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1750 H St., NW • Washington, DC 20006 • (202) 572-5500 • www.nteu.org

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Contact: Dina Long
(202) 572-5500

IRS Needs More Resources, Staffing and Dedicated Funding to Address Tax Gap

Washington, D.C.—While this administration says it wants to cut into the growing gap between taxes owed and paid, its actions—including its failures to reverse severe cuts in Internal Revenue Service (IRS) personnel levels and provide the agency with adequate resources—sharply undercut its rhetoric, the leader of the union representing IRS employees said today.

President Colleen M. Kelley of the National Treasury Employees Union (NTEU) offered that assessment of administration efforts to reduce the multi-billion-dollar tax gap in testimony before the independent IRS Oversight Board.

“NTEU strongly believes that providing additional staffing resources would permit the IRS to meet the rising workload level, stabilize and strengthen tax compliance and customer service programs, and allow (it) to address the tax gap in a serious and meaningful way,” President Kelley said. The gap, which continues to grow, is put at between \$290 billion and \$345 billion annually—amounts that are subsidized by taxpayers who comply with their obligations under the law.

The NTEU leader recommended several steps, including:

- A two-percent annual net increase in staffing, equal to about 1,885 positions a year, over a five-year period to gradually rebuild the depleted IRS workforce to pre-1998 levels. While this would require “a substantial funding commitment,” Kelley said, “the potential for increasing revenues, enhancing compliance and shrinking the tax gap makes it very sound budget policy.”
- Provide funding to hire additional IRS personnel outside the ordinary budget process by allowing the IRS to retain a small portion of the revenue it collects. That, she noted pointedly, already is being done under the legislation allowing private collection

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Kelley Highlights IRS Funding, Staffing Needs—Add One

companies to keep up to 25 percent of the overdue taxes they collect—a program NTEU continues to oppose. “If those revenues can be dedicated directly to contract payments,” she said, “there is no reason some small portion of other revenues collected by the IRS couldn’t be dedicated to funding additional staff positions to strengthen enforcement.”

- Drop the private tax collection program and instead hire sufficient IRS personnel to perform that work. Kelley noted that IRS Commissioner Mark Everson twice has told Congress that IRS employees could perform the work at less cost. “The commissioner’s admission directly contradicts one of the administration’s central justifications for using private collection agencies—that the use of private collectors is cost-efficient and effective,” she said.
- Stop taking actions that reduce available customer service or make it more difficult for taxpayers to find and use—such as seeking to channel taxpayers to the IRS web site for the help they need. “The IRS needs additional employees on the front lines of both tax compliance and customer service,” she told the Oversight Board.
- Abandon any efforts that lead to the premature closing of audits of large companies. IRS employees have reported to NTEU that in some locations there is a push to reduce the number of hours devoted to such audits, with the result that considerable tax liabilities and subsequent payments that could be found go undetected and uncollected.

The IRS Oversight Board was created by the 1998 IRS Restructuring and Reform Act and has significant responsibilities regarding the IRS, including recommending its budget, analyzing its strategic planning and more.

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

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