

**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 5, 2003

S. 1023

**A bill to increase the annual salaries of justices and
judges of the United States**

As ordered reported by the Senate Committee on the Judiciary on May 22, 2003

SUMMARY

S. 1023 would increase the salaries paid to certain justices and judges of the United States by 16.5 percent on January 1, 2004. The bill also would allow those justices and judges to receive cost-of-living salary adjustments without prior Congressional approval.

Based on information from the Administrative Office of the United States Courts (AOUSC), CBO estimates that enacting S. 1023 would increase direct spending by \$36 million in 2004, by almost \$300 million over the 2004-2008 period, and by \$850 million over the next 10 years for the increase in Article III and bankruptcy judges' salaries.

CBO also estimates that implementing S. 1023 would cost \$11 million in 2004, \$88 million over the 2004-2008 period, and \$248 million over the next 10 years for increases in the salaries of magistrate judges, assuming the appropriation of the necessary amounts.

S. 1023 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no cost on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1023 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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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CHANGES IN DIRECT SPENDING

Pay Increases for Article III and
Bankruptcy Judges

Estimated Budget Authority	36	53	61	69	79	89	99	110	121	133
Estimated Outlays	36	53	61	69	79	89	99	110	121	133

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Pay Increases for Magistrate Judges

Estimated Authorization Level	11	16	18	20	23	26	29	32	35	38
Estimated Outlays	11	16	18	20	23	26	29	32	35	38

BASIS OF ESTIMATE

CBO estimates that enacting S. 1023 would increase direct spending by about \$850 million over the next 10 years for the cost of pay increases under the bill for Article III and bankruptcy judges. In addition, we estimate that implementing the bill would cost \$248 million over the next 10 years for pay increases for magistrate judges, subject to appropriation of the necessary amounts. For this estimate, CBO assumes that the vacancy rate and the number of senior judges remains unchanged over the period.

Direct Spending

Section 1 would increase the current salaries of Article III judges (the Chief Justice and associate justices of the Supreme Court, circuit judges, district judges, judges of the Court of International Trade and judges of the Court of Federal Claims) by 16.5 percent on January 1, 2004. Under current law, bankruptcy judges pay is set at 92 percent of district judge pay; therefore, bankruptcy judge pay would also receive an increase of 16.5 percent. Article III and bankruptcy judges pay are both considered mandatory (i.e., direct spending).

Based on information from the AOUSC, CBO estimates that enacting section 1 would increase direct spending by \$31 million in fiscal year 2004 and \$41 million each year thereafter for a 16.5 percent pay raise for active and senior Article III judges and bankruptcy judges.

Section 3 would allow judges and justices to receive cost-of-living salary adjustments each year without further Congressional approval. Under the Ethics Reform Act, in those years

that the Congress approves a pay raise for judges, the rate of increase is equal to the Employment Cost Index minus 0.5 percent, and the increase can be no more than the increase received by General Schedule employees. Based on CBO's economic forecast, we estimate that enacting section 3 would increase direct spending by \$5 million in 2004 and about \$450 million over the next 10 years.

Spending Subject to Appropriation

Under current law, pay for magistrate judges pay is set at 92 percent of district judges' pay. Therefore, magistrate judges also would receive the 16.5 percent pay increase and annual cost-of-living adjustments under the bill. Based on information from the AOUSC, CBO estimates that implementing the bill would cost \$11 million in 2004 and \$248 million over the next 10 years for those pay increases. Because magistrate judges pay is not considered mandatory, implementing the pay raised under the bill for such judges would be subject to appropriation of the necessary amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1023 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no cost on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Lanette J. Walker
Impact on State, Local, and Tribal Governments: Teri Gullo
Impact on the Private Sector: Cecil McPherson

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis