

JUDICIAL RETIREMENT FUNDS

Payment to Judiciary Trust Funds

SUMMARY STATEMENT OF ACCOUNT REQUIREMENTS

| | |
|---|----------------------|
| Fiscal Year 2019 Assumed Appropriation | \$211,700,000 |
| Fiscal Year 2020 Requested Appropriation | \$240,100,000 |
| Requested Increase from Fiscal Year 2019 Assumed Appropriation | \$28,400,000 |

Title VI General Provisions

Sec. [619]___. (a) There are appropriated for the following activities the amounts required under current law:

(1) Compensation of the President (3 U.S.C. 102).

(2) Payments to--

(A) the Judicial Officers' Retirement Fund (28 U.S.C. 377(o));

(B) the Judicial Survivors' Annuities Fund (28 U.S.C. 376(c)); and

(C) the United States Court of Federal Claims Judges' Retirement Fund (28 U.S.C. 178(l)).

(3) Payment of Government contributions--

(A) with respect to the health benefits of retired employees, as authorized by chapter 89 of title 5, United States Code, and the Retired Federal Employees Health Benefits Act (74 Stat. 849); and

(B) with respect to the life insurance benefits for employees retiring after December 31, 1989 (5 U.S.C. ch. 87).

(4) Payment to finance the unfunded liability of new and increased annuity benefits under the Civil Service Retirement and Disability Fund (5 U.S.C. 8348).

(5) Payment of annuities authorized to be paid from the Civil Service Retirement and Disability Fund by statutory provisions other than subchapter III of chapter 83 or chapter 84 of title 5, United States Code.

(b) Nothing in this section may be construed to exempt any amount appropriated by this section from any otherwise applicable limitation on the use of funds contained in this Act.

(H.R. 6147 - Financial Services and General Government Appropriations Act, 2019)

Explanation

The highlighted section provides appropriations for payments to the Judicial Officers' Retirement Fund, the Judicial Survivors' Annuities Fund, and the United States Court of Federal Claims Judges' Retirement Fund. The judiciary proposes to retain this language in Title VI of the Financial Services and General Government appropriations bill.

**SUMMARY OF REQUEST
 JUDICIAL RETIREMENT FUNDS
 PAYMENT TO JUDICIARY TRUST FUNDS
 FISCAL YEAR 2020
 (Dollar amounts in thousands)**

Fiscal Year 2020 Resource Requirements:

| | <u>FTEs</u> | <u>Amount</u> |
|--|-------------|-----------------------------------|
| Fiscal Year 2019 Assumed Appropriation | - | \$211,700 |
| | | |
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| <u>No.</u> | | <u>Adjustments to Base</u> |
| 13.6 | - | 22,600 |
| 13.6 | - | 6,400 |
| 13.6 | - | (600) |
| Subtotal, Adjustments to Base..... | - | 28,400 |
| | | |
| Total Appropriation Required, Fiscal Year 2020..... | - | \$240,100 |
| | | |
| Total Appropriation Increase, Fiscal Year 2019 to Fiscal Year 2020..... | - | \$28,400 |

PAYMENT TO JUDICIARY TRUST FUND
Obligations by activity (\$000)

| Activity | Fiscal Year 2018 Actual | Fiscal Year 2019 Assumed Obligations/ Appropriation | Fiscal Year 2020 Request |
|--------------------------------------|------------------------------------|--|-------------------------------------|
| Trust Fund, Total Obligations | 195,000 | 211,700 | 240,100 |
| Available Appropriation | 195,000 | 211,700 | 240,100 |

Object Classification (\$000)

| Description | Fiscal Year 2018 Actual | Fiscal Year 2019 Assumed Obligations/ Appropriation | Fiscal Year 2020 Request |
|--------------------------|------------------------------------|--|-------------------------------------|
| 25 Other services | 195,000 | 211,700 | 240,100 |
| Total obligations | 195,000 | 211,700 | 240,100 |

PAYMENT TO JUDICIARY TRUST FUND

Relation of Obligations to Outlays (\$000)

| | FY 2018 | FY 2019 | FY 2020 | Difference |
|----------------------------------|----------------|----------------------------|----------------|-------------------|
| | Actual | Assumed Obligations | Request | (+) or (-) |
| Obligations incurred, net | 195,000 | 211,700 | 240,100 | 28,400 |
| Obligated balance, start of year | ... | ... | ... | ... |
| Obligated balance, end of year | ... | ... | ... | ... |
| Net Outlays | <u>195,000</u> | <u>211,700</u> | <u>240,100</u> | <u>28,400</u> |

GENERAL STATEMENT AND INFORMATION

This appropriation is divided among three trust funds that finance payments to (1) retired bankruptcy and magistrate judges, (2) spouses and dependent children of deceased judges, and (3) retired Court of Federal Claims judges. This account is categorized as a mandatory appropriation by Congress.

