



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 16, 2006

S. 2292

A bill to provide relief for the federal judiciary from excessive rent charges

As reported by the Senate Committee on the Judiciary on April 27, 2006

SUMMARY

S. 2292 would limit the amounts that the General Services Administration (GSA) can charge the judicial branch of the federal government for using space in federal buildings or other leased space. In addition, the legislation would require the judicial branch to reimburse GSA for the cost of repairs and alterations to the judiciary's facilities after October 1, 2006. CBO estimates that implementing S. 2292 would require an increase in funding provided to GSA in annual appropriation acts, but would allow for a parallel reduction in funding for the judicial branch. As a result, implementing the bill would have no net impact on the federal budget. Enacting the legislation would not affect direct spending or revenues.

S. 2292 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2292 is shown in the following table. The costs of this legislation fall within budget functions 750 (administration of justice) and 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2007	2008	2009	2010	2011
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a					
Increased Funding for GSA Operations and Maintenance					
Estimated Authorization Level	303	313	324	334	345
Estimated Outlays	245	280	301	321	337
Reduced Funding for Judicial Branch Rent					
Estimated Authorization Level	-303	-313	-324	-334	-345
Estimated Outlays	-245	-280	-301	-321	-337
Net Change in Spending Under S. 2292					
Estimated Authorization Level	0	0	0	0	0
Estimated Outlays	0	0	0	0	0

a. The amounts for the 2007-2011 period assume that appropriations under current law would otherwise remain at the 2006 level with adjustments for anticipated inflation. Thus, the estimated changes reflect adjustments under S. 2292 to the current-law baseline levels.

BASIS OF ESTIMATE

Under current law, GSA collects rent from federal agencies that occupy buildings administered by GSA. Rent payments from those agencies, which are subject to appropriation, are intragovernmental transactions that are recorded as deposits to the Federal Building Fund (FBF). Amounts in the FBF are available to GSA, subject to limitations specified in annual appropriations, acts to construct, operate, maintain, and repair and alter federal buildings.

The rent that GSA collects from federal agencies is determined by conducting appraisals of similar properties to determine comparable market rates. The legislation would require GSA to limit the judicial branch's rent charges to only the costs of operating and maintaining their workspace. In addition, the legislation also would require the judicial branch to pay for the costs of all repairs and alterations performed by GSA after October 1, 2006.

Implementing the bill would change the source of appropriated funds used by GSA to construct, operate, maintain, and repair federal buildings but would not change the amount of money needed to perform that work. Under the bill, amounts appropriated directly to GSA would have to increase to cover expenses no longer covered by judicial branch rents, and amounts appropriated to judicial branch agencies could simultaneously decline by the same amounts to reflect lower requirements for such rents. Based on information from these agencies, CBO estimates that rent charges to the judicial branch would be reduced by annual

amounts between \$300 million and \$350 million over the next five years. Those amounts are net estimated changes reflecting both the reduction in rents paid by the judicial branch and the direct payments by the judicial branch for the costs of repairs and alterations. Assuming that GSA would perform all planned building operations, maintenance, and construction work during this period, appropriations directly to GSA would increase by the same amount. If future appropriations to these agencies were adjusted accordingly, implementing S. 2292 would not have a significant net effect on federal spending.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2292 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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