

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

PUBLIC RESOURCE.ORG)	
)	
Plaintiff)	
)	
v.)	Case No: 3:13-cv-2789
)	
INTERNAL REVENUE SERVICE,)	
)	
Defendant.)	

DECLARATION OF URSULA GILLIS

I, Ursula Gillis, pursuant to the provisions of 28 U.S.C. § 1746, declare as follows:

1. I am the Director of Financial Management Services in the Information Technology Division (IT), of the Internal Revenue Service (IRS or Service). I have twenty-two years of experience in budget and finance: thirteen years with the Office of Management and Budget (OMB) and nine years with the IRS. For seven years at OMB, my chief responsibility was oversight of IRS's information technology budget. For the past twenty-two months, I have served as IRS IT's budget officer. Before that, I served as the IRS's Assistant Chief Financial Officer for Corporate Budget, with oversight of the entire IRS \$12B budget. I hold a Master's Degree in Economics from the University of Maryland.
2. Information Technology is funded by two appropriations, Operations Support and Business Systems Modernization. The latter account specifically funds larger, longer-term information technology investments that serve IRS-wide interests, such as the Customer Account Data Engine (CADE) system. (The CADE system is intended to implement a single, modernized program, which provides daily

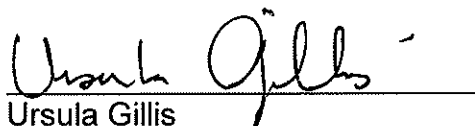
- processing of taxpayer accounts.)
3. The Operations Support account funds IRS-wide support needs such as rent, information technology, and support services, such as the human capital office, research, budget and finance, and the Commissioner's office. The IT budget comprises about half of the Operations Support appropriation.
 4. The enacted budget for Information Technology in the Operations Support account has declined, from a high of \$1.88B in FY 2011 to \$1.76B in FY 2013, and \$1.75B in FY 2014. At present in our planning efforts, we are not expecting to receive an increase for FY 2015.
 5. The effect of this decline in funding on general IT operations is magnified because, although funding decreased, the IT organization has had to expand its portfolio, making major investments, including the development of new systems and changes to dozens of current systems, to support the Affordable Care Act and FATCA. A portion of the increased costs associated with these new, legislative mandates has been offset by user fees and transfers in from other accounts. However, these sources of funding are drying up and continued receipt of such offsets is uncertain.
 6. In addition, reductions in funding have almost eliminated IRS's ability to purchase and replace aged IT equipment. The IRS tries to schedule planned equipment replacement depending on the lifecycle of each type of equipment and its criticality to tax administration and taxpayer service. The older equipment that the IRS had planned to replace would have been equipment no longer covered by

manufacturer warranty or manufacturer maintenance support. The consequences to tax administration and taxpayer service of equipment failure vary depending upon what breaks. However, in all cases replacing equipment after the equipment fails interrupts work and is more costly and time consuming.

7. All of the IRS, including the information technology organization, has operated under a general hiring freeze since FY 2010. So, in addition to financial constraints, constraints that generally limit work to ongoing projects and preclude development of new capabilities, since FY 2013 IT has had increasingly limited bandwidth to take on new work based on the availability of qualified staff.
8. Because of budgetary constraints and lack of staffing resources, the IRS IT organization cannot initiate work on new projects at this time unless such a project were deemed to be mission critical to the success of IRS's core tax processing responsibilities. Under such a circumstance, some other program would need to be defunded.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed this thirteenth day of August, 2014.



Ursula Gillis
Director of Financial Management Services
Information Technology Division
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Washington, D.C.