



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 18, 2012

S. 1821 **Temporary Bankruptcy Judgeships Extension Act of 2011**

As ordered reported by the Senate Committee on the Judiciary on December 15, 2011

SUMMARY

S. 1821 would authorize the extension of 30 temporary bankruptcy judgeships. Under the bill, those temporary judgeships could remain filled for five years or until another vacancy occurs, whichever is later. Under current law, those judgeships cannot be filled if any vacancies occur. S. 1821 would also increase fees for filing Chapter 11 bankruptcy.

CBO estimates that enacting S. 1821 would reduce net direct spending by about \$1 million over the 2012-2017 period but would have an insignificant impact on the budget over the 2012-2022 period. Pay-as-you-go procedures apply because the legislation would affect direct spending. Enacting the legislation would not affect revenues. CBO estimates that implementing the bill also would increase spending subject to appropriation by about \$5 million over the next five years.

S. 1821 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.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1821 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													
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
CHANGES IN DIRECT SPENDING													
Judicial Salaries and Benefits													
Estimated Budget Authority	*	*	*	*	1	1	1	1	1	1	1	2	6
Estimated Outlays	*	*	*	*	1	1	1	1	1	1	1	2	6
Bankruptcy Filing Fees													
Estimated Budget Authority	*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-6
Estimated Outlays	*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-6
Total Changes													
Estimated Budget Authority	*	*	*	*	0	0	0	0	0	0	0	-1	*
Estimated Outlays	*	*	*	*	0	0	0	0	0	0	0	-1	*
CHANGES IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization Level	*	*	1	1	2	2	2	2	2	2	2	5	16
Estimated Outlays	*	*	1	1	2	2	2	2	2	2	2	5	16

Note: Amounts may not sum to totals because of rounding; * = between -\$500,000 and \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1821 will be enacted in 2012 and that the amounts estimated to be necessary for the additional judicial staff and support will be appropriated in each fiscal year. CBO cannot predict the timing of vacancies among temporary judgeships; however, based on information from the Administrative Office of the U.S. Courts (AOUSC), historical mortality rates for bankruptcy judges, and mortality tables provided by the Social Security Administration, we expect that four vacancies out of an affected population of more than 100 judges are likely to occur during the five years following the enactment of the bill. Under current law, some vacancies in judicial districts, regardless of when the judge was appointed or when the judgeship was established, would remain vacant; enacting this bill would allow those positions to be filled.

Changes in Direct Spending

CBO estimates that implementing S. 1821 would decrease net direct spending by \$1 million over the 2012-2017 period but increase such spending by less than \$500,000 over the 2012-2022 period. The salaries and benefits for bankruptcy judges—about \$190,000 per judge per year—are considered mandatory spending because those amounts do not depend on the enactment of annual appropriation bills. CBO estimates that the salaries and benefits of the four judgeships that would be filled under the bill would increase direct spending by \$2 million over the 2012-2017 period and by \$6 million over

the 2012-2022 period. If more or fewer than four judges in the specified districts were to die, retire, resign, or be removed during the five years following the enactment of the legislation, costs could be higher or lower than we have estimated.

S. 1821 also would increase the amount collected by the federal government from fees to file Chapter 11 bankruptcy by \$42, from \$1,000 to \$1,042. The amount of the increase would be deposited in a special fund in the Treasury and would not be available for spending unless specified in an appropriation act. Based on information from the AOUSC, CBO estimates that the higher fee would increase offsetting receipts by about \$6 million over the 2012-2022 period.

Changes in Spending Subject to Appropriation

CBO estimates that implementing S. 1821 would increase spending subject to appropriation by \$5 million over the 2012-2017 period for the salaries and benefits of support personnel, court operations and maintenance, and other administrative costs associated with the four additional judges that we estimate would be appointed under the bill.

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 that are subject to those pay-as-you-go procedures are shown in the following table. Net effects would be less than \$500,000 for each year but would yield estimated net savings of about \$1 million over the 2012-2017 period, with no significant net impact over the 2012-2022 period.

CBO Estimate of Pay-As-You-Go Effects for S. 1821 as ordered reported by the Senate Committee on the Judiciary on December 15, 2011

	By Fiscal Year, in Millions of Dollars												2012- 2017	2012- 2022
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	0	0	0	0	0	0	0	0	0	0	0	-1	0

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1821 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 May 5, 2011, CBO transmitted an estimate for H.R. 1021, the Temporary Bankruptcy Judgeships Extension Act of 2011, as ordered reported by the House Committee on the Judiciary on March 17, 2011. That legislation would not change bankruptcy filing fees.

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