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Accounting and Information  
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June 7, 1999

The Honorable Ernest J. Istook  
Chairman  
The Honorable James P. Moran  
Ranking Minority Member  
Subcommittee on the District of Columbia  
Committee on Appropriations  
House of Representatives

Subject: District of Columbia Courts: Chronology of Events Associated with DC Courts  
Financial-Related Issues for Fiscal Year 1998

When we testified before your Subcommittee on May 18, 1999, you requested that we provide a timeline of events and communications related to the District of Columbia Courts' (DC Courts) fiscal year 1998 financial issues, as a supplement to the information provided in our testimony.<sup>1</sup>

To respond to your request, the enclosure provides a chronology of events containing data on points made in our testimony. The events included date from June 15, 1997, when the District of Columbia Financial Responsibility and Management Assistance Authority transmitted the DC Courts budget submission to the Congress, through October 21, 1998, when DC Courts received its fiscal year 1999 annual appropriation from the Congress.

We shared a draft of this chronology with DC Courts officials and incorporated their comments as appropriate.

We are sending copies of this letter to Representative Thomas Davis, Chairman, and Representative Eleanor Holmes Norton, Ranking Minority Member, Subcommittee on the District of Columbia, House Committee on Government Reform; Senator Kay Bailey Hutchinson, Chairwoman, Subcommittee on the District of Columbia, Senate Committee on Appropriations; Senator Richard Durbin, Ranking Minority Member, Subcommittee on the District of Columbia, Senate Committee on Appropriations, and Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia, Senate Committee on Governmental Affairs, and Senator George Voinovich, Chairman, Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia, Senate Committee on Governmental Affairs. We are also sending copies to

<sup>1</sup>District of Columbia Courts: Financial Related Issues for Fiscal Year 1998 (GAO/T-AIMD/OGC-99-176, May 18, 1999).

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the Honorable Annice Wagner, Chairwoman, Joint Committee on Judicial Administration, DC Courts; the Honorable Jacob J. Lew, Director, Office of Management and Budget; and Grace Mastelli, Deputy Assistant Attorney General, Department of Justice. Copies will be made available to others upon request.

If you have any questions, please contact me or Steven Houghton at (202) 512-4476. Key contributors to this assignment were Marcia Washington, Lou Fernheimer, and Richard Cambosos.



Gloria L. Jarmon  
Director, Health, Education, & Human Services  
Accounting and Financial Management Issues

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**Chronology of Events Associated With DC Courts  
Financial-Related Issues for Fiscal Year 1998**

- 6-15-97 The District of Columbia Financial Responsibility and Management Assistance Authority (Authority) transmitted to the Congress the District's fiscal year 1998 budget submission, which included the Authority's recommendation that DC Courts be funded at \$117.8 million. It also contained DC Courts' budget request of \$123.5 million, including a proposed 3 percent pay raise for nonjudicial employees.
- 8-5-97 President Clinton signed the National Capital Revitalization and Self-Government Improvement Act of 1997 (Revitalization Act). Under the Revitalization Act, DC Courts was to receive direct federal funding from the Congress. The act directed changes in DC Courts employee benefits and transferred responsibility for the adult probation function from DC Courts to the DC Court Services and Offender Supervision Agency (COSA) Trustee.
- 8-14-97 The President submitted to the Congress proposed amendments to the fiscal year 1998 appropriations requests to provide resources for the implementation of the Revitalization Act. The proposed amendments contained \$123 million for DC Courts operations, including up to \$2 million for the Truth-in-Sentencing Commission.
- 9-4-97 The Deputy Attorney General, Department of Justice, testified on the Revitalization Act before the House Appropriations Subcommittee on the District of Columbia. At this hearing, he stated that DC Courts estimated the cost of the adult probation function at \$7 million.
- 9-9-97 The Senate Appropriations Committee reported S.1156 recommending funding of \$116 million for operation of DC Courts for fiscal year 1998, including up to \$750,000 for the Truth-in-Sentencing Commission.
- (In October 1997, a Department of Justice Revitalization Task Force estimated the cost of the adult probation function at about \$20 million. According to a member of the Task Force, the estimate was submitted to the Office of Management and Budget (OMB) and relevant Congressional Subcommittees.)
- 10-6-97 The House Appropriations Committee reported H.R. 2607 recommending funding of \$121 million for court operations and an additional \$2 million for the Truth-in-Sentencing Commission.
- 10-9-97 The House amended and passed H.R. 2607 authorizing funding of \$121 million for DC Courts and up to \$2 million for the Truth-in-Sentencing Commission.
- 10-28-97 DC Courts Executive Officer was informed by a Department of Justice official that DC Courts' fiscal year 1998 appropriation would be \$108 million, including judges' pension costs.

