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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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October 28, 2015

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Koskinen,

The Senate Finance Committee is charged with overseeing administration of the federal tax code. In my capacity as Chairman, I write to learn more about the Internal Revenue Service's policy and practice of conferring financial awards to employees who devote a majority of their official duty time to activities of a labor organization.

As head of the IRS, I understand that you face many challenges, chief among them ensuring that talented and devoted federal employees are rewarded with just and fair compensation. Bonuses and other awards are an important type of compensation for federal employees, particularly those who go above and beyond their stated job requirements. Congress authorized agency heads to "pay a cash award to ... an employee who ... by his suggestion, invention, superior accomplishment, or other personal effort contributes to the efficiency, economy, or other improvement of Government operations ... or performs a special act or service in the public interest in connection with or related to his official employment."¹ The regulations implementing this law note that these awards may be "based on predetermined criteria such as productivity standards, performance goals, measurement systems, award formulas, or payout schedules."²

It is therefore clear that awards should reflect an employee's contribution to the efficiency, economy, or effectiveness of the agency. When employees perform authorized work on behalf of a labor organization, they are necessarily performing union tasks in lieu of the tasks that would otherwise be assigned to them related to their assigned position. While such work is authorized by law, it does not further the efficiency, economy, or effectiveness of the agency in the same manner as work related to the agency's mission.

In order to understand how the IRS administers awards in these situations, please provide the following information:

¹ 5 U.S.C. § 4503 (1978).

² 5 C.F.R. § 451.102 (2007).

1. Does the IRS have a policy on granting awards to employees who perform union duties during official duty time?
2. For fiscal years 2013, 2014, and 2015, please provide a list of all employees who received any type of award (including cash awards, paid time off, quality step increases, special act awards, and any other award with a financial value) during a year in which they devoted 50% or more of their official duty time to union activities. Include the name, position, grade, date of award(s), title and/or type of award(s), and amount of award(s). Additionally, please note whether each award was given based on the employee's performance or for other reasons.

The disclosure of some of the information requested above is likely governed by the Privacy Act. For such information, please take note that this request is made pursuant to 5 U.S.C. § 552a(b)(9) in my capacity as Chairman of the Senate Finance Committee.

Please provide this information to the Committee no later than November 20, 2015. If you have any questions about this request, please contact Kim Brandt of my staff at (202) 224-4515.

Sincerely,



Orrin G. Hatch
Chairman, Committee on Finance