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NTEU Leader Calls on IRS Commissioner to Use New Authority to Bring Work Back to Agency Employees

Washington, D.C.—Following a failure on the part of private sector contractors to deliver timely, effective, and cost-efficient services to the Internal Revenue Service (IRS), the agency should use recently-enacted legislative authority to conduct public-private competitions to bring back into the hands of agency employees work it previously contracted out, the head of the union representing IRS workers said today.

In a letter to IRS Commissioner Mark Everson, President Colleen M. Kelley of the National Treasury Employees Union (NTEU) said it clearly would be in the best interest of taxpayers for the agency “to take full advantage” of the opportunities afforded by the language of the fiscal 2006 Transportation-Treasury Appropriations bill.

Until NTEU successfully secured language in that bill, agencies did not have the authority under government contracting rules to conduct such competitions to determine whether previously contracted work should be brought back in-house.

In her letter, President Kelley pointed to just three areas of many where returning the work to IRS employees would provide the best value and greatest security for taxpayers: the IRS’s lockbox

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program, the work of its Modernization and Information Technology Services (MITS) organization; and its Agency-Wide Shared Services (AWSS) mailroom function.

The mailroom operation was contracted to a private vendor at the end of 2004—over NTEU’s strenuous objections—and has produced a storm of protest since then, Kelley told Everson. “Since that time,” she said, “employees have witnessed abysmal mail service by the contractor,” including mail misdirected to wrong posts of duty and mail not delivered in a timely fashion.

Moreover, “IRS employees are expected to do the work for the vendor when the vendor has a contractual obligation,” she added.

As to the lockbox program, the union leader noted that it has long been a troubled one, with the Government Accountability Office (GAO) criticizing it as far back as 1997 and 1998. More recently, Kelley said, a GAO report last year raised concerns that using lockbox contractors to receive payments increases “the risk that taxpayer receipts and information could be lost, stolen, misused or destroyed...”

“Lockbox work certainly is one area where the IRS could return work to federal employees, save taxpayers money and increase protection of taxpayer privacy,” she told the IRS commissioner.

And on the MITS work, Kelley said a consultant’s report last year raised doubts about the agency’s ability to manage its contracts and said savings could be achieved by bringing the MITS work back in-house. The consultant identified “exceptionally high-cost vendors” performing work in the area-wide data network and mainframe data center functions, she added.

Kelley also told Everson: “I’m sure you can come up with many other areas at the IRS where contractor failures are costing the agency more than if the work was returned to federal employees.” She added: “I’m confident the IRS workforce would be willing and able to perform this work more reliably and at a more affordable cost than any contractor.”

NTEU is the largest independent federal union, representing some 150,000 employees in 30 agencies and departments, including 94,000 in the IRS.