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(DC Courts officials told us that they wrote to and met with OMB and Department of Justice officials regarding the cost of the adult probation function during the months of October and November 1997).

- 11-9-97        The Senate amended and passed H.R. 2607 authorizing funding of \$108 million for DC Courts, including pension costs and up to \$750,000 for the Truth-in-Sentencing Commission.
- 11-12-97      The House agreed to the Senate amendment to H.R. 2607 authorizing funding of \$108 million for DC Courts, including pension costs and up to \$750,000 for the Truth-in-Sentencing Commission. The House also made an additional amendment to H.R. 2607 and disagreed with a Senate amendment to H.R. 2607.
- 11-13-98      The Senate agreed to the House amendment to H.R. 2607 and receded from the Senate amendment disagreed with by the House.
- 11-14-97      DC Courts Executive Officer issued a memo to court employees stating that at a November 13, 1997, meeting, the Joint Committee on Judicial Administration approved comparability of DC Courts compensation schedule with the federal court's schedule, to be achieved over 2 fiscal years, provided adequate funding was appropriated. DC Courts estimated the cost of the pay raise at \$2.9 million. The first salary adjustment was to be effective December 7, 1997, at 7 percent per annum, for all nonjudicial employees.
- 11-19-97      The President signed the District's Fiscal Year 1998 Appropriation Act (Public Law 105-100), which provided \$108 million for DC Courts' fiscal year 1998 funding, including pension costs and up to \$750,000 for the Truth-in-Sentencing Commission.
- 12-7-97        DC Courts' 7 percent pay raise became effective. DC Courts Fiscal Officer later calculated the actual cost of this pay raise at almost \$2.8 million for fiscal year 1998.
- 12-11-97      DC Courts submitted an analysis to OMB projecting a \$9.5 million shortfall for fiscal year 1998.
- 12-17-97      DC Courts confirmed an agreement with the COSA Trustee that 171 full-time equivalents would be transferred from DC Courts to the COSA Trustee, and estimated the cost of the adult probation function at \$11.5 million.
- 12-24-97      The COSA Trustee estimated the cost of the adult probation function at \$18.3 million and informed OMB that \$1.7 million should be transferred from the COSA Trustee's appropriation to DC Courts (see October 7, 1998).

(In December 1997, OMB proposed a settlement between DC Courts' estimate of \$11.5 million and the COSA Trustee's estimate of \$18.3 million. OMB proposed \$16 million as

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the cost of the adult probation function. We have not identified any action resulting from the proposal.)

