

April 11, 2011

Dear Member of Congress:

On behalf of the 200,000 managers, supervisors and executives in the federal government whose interests are represented by the Federal Managers Association (FMA), I respectfully urge you to vote against H.R. 828 when it is considered by the Oversight and Government Reform Committee later this week. The legislation would bar federal employees facing “seriously delinquent tax debt” from continuing to serve in the government and prevent individuals with such tax debt from entering the federal workforce. While commonsense and straightforward on its face, this headline-grabbing legislation aims to provide a simple solution to a multifaceted problem in a complex tax world.

As taxpayers ourselves, FMA members in no way, shape or form support the actions of federal employees who neglect to pay their taxes in a thorough and timely manner. While there are many extenuating circumstances that justify individuals’ calls for reconsideration of the money owed, those who consciously bypass the channels and processes in place to fulfill their tax obligations should be held accountable for their actions. When these individuals are civil servants, their conduct casts a dark shadow over their fellow coworkers.

There is a distinct difference, however, between knowingly evading one’s tax obligations and making an error in our complex tax system. As such, FMA has several concerns with both the intent of H.R. 828 and its practical application. There are laws currently in place that deal with delinquent taxpayers, and we should first work to ensure that these laws are enforced judiciously across the board. Approving this bill could severely jeopardize the ability of Internal Revenue Service (IRS) agents to direct federal employees facing extenuating circumstances down the path to tax settlement, instead resorting to dismissal of said employees. The complexity of individual cases can also lead to inaccurate collection judgments on the part of the IRS. Deliberate or fraudulent non-payment is vastly different than a technical mistake, but each of these examples may lead to a drawn-out appeals process resulting in termination. Under H.R. 828, the employee who made an innocent mistake could be deemed seriously delinquent and unfairly penalized.

We at FMA are also concerned with the administrative burden this would place on those responsible for hiring new employees. Human resources officials are already tasked with a burdensome and lengthy federal hiring process, and having to check the tax status of every potential employee would certainly lead to vacancies going unfilled unless additional resources are provided to carry out this task. We at FMA question why a Congress insistent upon decreasing the federal bureaucracy would add an extra step in the hiring process that would surely require more resources.

In addition, the number of people affected by the bill would be tremendously small. In 2008, federal employees, federal retirees, active duty military and retired military owed a cumulative \$3 billion in unpaid taxes, according to the IRS. In terms of just dollars, military retirees owe the most, with over \$1.3 billion in unpaid taxes. Current active federal employees account for \$962 million of the \$3 billion

in unpaid taxes, and just over 97,000 employees, less than five percent of the active federal workforce, were delinquent on their taxes in 2008. The legislation would likely affect only a small fraction of those individuals and would only recover less than a third of what is owed.

Finally, under the legislation, the employee would be terminated if a notice of federal tax lien has been filed. If a lien has been filed, yet the IRS is unsuccessful in its attempt to collect payment and the employee is subsequently terminated, one must question how the now-former employee is going to repay what is owed while not collecting a paycheck. The unemployed hardly make for very good taxpayers. Ultimately, the government would still be unable to recoup repayment from this individual.

We at FMA strongly encourage you to oppose this legislation when it comes before the Committee this week. Thank you for your time and consideration of our views. I am,

Sincerely,



Patricia Niehaus
National President