



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

October 27, 1998

**Public Law 105-274
District of Columbia Courts and Justice
Technical Corrections Act of 1998**

As cleared by the Congress on October 14, 1998

SUMMARY

This act makes technical amendments to the National Capital Revitalization and Self-Government Improvement Act of 1997, which was enacted as Title XI of the Balanced Budget Act of 1997 (BBA) and made numerous changes to the relationship between the federal government and the District of Columbia. Parts of this legislation were recently enacted as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999. CBO estimates that this act will increase direct spending on agency retirement contributions and certain administrative expenses and decrease revenues from employee retirement contributions. In all cases, the amount of the increase or decrease will be less than \$500,000 annually.

BASIS OF ESTIMATE

Direct Spending

Agency Retirement Contributions. The BBA transferred responsibility for operating the court systems of the District of Columbia from the District government to the federal government. This act will allow former District employees who become employed by the Department of Justice or the new federal agency created to provide support services to the District courts to remain covered by the District's retirement plan. Under prior law, former District employees hired after 1987 would have had to leave the District's retirement plan and join the Federal Employees' Retirement System (FERS). District employees hired before 1987 are unaffected since they are covered by the federal government's Civil Service

Retirement System. Former District employees who are hired more than one year after the District's Lorton prison is closed will not be eligible to make this election.

According to the District government, about 50 people will be eligible to remain covered by the District's retirement plan instead of joining FERS. CBO assumes that half of the eligible employees decide to remain in the District retirement plan. For these employees, agency retirement contributions will be paid into the District of Columbia Retirement Fund instead of the federal government's Civil Service trust fund. This change will decrease the trust fund's receipts by about \$110,000 annually.

This act also allows the Joint Committee on Judicial Administration in the District of Columbia to exclude temporary employees from FERS coverage. This provision will affect about 30 employees (mostly law clerks) each year and will decrease receipts to the Civil Service trust fund by about \$130,000 annually.

Administrative Expenses. This legislation could also increase direct spending by clarifying that the Department of the Treasury can reimburse itself for certain expenses it incurs in overseeing the retirement program for District judges from amounts available in the District of Columbia Judicial Retirement and Survivors Annuity Fund. However, CBO estimates that any such increase would be negligible.

Revenues

This legislation will slightly decrease revenues from employee retirement contributions since it will allow a small number of employees to be exempt from FERS coverage, which generally requires that employees contribute 0.8 percent of their pay towards retirement benefits. CBO estimates that the amount of this decrease will be less than \$22,000 annually.

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