



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 31, 2018

H.R. 6754 **CIRCUIT Act of 2018**

As ordered reported by House Committee on the Judiciary on September 13, 2018

SUMMARY

H.R. 6754 would divide the Court of Appeals for the Ninth Circuit into four administrative divisions—Northern, Middle, Southern, and Circuit. The bill also would authorize five new judgeships and would require the Federal Judicial Center and the Judicial Conference to report to the Congress. CBO estimates that implementing H.R. 6754 would cost \$26 million over the 2019-2023 period, assuming appropriation of the necessary amounts.

In addition, CBO estimates that enacting H.R. 6754 would increase direct spending by \$14 million over the 2019-2028 period; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 6754 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2029.

H.R. 6754 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 6754 is shown in the following table. The costs of the legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019- 2023	2019- 2023
INCREASES IN DIRECT SPENDING												
Estimated Budget Authority	0	0	1	1	2	2	2	2	2	2	4	14
Estimated Outlays	0	0	1	1	2	2	2	2	2	2	4	14
INCREASES IN SPENDING SUBJECT TO APPROPRIATION												
Administrative Costs for New Judgeships												
Estimated Authorization Level	0	0	2	3	4	4	5	5	5	5	9	33
Estimated Outlays	0	0	2	3	4	4	5	5	5	5	9	33
Construction and Rental Costs												
Estimated Authorization Level	0	0	13	2	2	2	2	2	2	2	17	27
Estimated Outlays	0	0	5	6	6	2	2	2	2	2	17	27
Total												
Estimated Authorization Level	0	0	15	5	6	6	7	7	7	7	26	60
Estimated Outlays	0	0	7	9	10	6	7	7	7	7	26	60

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the start of 2019 and that the necessary amounts will be appropriated each year. Estimated outlays are based on historical spending patterns for the affected activities.

Direct Spending

H.R. 6754 would establish five new circuit court judgeships in the Ninth Circuit. The salaries and benefits for judges appointed under Article III of the Constitution are considered direct spending. Those new judgeships would become effective two years after the date of enactment; thus, CBO expects that those judges would be confirmed over the 2021-2022 period.

According to the Administrative Office of the U.S. Courts (AOUSC), the salaries and benefits for a circuit court judge in 2018 totaled about \$260,000. Incorporating the effects of anticipated inflation, CBO estimates that the salaries and benefits for the new judges would increase direct spending by \$14 million over the 2019-2028 period.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 6754 would cost \$26 million over the 2019-2023 period, subject to the appropriation of the necessary amounts.

Administrative Costs for New Judgeships. CBO expects that the judiciary would incur administrative expenses—including costs for support staff, security, and court operations and maintenance—for each new judge appointed. According to the AOUSC, the average administrative cost for a circuit court judge in 2018 was about \$700,000. Incorporating the effects of anticipated inflation, CBO estimates that the administrative costs associated with the five additional judgeships would be \$9 million over the 2019-2023 period.

Construction and Rental Costs. Under the bill, the Court of Appeals for the Ninth Circuit would be split into four divisions—Northern, Middle, Southern, and Circuit. According to the AOUSC, additional facilities would be required to accommodate the divisions and the new judgeships. Using information from the judiciary, CBO estimates that in 2021, modifying existing courthouses and constructing new chambers would cost about \$13 million. In addition, CBO estimates that the Court of Appeals for the Ninth Circuit would incur costs of about \$2 million annually thereafter to rent additional space. CBO estimates that construction and rental costs would total \$17 million over the 2019-2023 period.

Other Costs. H.R. 6754 would direct the Federal Judicial Center to conduct a study on the effectiveness and efficiency of the divisions as implemented under the bill. The bill also would require the Judicial Conference to submit a report to the Congress on other ways to divide the Court of Appeals for the Ninth Circuit. Based on the costs of similar tasks, CBO estimates that implementing those provisions would cost less than \$500,000.

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.

CBO Estimate of Pay-As-You-Go Effects for H.R. 6754, the CIRCUIT Act of 2018, as Ordered Reported by the House Committee on the Judiciary on September 13, 2018

	By Fiscal Year, in Millions of Dollars										2019- 2023	2019- 2028
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Effect	0	0	1	1	2	2	2	2	2	2	4	14

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 6754 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 6754 contains no intergovernmental or private-sector mandates as defined in UMRA.

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