

MEMORANDUM FOR ALL IRS EMPLOYEES

FROM: Steven T. Miller /s/
Acting Commissioner

SUBJECT: Information on potential sequestration on March 1

This Friday, March 1, marks the effective date of across-the-board spending cuts for nearly all federal agencies, also known as sequestration. Should sequestration occur, we will still be able to operate, but our overall funding for the remainder of the fiscal year will be reduced. Therefore, it is essential that we prepare for whatever events may unfold and continue to look for opportunities to reduce expenses so we can minimize the impact on IRS' mission to serve the American public and the impact on your lives as well.

If sequestration occurs, we will continue to operate under a hiring freeze, reduce funding for grants and other expenditures, and cut costs in areas such as travel, training, facilities and supplies. In addition, we will need to review contract spending to ensure only the most critical and mandatory requirements are fully funded.

Despite our current and planned efforts to cut expenses, the reality is that our greatest expense, by far, is employee pay. As a result, if sequestration occurs and our budget is reduced for the remainder of the fiscal year, it appears that a number of furlough days will be necessary given the size of the anticipated budget cut to the IRS. Let me be clear: We know that asking you to take even one furlough day is difficult. That's why we've spent so much time and energy trying to minimize the impact on our employees as much as possible while carrying out our mission. We will continue to look for cost savings in the coming weeks and months.

At this point, we expect that every one of us would take no more than one furlough day per pay period, beginning sometime in the summer, after the filing season ends, and possibly through the remainder of the fiscal year, for a total of between five to seven furlough days. We will provide you with at least 30 days' notice prior to starting furlough. We will also engage with NTEU as appropriate to ensure that any necessary furloughs are applied in a fair and appropriate manner and consistent with our collective bargaining agreements. If you have questions on this issue, we encourage you to go to the [Office of Personnel Management website](#), which has helpful information and answers to frequently asked questions regarding furloughs.

We will provide more details regarding our sequestration contingency plans as details become available. We recognize how distracting and difficult this news may be, but we know that you and your colleagues are dedicated public servants who will continue to deliver for the nation's taxpayers. Thank you for your patience, your diligence and all that you do.