



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 30, 2010

S. 193

Temporary Judgeships and Bankruptcy Judgeships Act of 2010

As ordered reported by the Senate Committee on the Judiciary on June 10, 2010

SUMMARY

S. 193 would establish 35 permanent bankruptcy judgeships and two new temporary district judgeships, increase fees collected by individuals and businesses filing for bankruptcy, and alter how those fees are distributed among government entities. The bill would increase direct spending, revenues, and costs subject to appropriation.

CBO estimates that the mandatory pay and benefits for judgeships not otherwise provided for under current law would increase direct spending by \$14 million through 2015 and \$28 million over the 2011-2020 period. We estimate that changes made to the collection and disposition of filing fees under the bill would increase revenues by \$14 million through 2015 and by \$30 million over the 2011-2020 period. Pay-as-you-go procedures would apply because enacting the legislation would affect direct spending and revenues. On balance, the changes to direct spending and revenues made by S. 193 would reduce future budget deficits by less than \$500,000 over the 2010-2015 period and by \$2 million over the 2010-2020 period.¹

CBO estimates that discretionary expenditures for support staff and office space associated with the additional judgeships would cost \$54 million over the 2010-2015 period, subject to appropriation of the necessary funds.

S. 193 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

1. Different time periods apply for enforcing pay-as-you-go rules in the House and Senate. CBO estimates that the changes in direct spending and revenues from enacting the legislation would result in a net decrease of less than \$500,000 in budget deficits over the 2010-2014 period and a net decrease of \$1 million over the 2010-2019 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 193 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										2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015	2020
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	2	3	3	3	3	3	3	3	3	3	14	28
Estimated Outlays	2	3	3	3	3	3	3	3	3	3	14	28
CHANGES IN REVENUES												
Estimated Revenues	1	3	3	3	3	3	3	3	3	3	14	30
NET CHANGE IN THE BUDGET DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Impact on Deficit ^a	1	*	*	*	*	*	*	*	*	*	*	-2
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level	15	12	9	9	9	9	9	9	9	9	54	98
Estimated Outlays	14	12	9	9	9	9	9	9	9	9	53	98

Notes: Components may not sum to totals because of rounding.

* = less than \$500,000.

a. Negative numbers indicate decreases in deficits.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of fiscal year 2010, that the additional judgeships created by the bill will be filled within one year, and that the amounts estimated to be necessary for additional staff and support will be appropriated in each fiscal year.

Direct Spending

S. 193 would authorize 13 new permanent judgeships to be added to the bankruptcy courts and two temporary judges to district courts. Salaries and benefits of judges are

provided annually without the need for further appropriation. Based on the current-law salaries of judges (about \$160,000 for bankruptcy judges and \$170,000 for district judges) as well as information from the Administrative Office of the U.S. Courts (AOUSC) on the cost of benefits of federal judges, CBO estimates that the mandatory pay and benefits for those additional judges would total about \$3 million a year once all judges have been confirmed, increasing direct spending by \$14 million through 2015 and by \$28 million over the 2011-2020 period.

S. 193 also would make permanent 22 judgeships on the bankruptcy courts that are currently temporary positions. Under current law, those temporary judgeships will remain filled for five years or until a vacancy occurs, whichever is later. CBO cannot predict the timing of vacancies. Therefore, we cannot estimate how the conversion of the 22 judgeships into permanent positions under the legislation would affect the federal budget over the next 10 years. The same is true for eight temporary judgeships that are extended but not made permanent under the legislation. For this estimate, CBO assumes that there would be no effect on the federal budget over the next 10 years from the extension of temporary judgeships, and that the two new temporary judgeships would have the same effect as new permanent judges. However, if any of the temporary judges were to die, retire, resign, or be removed during the next 10 years, the bill would require that position be filled at an additional cost that would not be incurred under current law.

Revenues

S. 193 would increase the amount collected by the federal government from businesses and individuals filing bankruptcy cases. Filing fees for individuals under Chapters 7 and 13 of the bankruptcy statute would increase by \$1 (to \$246 and \$236, respectively). Filing fees for Chapter 11 would increase by \$50 (to \$1,050).

Under current law, amounts collected from those fees are distributed among the judiciary, the U.S. trustees system, private trustees, and the Treasury. S. 193 would adjust the formula that divides the proceeds from filing fees so that additional amounts collected as a result of this bill would be deposited in the Treasury and recorded in the budget as revenues. Based on information from the AOUSC, CBO estimates that revenues from bankruptcy filings under the bill would increase by \$14 million over the 2010-2015 period, and by \$30 million over the 2011-2020 period.

Spending Subject to Appropriation

Based on information from AOUSC, CBO estimates that implementing S. 193 would cost \$54 million over the 2011-2015 period for administrative support and office space for 15 new judges (13 bankruptcy judges and 2 district judges). Of that amount, \$12 million would be incurred in the first few years for startup costs, including office construction,

furniture, and law books. The remaining amount—\$42 million—would be for annual expenditures (about \$560,000 per bankruptcy judge and \$790,000 per district judge) for administrative needs, such as support staff and court operations.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 193, the Temporary Judgeships and Bankruptcy Judgeship Act of 2010, as ordered reported by the Senate Committee on the Judiciary on June 10, 2010

	By Fiscal Year, in Millions of Dollars													
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010-2015	2010-2020	
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	1	0	0	0	0	0	0	0	0	0	0	0	-2

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 193 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On February 3, 2010, CBO transmitted a cost estimate for H.R. 4506 as ordered reported by the House Committee on the Judiciary on January 27, 2010. H.R. 4506 is similar to title II of S. 193; however, H.R. 4506 does not address district court judges and provides different changes to bankruptcy filing fees. The cost estimates reflect those differences.

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