- 1-29-98 OMB advised DC Courts that it could not continue to incur obligations for the adult probation function without reimbursement. It further stated that DC Courts was incurring obligations at a rate that could exceed the fiscal year 1998 appropriation, and risked a violation of the Anti-Deficiency Act if it continued to pay salaries and expenses for the adult probation function.
- 2-13-98 In a letter to OMB, DC Courts projected a \$8.3 million budget deficit and informed OMB that most of its operations would have to be discontinued by the end of the fiscal year unless substantial supplemental resources were received.
- 2-27-98 The DC Courts and the COSA Trustee executed a Memo of Understanding (MOU). The MOU identified the adult probation employees to be transferred and other terms and conditions.
- 3-2-98 A letter from the COSA Trustee to DC Courts noted the transfer of over \$5.9 million to DC Courts in reimbursement for adult probation costs incurred by DC Courts and estimated for the remainder of the 2<sup>nd</sup> quarter of fiscal year 1998. Between March and June of 1998, DC Courts received additional net reimbursements totaling \$1.9 million from the COSA Trustee for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of fiscal year 1998.
- 3-13-98 DC Courts requested \$8.3 million in supplemental funding for fiscal year 1998 in a letter to the Director of OMB. The letter stated that the request was based on the \$8 million over-estimation of the annual cost of the adult probation function, \$3 million in unanticipated costs associated with implementing the Revitalization Act, and \$300,000 for emergency costs caused by a court fire, less \$3 million that DC Courts planned to absorb through cost containment measures. DC Courts also sent letters to the Chairman of the Subcommittee on the District of Columbia, Senate Committee on Appropriations, the Chairman of the Subcommittee on the District of Columbia, House Committee on Appropriations, and the Ranking Minority Member of the Subcommittee on the District of Columbia, House Committee on Government Reform and Oversight, asking for assistance in securing the supplemental funding.
- 4-2-98 OMB advised DC Courts that it was operating at a rate that if continued through the remainder of the fiscal year, would necessitate a deficiency or a supplemental appropriation of about \$8 million. OMB also requested that DC Courts submit a spending plan by April 10, 1998, that demonstrated how it would utilize the balance of its available resources at a rate that would ensure continuity of essential functions throughout the fiscal year.
- 4-15-98 DC Courts submitted a spending plan to OMB and stated that drastic reductions would be required to operate without supplemental funding of

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over \$8 million. These planned reductions consisted primarily of over \$5 million from the furlough of employees for 26 business days.

5-4-98 Based on a request from OMB for a revised spending plan, DC Courts provided a plan reflecting the reduction of nonpersonnel costs, principally the deferral of payments to court-appointed attorneys.

5-21-98 A letter to DC Courts from OMB underscored its concern that DC Courts was operating at a rate that if continued through the remainder of the fiscal year, would necessitate a deficiency or supplemental appropriation of over \$8 million. OMB also stated that DC Courts' adjusted plan should maintain personnel spending at current levels, assure the projected level of personnel obligations, and reduce nonpersonnel spending.

(DC Courts officials told us that they met in May and June with OMB officials in an attempt to secure additional funding.)

7-24-98 DC Courts stopped making payments to court-appointed attorneys.

7-29-98 DC Courts sent a letter to a staff member of the Subcommittee on the District of Columbia, House Committee on Government Reform and Oversight, stating that budgets for court-appointed attorney payments had not been depleted and that DC Courts would continue making these payments to the extent feasible.

8-2-98 DC Courts' letter to OMB outlined cost reduction measures taken, including the deferral of payments to court-appointed attorneys estimated at over \$5 million through the end of the fiscal year.

8-6-98 DC Courts requested Byrne Grant funding of \$6.7 million for court-appointed attorney payments, court personnel expenses, and Year 2000 (Y2K) remediation from the Department of Justice.

8-24-98 DC Courts received a Byrne Grant totaling \$1.1 million from the Department of Justice that was to be used for court personnel expenses and Y2K remediation.

10-7-98 The Fiscal Year 1999 Energy and Water Development Appropriations Act transferred to DC Courts' fiscal year 1998 appropriations account from the COSA Trustee's fiscal year 1998 account \$1.7 million to be used solely to pay court-appointed attorneys for obligations deferred from fiscal year 1998.

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10-21-98      The District of Columbia Appropriations Act of 1999 (Public Law 105-277) appropriated \$121 million to DC Courts for operations for fiscal year 1999. Of the amount appropriated, the act provided that not more than \$31.9 million may be used for payments to court-appointed attorneys for fiscal year 1999. The Conference Committee report accompanying the act directed DC Courts to immediately pay all obligations for court-appointed attorneys carried over from fiscal year 1998 (\$4.1 million) using other funds from its fiscal year 1999 appropriation.

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