Statutes governing the three funds authorize the appropriation of amounts to cover the liability that accrues each year and to pay an installment on any unfunded liability. Although the funds (except for the Court of Federal Claims fund) receive participant contributions and all of the funds earn interest on investment holdings, the purpose of the appropriation provision is to ensure that sufficient funds are deposited annually to cover anticipated benefit payments in the distant future as well as in the short-term. The appropriation request is calculated annually by an enrolled actuary pursuant to 31 U.S.C. § 9503, Public Law 95-595.

The Three Trust Funds

- 1) The Judicial Officers' Retirement Fund was established in 1988 to provide a pension to bankruptcy and full-time magistrate judges (28 U.S.C. § 377(o)).
- 2) The Judicial Survivors' Annuities Fund was established in 1956 to provide annuities to widows, widowers, and dependent children of judges and other officials who have elected to participate in the program: Justices and judges of the United States, to include Guam, the Northern Mariana Islands, and the Virgin Islands; full-time bankruptcy judges; full-time United States magistrate judges; judges of the United States Court of Federal Claims; the Directors of the Federal Judicial Center and the Administrative Office of the United States Courts; and the Counselor to the Chief Justice of the United States (28 U.S.C. § 376(c)).
- 3) The Court of Federal Claims Judges' Retirement Fund was established in 1990 to provide a pension plan to retired United States Court of Federal Claims judges (28 U.S.C. § 178(l)). Appointment under Chapter 7 of Title 28 or service under section 167 of the Federal Courts Improvements Act of 1982 automatically qualifies a judge to participate.

FISCAL YEAR 2019 APPROPRIATIONS ASSUMPTION

In the absence of enacted full year fiscal year (FY) 2019 appropriations, the judiciary made assumptions to construct a FY 2020 budget request. The judiciary's FY 2020 budget request for Judicial Retirement Funds assumes the FY 2019 budget request level as an estimate for FY 2019. This amount would fully fund FY 2019 requirements for the three retirement trust funds.

For bill language, the judiciary used the language from H.R. 6147, the House-passed FY 2019 Financial Services and General Government (FSGG) appropriations bill, as the closest approximation of eventual enacted FY 2019 appropriations language.

After full year FY 2019 appropriations are enacted, the judiciary will re-estimate its FY2020 budget request and transmit to the Appropriations Committees any changes to FY 2020 appropriations requirements or language.

JUSTIFICATION OF CHANGES

The appropriation request for FY 2020 is \$240,100,000, a net increase of \$28,400,000 above the assumed appropriation level in FY 2019. This net increase is requested as follows: an increase of \$22,600,000 for the Judicial Officers' Retirement Fund, an increase of \$6,400,000 for the Judicial Survivors' Annuities Fund, and a decrease of \$600,000 for the Court of Federal Claims Judges' Retirement Fund.

ADJUSTMENTS TO BASE

1. Increase in payment to the Judicial Officers' Retirement Fund

Mandatory Increase: \$22,600,000

The assumed appropriation level for FY 2019 is \$181,300,000. Based on actuarial calculations, \$203,900,000, an increase of \$22,600,000, is required to draw down the unfunded liability in FY 2020.

2. Increase in payment to the Judicial Survivors' Annuities Fund

Mandatory Increase: \$6,400,000

The assumed appropriation level for FY 2019 is \$26,000,000. Based on actuarial calculations, \$32,400,000, an increase of \$6,400,000, is required to draw down the unfunded liability in FY 2020.

3. Decrease in payment to the Court of Federal Claims Judges' Retirement Fund

Mandatory Decrease: -\$600,000

The assumed appropriation level for FY 2019 is \$4,400,000. Based on actuarial calculations, \$3,800,000, a decrease of \$600,000, is required to draw down the unfunded liability in FY 2020.