



ADMINISTRATIVE OFFICE OF THE
UNITED STATES COURTS

HONORABLE THOMAS F. HOGAN
Director

WASHINGTON, D.C. 20544

January 3, 2013

To: All United States Judges
Circuit Executives
Federal Public/Community Defenders
District Court Executives
Clerks, United States Courts
Chief Probation Officers
Chief Pretrial Services Officers
Senior Staff Attorneys
Chief Preargument/Conference Attorneys
Bankruptcy Administrators
Circuit Librarians

From: Judge Thomas F. Hogan *Thomas F. Hogan*

RE: SEQUESTRATION DELAY/BUDGET STATUS (**INFORMATION**)

On January 1, 2013, Congress passed the “American Taxpayer Relief Act of 2012,” H.R. 8, a bill to avert the so-called “fiscal cliff” and the President has signed the bill into law. The bill includes a provision that delays the effective date for sequestration for two months, from January 2, 2013, to March 1, 2013. As a result, the emergency measures approved by the Executive Committee on December 19, 2012, to address sequestration will not be implemented at this time. Courts and federal defender organizations should continue to operate under the interim fiscal year 2013 financial plans currently in place until further notice is provided by the Administrative Office.

The fiscal cliff bill contains a provision to block an Employment Cost Index (ECI) pay adjustment for members of Congress for 2013. This almost certainly means that Congress will not authorize an ECI adjustment for judges for 2013. The bill does not block an ECI pay adjustment for the Vice President, Executive Schedule and General Schedule employees. The fiscal cliff bill also does not extend the 2 percent payroll Federal Insurance Contributions Act (FICA) tax cut that expired on January 1, 2013. This FICA tax change does not impact Senior Judges and employees covered by the Civil Service Retirement System.

In a separate piece of legislation, the House also passed a stand-alone bill, the “Congressional Pay Freeze and Fiscal Responsibility Act,” H.R. 6726, eliminating an ECI adjustment for members of Congress and General Schedule federal employees for 2013. The Senate did not act on this bill before the end of the 112th Congress. The bill will have to be reintroduced in the new Congress; thus it is unclear what action Congress ultimately will take, if any, regarding a 2013 ECI adjustment for federal employees. The current continuing resolution (CR) prohibits any ECI adjustments from taking effect prior to March 27, 2013.

It continues to remain unclear what action Congress will take regarding full-year appropriations for fiscal year 2013 after the current CR expires on March 27, 2013. Congress could extend the CR for the remainder of the fiscal year or pass a multi-bill omnibus spending measure. The uncertainty relating both to sequestration and full-year fiscal year 2013 funding requires that we continue to emphasize cost containment in all our work. Further, as has been noted in the past, even if sequestration is averted, it is likely that available funding will be very tight in fiscal year 2013 and beyond. We will provide you with updates as developments occur.