

March 13, 2013

The Honorable Jacob J. Lew  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Lew,

On February 7, 2013, then Acting Secretary Wolin wrote a letter to the Senate Appropriations Committee regarding the potential impact of sequestration on the Department of the Treasury.

The consequences of sequestration outlined in the letter include employee furloughs, reductions in payments, tax credits, and financial assistance programs, delayed responses from Internal Revenue Service (IRS) call centers and taxpayer assistance centers, and fewer tax fraud detection and prevention efforts by the IRS.

The IRS should prioritize taxpayers rather than tax collectors and spenders. While the IRS is furloughing the very workers who provide assistance to Americans paying taxes, the agency is failing to collect millions of dollars in taxes owed by federal employees, wasting more sending officials to conferences around the country, and subsidizing the export of American jobs along with the taxes they generate.

In some cases, these spending reductions should be welcomed by many in Washington who have long sought to eliminate spending programs woven throughout the tax code that are little more than special interest corporate handouts. For example, the sequester will reduce federal spending for the Grants in Lieu of Tax Credits program for alternative energy projects by \$187 million. The Treasury Department should consider even further reductions, as it has resulted in the creation of more jobs outside US borders than within. Eight out of ten stimulus dollars spent through the credit on wind energy farms went to foreign companies, creating approximately 4,500 jobs overseas. Of the 11 American wind farms that received grants from the U.S. Treasury, 695 of the 982 turbines were imported.<sup>1</sup> It is inappropriate for the government to fund a program sending thousands of jobs overseas while furloughing hardworking government employees within our own borders.

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<sup>1</sup>Website of the Financial Times, —US Energy Stimulus Dollars Go Overseas, October 29, 2009, <http://www.ft.com/intl/cms/s/0/b091007e-c4b3-11de-8d54-00144feab49a.html#axzz2NL8jDHyE>, accessed March 10, 2013.

Treasury can avoid the furlough of many critical employees or the reduction of taxpayer services during the height of tax season by decreasing non-essential travel and conferences, and reducing funding for outdated tax spending that is exporting jobs overseas.

Back taxes owed from government employees continues to rise, and the department should strongly consider working with the administration to find savings by suspending pay for those employees in debt to the Treasury. The IRS recently reported 311,566 federal employees and retirees owed more than \$3.5 billion in unpaid taxes in 2011.

In addition, I urge you to weigh the following reforms within your own department.

*Refrain from purchasing additional electronic communication devices.*

The Treasury Inspector General for Tax Administration recently revealed the IRS spent more than \$1 million during FY 2011 for 754 Blackberrys and 13,878 aircards that remained unused for months. 68 of the Blackberrys were not used for an entire year. The IRS spent more than \$950,000 on Blackberrys in FY 2011.<sup>2</sup> In light of the Inspector General's findings of the number of excess electronic communication devices in stock at the Treasury Department, it would be appropriate to use this stash of Blackberrys for staff in need of new devices, instead of arbitrarily purchasing more.

*Cancel any upcoming conferences and scale back speaking schedule of Treasury senior staff.*

From the Conference of the Institute of International Bankers held at Washington's Four Season Hotel to a "Conversation on the Economy" held at The Chicago Club, Chicago's exclusive business and social club, for the last two weeks a number of senior Treasury officials and staff have been featured speakers before gatherings of various industry and trade groups.<sup>3</sup>

This week, six more speaking engagements are scheduled in a coast to coast meeting marathon. The Office of Financial Research Director will be featured at New York's Marriott Marquis for the Global Association of Risk Professionals Meeting, while the Assistant Secretary for Economic Policy is scheduled to be in Stanford, California, speaking at an economic policy research summit.<sup>4</sup>

Every year, multiple executive branch officials and staff travel to the annual Asian-Pacific Economic Cooperation (APEC) summit, which will be held later this year in Bali, Indonesia. According to the department's recent conference spending report, Treasury spent more than \$170,000 to send 20 of its employees to Hawaii for the 2011 APEC meeting of

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<sup>2</sup> Website of the Treasury Inspector General for Tax Administration, Press Release, February 19, 2013, "Millions Wasted at IRS on BlackBerry Devices and Aircards, FIGTA Finds," [http://www.treasury.gov/tigta/press/press\\_tigta-2013-05.htm](http://www.treasury.gov/tigta/press/press_tigta-2013-05.htm) accessed March 9, 2013.

<sup>3</sup> Website of the Department of Treasury, Press Center, Treasury Department Public Engagements Schedule for the Weeks of March 4-March 8 and February 25-March 1, 2013, <http://www.treasury.gov/PRESS-CENTER/media-advisories/Pages/default.aspx> accessed March 9, 2013.

<sup>4</sup> Website of the Department of Treasury, Press Center, Treasury Department Public Engagements Schedule for the Week of March 9-March 15, 2013, <http://www.treasury.gov/press-center/media-advisories/Pages/03112013.aspx> accessed March 12, 2013.

finance ministers. The week-long event was held in the heart of Honolulu, and featured a traditional luau complete with grass skirts and flower leis.<sup>5</sup>

Please consider significantly reducing the number of Treasury staff and officials attending the summit this year. While I expect some travel is necessary for Treasury officials, at a time when furloughs are threatened to employees carrying out the most critical of the department's functions, limiting travel and participation in foreign junkets should be considered instead.

*Abide by the increased hiring scrutiny suggested by the Office of Management and Budget.*

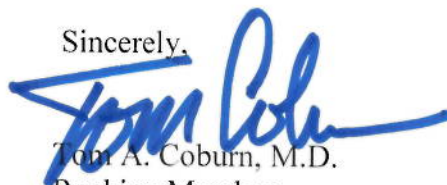
On February 26, 2013, just days before sequestration went into effect, the Department of Treasury closed out a job posting for 100 new Tax Compliance Officers at a salary of \$31,315 to \$73,019 per year, depending on experience. After sequestration took effect, the Department of Treasury placed an advertisement for an "Outreach Manager" at a salary of up to \$136,771, with duties that include outreach to the general public and to state governments about certain department programs and services. Treasury is also looking for a "Leadership Development Specialist" with a salary of up to \$182,428, to develop a leadership development program.

Canceling just these two lucrative but nonessential job openings would save one week of furloughs for as many as 530 entry level tax compliance officers. While outreach and leadership development may be important goals for the Department of Treasury, they should not take priority over its core mission.

Taken together, these proposals could save the Department of Treasury millions of dollars over the next months and years. The spending reductions from sequestration should be achieved through commonsense reforms, instead of furloughing essential employees and reducing IRS efforts on the money-saving work of fraud prevention.

I look forward to your response and appreciate your efforts on this important matter.

Sincerely,



Tom A. Coburn, M.D.  
Ranking Member

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<sup>5</sup> Website of the Department of Treasury, FY 2012 Conference Spending Report, <http://www.treasury.gov/about/budget-performance/annual-performance-plan/Documents/FY%202012%20Conference%20Spending%20Report.pdf> accessed March 9, 2013.