

TO REAUTHORIZE THE PROGRAM ESTABLISHED UNDER
CHAPTER 44 OF TITLE 28, UNITED STATES CODE, RELAT-
ING TO ARBITRATION

JUNE 23, 1997.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. COBLE, from the Committee on the Judiciary,
submitted the following

R E P O R T

[To accompany H.R. 1581]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 1581) to reauthorize the program established under chapter 44 of title 28, United States Code, relating to arbitration, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

The purpose of H.R. 1581 is to reauthorize twenty arbitration programs currently operating in Federal district courts throughout the country. The arbitration programs were first authorized over twenty years ago and have been continuously reauthorized since. The success of these programs is unquestioned.

Following are those Federal District Courts authorized to use arbitration pursuant to Chapter 44, Section 28 U.S.C. 658(1): the Northern District of California, the Middle District of Florida, the Western District of Michigan, the Western District of Missouri, the District of New Jersey, the Eastern District of New York, the Middle District of North Carolina, the Western District of Oklahoma, the Eastern District of Pennsylvania, and the Western District of Texas. The following are those Federal District Courts approved for the use of arbitration voluntarily by the Judicial Conference pursuant to Chapter 44, Section 28 U.S.C. 658(2): the District of Arizona, the Middle District of Georgia, the District of Nevada, the Northern District of New York, the Western District of New York, the Western District of Pennsylvania, the Northern District of Ohio, the District of Utah, the Western District of Washington, and the Middle District of Tennessee.

BACKGROUND AND NEED FOR THE LEGISLATION

H.R. 1581 was introduced on May 13, 1997, to reauthorize the federal court arbitration program established in chapter 44 of title 28, U.S. Code, and was referred to the Subcommittee on Courts and Intellectual Property.

The bill reauthorizes twenty pilot arbitration programs which have been in existence in U.S. District Courts around the country for twenty years. The current authorization expires on September 1st of this year.

H.R. 1581 would permanently reauthorize arbitration programs currently existing in twenty federal district courts throughout the country. The programs have been operating for close to two decades. The arbitration programs have been overwhelmingly successful and have been routinely reauthorized over the last twenty years. H.R. 1581 would make the authorization of the existing programs permanent without extending it to other districts.

HEARINGS

Due to the familiarity of Members with the existing arbitration programs, no hearings were conducted on H.R. 1581.

COMMITTEE CONSIDERATION

On June 10, 1997, the Subcommittee on Courts and Intellectual Property met in open session and reported favorably H.R. 1581 to the full Committee. On June 18, 1997, the Committee on the Judiciary met in open session and reported favorably H.R. 1581 to the House.

VOTE OF THE COMMITTEE

The Subcommittee reported favorably by voice vote, a quorum being present. The Committee reported favorably by voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the findings

and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT FINDINGS

No findings or recommendations of the Committee on Government Reform and Oversight were received as referred to in clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 2(l)(3)(B) of House rule XI is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The Congressional Budget Office submitted the following cost estimate on H.R. 1581.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 23, 1997.

Hon. HENRY J. HYDE,
*Chairman, Committee on the Judiciary,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1581, a bill to reauthorize the program established under chapter 44 of Title 28, United States Code, relating to arbitration.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Kristen Layman (for federal costs), and Leo Lex (for the state and local impact).

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Enclosure.

H.R. 1581—A bill to reauthorize the program established under chapter 44 of Title 28, United States Code, relating to arbitration

Summary: H.R. 1581 would replace an expiring authorization with a permanent authorization of appropriations for the use of arbitration by certain district courts. Federal district courts may employ an arbitration process in some civil cases where damages are relatively limited. As is the case under the current, but expiring authorization, the permanent authorization would be for such sums as may be necessary to carry out the purposes of chapter 44, Title 28, U.S. Code, pertaining to the use of arbitration.

Based on historical expenditures for the arbitration program, CBO estimates that enacting H.R. 1581 would result in additional discretionary spending of \$2 million over the 1998–2002 period, assuming the availability of appropriated funds. H.R. 1581 would not

affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA).

Estimated cost to the Federal Government: For the purposes of this estimate, CBO assumes (1) that the continuing authorization to conduct federal arbitration will require funding at roughly the same level as in 1997, allowing for small increases to keep pace with inflation, and (2) that all amounts estimated to be authorized will be appropriated by the start of each fiscal year. The estimated budgetary impact of H.R. 1581 is shown in the following table.

[By fiscal year, in millions of dollars]

	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION						
Arbitration spending under current law:						
Budget Authority ¹	0.4	0	0	0	0	0
Estimated outlays	0.4	(²)	0	0	0	0
Proposed changes:						
Estimated authorization level	0	0.4	0.4	0.4	0.4	0.4
Estimated outlays	0	0.3	0.4	0.4	0.4	0.4
Arbitration spending under H.R. 1581:						
Estimated authorization level ¹	0.4	0.4	0.4	0.4	0.4	0.4
Estimated outlays	0.4	0.4	0.4	0.4	0.4	0.4

¹The 1997 level is the amount appropriated for that year.

²Less than \$50,000.

The costs of this legislation fell within budget function 750 (administration of justice).

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: H.R. 1581 contains no intergovernmental or private-sector mandates as defined in UMRA. To the extent that state, local, or tribal governments are parties to judicial actions that fall under federal arbitration, there may be some savings from lower legal costs.

Estimate prepared by: Federal Costs: Kristen Layman; Impact on State and Local Governments: Leo Lex.

Estimate approved by: Peter H. Fontaine (for Paul N. Van de Water, Assistant Director for Budget Analysis).

CONSTITUTIONAL AUTHORITY

Pursuant to rule XI, clause 2(1)(4) of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article III, clause 2, section 1 of the Constitution.

SECTION-BY-SECTION ANALYSIS

The bill amends section 905 of the Judicial Improvements and Access to Justice Act (28 U.S.C. 651 note; Public Law 100-702) by striking the language relating to fiscal years 1994 through 1997 and inserting for each fiscal year. This would permanently reauthorize the program established under chapter 44 of title 28, United States Code, relating to arbitration. There are twenty such arbitration programs in Federal district courts throughout the country.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**SECTION 905 OF THE JUDICIAL IMPROVEMENTS AND
ACCESS TO JUSTICE ACT****SEC. 905. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated **【for each of the fiscal years 1994 through 1997】** *for each fiscal year* to the judicial branch such sums as may be necessary to carry out the purposes of chapter 44, as added by section 901 of this Act. Funds appropriated under this section shall be allocated by the Administrative Office of the United States Courts to Federal judicial districts and the Federal Judicial Center. The funds so appropriated are authorized to remain available until expended.