



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

April 11, 2007

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator Grassley:

This letter follows-up on a matter that has been an ongoing concern to both the Internal Revenue Service (IRS) and you for several years now, and that you raised in a meeting with IRS senior executives on January 30, 2007. Specifically, you asked for information on the use of official time by representatives of the National Treasury Employees Union (NTEU).


Reducing the use of official time by NTEU representatives has been a significant point of negotiations between the IRS and NTEU for several years. Over time, the IRS has established greater controls over time granted to union officials to perform representational duties.

As illustrated by the enclosed chart, from 2002 through 2006, total annual NTEU time spent on union related activities has decreased approximately 14 percent, from 729,988 hours to 630,539 hours. Per your request at the January 30, 2007, meeting to quantify the data in terms of full time equivalents (FTEs), this represents a reduction from approximately 350 to 302 FTEs. To further quantify this in terms of resource and revenue trade-offs, as you requested, historically a full-time SB/SE revenue agent auditing individual tax returns brings in nearly \$700,000 annually.

While progress has been made, the IRS recognizes that more needs to be done. The recent IRS-NTEU mid-term negotiations in 2006 produced a broad range of means for achieving operational efficiencies. These include simple time-efficiencies such as increasing the number of meetings conducted by phone and requiring stewards within the commuting area to attend in-person meetings. Other measures include establishing an annual cap of 850 hours of representational time for the vast majority of stewards, reducing the grievance procedure for performance appraisals and mass grievances from a multi-step to a one-step process, and streamlining NTEU's participation on various committees.

Reducing the amount of official time continues to be a priority and we will seek significant additional improvements in our upcoming contract negotiations. Please contact me should you require additional information or a member of your staff may call Robert Buggs, Chief Human Capital Officer, at 202-622-7676.

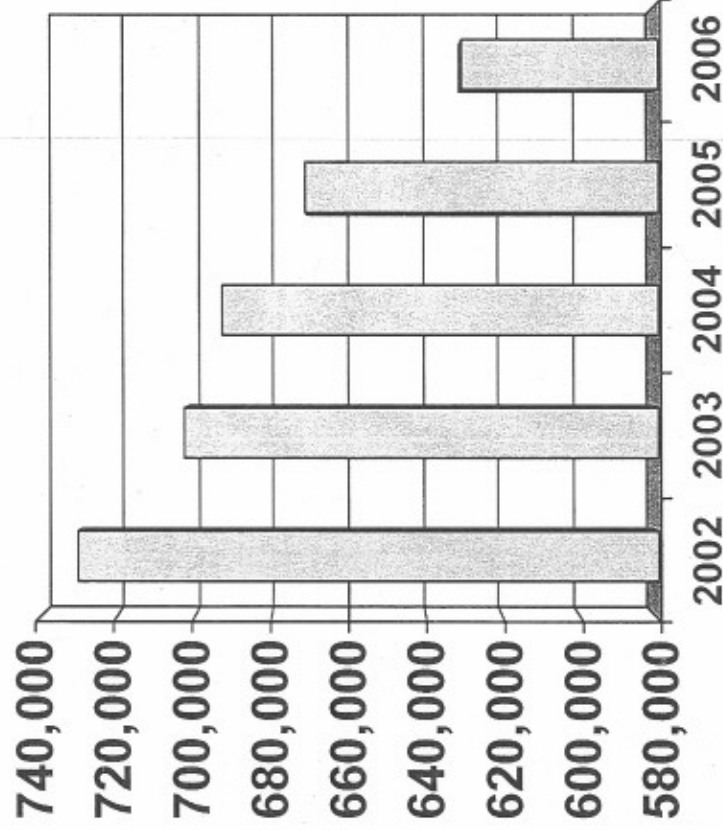
Sincerely,

A handwritten signature in dark ink, appearing to read "Mark W. Everson". The signature is fluid and cursive, with the first name "Mark" being more prominent.

Mark W. Everson

Enclosure

NTEU Representational Time



- NTEU representatives charge time for Union activities where the representative is in the presence of management, as well as activities not conducted in the presence of management (such as preparing grievances or preparing for arbitration).

	2002	2003	2004	2005	2006
□ Total Time (Hrs)	729,988	702,090	692,596	670,847	630,539
FTE	350	336	332	321	302