Authorization Level	0	a	1	1	1
Estimated Outlays	0	a	1	1	1
Federal Substance Abuse Treatment Program (Section 206)					
Estimated Authorization Level	35	36	37	38	39
Estimated Outlays	33	36	37	38	39
Total Changes in Discretionary Spending					
Estimated Authorization Level	35	36	38	39	40
Estimated Outlays	33	36	38	39	40
CHANGES IN DIRECT SPENDING					
Spending of Receipts from Forfeitures (Section 101)					
Estimated Budget Authority	0	20	a	a	a
Estimated Outlays	0	20	a	a	a

a. Less than $500,000.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that H.R. 1752 will be enacted by October 1, 1999, and that the estimated authorization amounts will be appropriated for each fiscal year.

Spending Subject to Appropriation

Based on information from the AOUSC, CBO expects that by fiscal year 2001 one-half of one judge-workyear would be added in Guam and by fiscal year 2002 one-half of one judge-workyear would be added in the Northern Mariana Islands under section 201. CBO estimates that first-year costs for implementing section 201 would be about $400,000; annual costs in subsequent years would be about $700,000.

Based on historical expenditures for the federal substance abuse treatment program that would be reauthorized by section 206, CBO estimates that the AOUSC would require an appropriation of $35 million in fiscal year 2000 and a total of $185 million over the next five years, assuming annual adjustments for anticipated inflation. The 1999 appropriation for this program is $34 million. Alternatively, if no increases to cover inflation are assumed, the program's costs would total $170 million over the next five years.

Other sections of H.R. 1752 could affect spending subject to appropriation, but CBO expects that their budgetary effects would not be significant.

Direct Spending and Receipts

Section 101 would require that the AOUSC be reimbursed for forfeiture-related activities out of funds deposited into the Assets Forfeiture Fund and the Treasury Forfeiture Fund. Currently, the AOUSC is not reimbursed for its forfeiture-related activities; all expenses are covered by discretionary appropriations. This provision would limit the amount available for reimbursement in any fiscal year to the lesser of 10 percent of the total receipts deposited into the funds or $50 million. Based on information from the AOUSC and DOJ, CBO estimates that the AOUSC would most likely receive about $50 million annually from the funds. Over the last several years the forfeiture funds have realized a temporary surplus. Such amounts have averaged about $50 million a year and are usually spent over the subsequent three to four years. CBO estimates that enacting the reimbursement provision would speed up direct spending of the surplus amounts from both forfeiture funds, resulting in net direct spending of about $20 million in fiscal year 2001. (Before being reimbursed, the AOUSC must submit a report detailing its expenses no later than 90 days after the end of the fiscal year in which the expenses were incurred; thus, outlays associated with the reimbursement would not occur until fiscal year 2001, assuming enactment by

October 1, 1999.) Beginning in fiscal year 2002, CBO estimates that the net effect on direct spending from the forfeiture funds would be negligible.

Section 104 would enable the court districts in Alabama and North Carolina to assess quarterly fees in chapter 11 cases. Currently, chapter 11 debtors in these districts are not subject to the quarterly filing fees that are levied on chapter 11 debtors in U.S. Trustee districts. According to the AOUSC and the U.S. Trustees, about 260 cases would be affected each year under this section, and the average quarterly fee for such cases is about $1,000. Thus, CBO estimates that enacting section 104 would generate about $1 million per year in additional fees. These fees would be available for spending for the operation and maintenance of the courts without appropriation action. Because these fees would be mostly spent in the same year in which they are collected, CBO estimates that enacting this provision would have no significant net impact on direct spending each year.

Various other provisions of H.R. 1752 could affect direct spending and governmental receipts, but CBO estimates that any such effects would not be significant.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	0	20	0	0	0	0	0	0	0	0
Changes in receipts	0	0	0	0	0	0	0	0	0	0	0

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1752 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act, but CBO estimates the costs would not be significant and would not meet the threshold established in that act ($50 million in 1996, adjusted annually for inflation). The bill would preempt state firearm laws by permitting judicial officers of the United States to carry a firearm without a state permit. Based on information from the Administrative Office of the United States Courts, CBO estimates that of the 1,200 judges that would be eligible to carry a firearm without a state permit, fewer than 100 likely would pursue this option and thus would not be required to pay state permit fees. Because permit fees in the states that allow the carrying of a firearm are generally less than $150, the effect of this bill on state budgets would be insignificant.

The bill also would remove the exemption from federal jury duty that currently exists for employees of fire and police departments and public officials. Under current law, employers are prohibited from firing, intimidating, or coercing employees who are called to serve on a federal jury. Removing the exemption would extend this mandate to state and local governments that employ the workers newly eligible for jury duty. State and local governments would incur direct costs only to the extent that they would be required to replace employees serving on a jury in order to maintain full staffing levels. Because the newly eligible employees would make up less than one percent of those eligible for service on a federal jury, CBO estimates that the overall effect of this provision on state and local governments would be small.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

Under current law, military personnel, police officers, firefighters, and certain public officials are automatically exempt from federal jury service. Section 305 of H.R. 1752 would eliminate this exemption, requiring such individuals to, if selected, serve on grand and petit juries in United States District Courts and would thus create a new private-sector mandate. Based on information from the AOUSC, CBO estimates that the total cost of this mandate would fall below the inflation-adjusted threshold established in UMRA ($100 million in 1996).

Few currently exempt individuals would be selected for federal jury duty. Currently, exempt individuals make up roughly 1 percent of the population eligible for federal jury duty. Of the eligible population, less than two-tenths of one percent serve on federal juries each year. Even if called, military personnel, police officers, firefighters, and public officials are relatively less likely to be selected to sit on a jury because of their occupations. It is also possible that some district courts may preserve the exemption for some of these groups. Federal law allows district courts to establish their own juror selection plans, and these plans are often modeled after those of the states in which the district courts reside. Twenty-seven states still allow some automatic exemptions based on occupation, and the district courts (or divisions of district courts) in these states may therefore choose to retain these exemptions.

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