



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 30, 2002

### **H.R. 4125** **Federal Courts Improvement Act of 2002**

*As ordered reported by the House Committee on the Judiciary on September 10, 2002*

#### **SUMMARY**

H.R. 4125 would make numerous operational and administrative changes to the federal court system, and would authorize the judiciary to provide a supplemental payment to jurors who serve on a trial more than five days and to establish additional employee benefits programs. CBO estimates that implementing H.R. 4125 would cost \$14 million in 2003 and \$85 million over the 2003-2007 period, subject to appropriation of the necessary funds.

Because the salaries and benefits of certain federal judges and Supreme Court justices are considered mandatory, authorizing additional benefits for these employees would increase direct spending. However, CBO estimates that those effects would be negligible in each year over the 2003-2007 period.

H.R. 4125 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates the costs would be small and would not exceed the threshold established in the act (\$58 million in 2002, adjusted annually for inflation).

H.R. 4125 would impose a private-sector mandate, as defined by 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 direct cost of the mandate would fall well below the annual threshold established by UMRA for private-sector mandates (\$115 million in 2002, adjusted annually for inflation).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 4125 is shown in the following table. The costs of this legislation fall within budget function 750 (administration of justice).

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By Fiscal Year, in Millions of Dollars

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	2003	2004	2005	2006	2007
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**CHANGES IN SPENDING SUBJECT TO APPROPRIATION**

Additional Payments to Federal Jurors					
Estimated Authorization Level	2	2	2	2	2
Estimated Outlays	2	2	2	2	2
Increased Cost of Judicial Employee Benefits Programs					
Estimated Authorization Level	12	14	16	16	17
Estimated Outlays	12	14	16	16	17
Total Changes					
Estimated Authorization Level	14	16	18	18	19
Estimated Outlays	14	16	18	18	19

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**BASIS OF ESTIMATE**

For purposes of this estimate, CBO assumes that H.R. 4125 will be enacted near the beginning of fiscal year 2003, and that the necessary amounts will be appropriated for each fiscal year.

**Spending Subject to Appropriation**

Section 109 would allow jurors who serve more than five days on a federal trial to be eligible for a \$10 supplemental payment in addition to the daily payment of \$40 per juror. Under current law, only those jurors who serve on trials over 30 days are eligible to receive the supplemental payment. Based on information from the Administrative Office of the United States Courts (AOUSC), the courts compensate jurors for about 340,000 days served each year. About half of all trial days are served on trials over five days and very few jurors serve more than 30 days. CBO estimates that implementing this provision would cost roughly \$2 million each year over the 2003-2007 period to expand the eligibility of the supplemental payment to jurors. Costs would be subject to the availability of appropriated funds.

Section 204 would allow the judiciary to provide federally subsidized employee benefits that are more generous than benefits authorized under current law. Based on information from the AOUSC, CBO expects that the judiciary would implement a cafeteria-style benefits program. Under the program, the judiciary would contribute up to \$500 per employee and

the employee would be allowed to tailor the plan to their individual needs; choosing from a variety of benefits including dental insurance, vision insurance, short- and long-term disability insurance, or expanded commuter subsidies.

Based on information from the AOUSC, CBO expects that dental insurance would be provided in the first year with additional options added in future years. The judiciary employs about 31,000 individuals each year and CBO expects that the rate at which those employees participate in the dental plan would be similar for government-wide participation rates in the Federal Employee Health Benefits program. Assuming an initial participation rate of about 75 percent, the first-year cost would be about \$12 million. We also expect that nearly all employees would participate in the cafeteria-style program by 2005 as additional options are added to the program, bringing the annual cost to about \$16 million in that year. Assuming appropriation of the necessary amounts, CBO estimates that implementing section 204 would cost \$75 million over the 2003-2007 period to expand the employee benefits program.

### **Direct Spending**

Section 204 would allow certain federal judges and justices to participate in any additional benefits programs offered by the judiciary. Because the salaries and benefits of certain federal judges and Supreme Court justices are considered mandatory, the federal cost of more generous benefit programs would increase direct spending. CBO expects that participation rates for judges and justices would be similar to other judicial employees and we estimate that additional direct spending as a result of section 240 would not be significant in any year over the five-year period because of the limited benefit the AOUSC is likely to offer.

### **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

This bill 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. CBO estimates the costs would not be significant and, thus, would be well below the threshold established by UMRA (\$58 million in 2002, adjusted annually for inflation).

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 4125 would impose a private-sector mandate by eliminating the exemption from federal jury service now granted to military personnel, police officers, firefighters, and certain public officials. The bill would require such individuals to, if selected, serve on grand and petit juries in United States District Courts. The direct cost of the mandate would be loss of net income from those individuals who would have to take the daily jury duty payment rather than their normal salary. According to the AOUSC, individuals currently exempt from jury service would most likely receive their regular salary rather than the jury pay if selected for jury duty. Further, according to the AOUSC, current exempt individuals made up roughly 1 percent of the population eligible for federal jury duty and few of those individuals would be selected for service. Therefore, CBO estimates that the direct cost of the mandate would fall well below the annual threshold for private-sector mandates (\$115 million in 2002, adjusted annually for inflation).

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