



# NEWS RELEASE

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## **Opposition from Congress and Public Interest Groups Continues Building Against IRS Program**

**Washington, D.C.**— Faced with more questioning from an increasingly skeptical Congress over the use of private sector debt collectors to collect tax debts, the head of the Internal Revenue Service (IRS) said yet again it would be equally effective and cheaper to use agency employees.

This admission by IRS commissioner Mark Everson comes on the heels of several significant developments within the past week regarding the IRS's misguided scheme to continue to outsource tax collection work, including:

- A pending investigation by the House Ways and Means Committee into contractor abuses in the program;
- A letter from Committee Chairman Rep. Charles Rangel (D-N.Y.) to the IRS commissioner seeking a halt in IRS plans to expand its use of private debt collectors;
- A report by the Treasury Inspector General for Tax Administration raising security and privacy concerns about the program; and
- A letter to House and Senate members from public interest groups—supporting ending the IRS use of debt collectors.

The IRS has said that helping close the 'tax gap' is one reason for its privatization program. National Treasury Employees Union (NTEU) President Colleen M. Kelley noted that the gap today between taxes owed and taxes paid is estimated at \$345 billion.

"There's no chance of making meaningful inroads in this serious problem if there's no apparent interest on the part of IRS leadership to seek additional funding and apply it where it is needed most—on greater staffing in both its enforcement and customer service functions," she said.

Commissioner Everson testified today before a hearing of the House Appropriations Financial Services and General Government Subcommittee, whose chairman, Rep. Jose E. Serrano (D-N.Y.) has

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been critical of the IRS privatization effort.

While Everson again admitted that IRS employees could collect taxes at a lower cost, Rep. Serrano quizzed the commissioner on why the IRS does not retrain current IRS workers to do the work being done by private firms rather than laying off experienced workers.

Meanwhile, NTEU joined with advocacy groups OMB Watch and Citizens for Tax Justice as well as the American Federation of State, County and Municipal Workers Union in supporting legislation that would end the IRS program.

The groups sent letters to Senate and House members calling for their support of S. 335 and H.R. 695, arguing there is “ample evidence” that the IRS program “unnecessarily wastes federal resources, threatens taxpayers’ privacy rights and creates the environment for violations and abuses by private companies.”

The letters reminded the elected officials that the IRS’s own National Taxpayer Advocate has made ending the private tax collection program a top priority for this year. Taxpayer Advocate Nina Olson, the letters pointed, said in congressional testimony that the program may become ‘vastly more expensive than we ever imagined,’ since it requires significant investments in IRS oversight and management personnel.

The Taxpayer Advocate said, in fact, that it had 65 employees overseeing the 75 private contractor employees performing the work under the three contracts it has awarded so far; the agency has extended the contracts of two of the private companies and said, without explanation, that it is not renewing the contract of a third company. It plans to award additional contracts later this year.

NTEU is the largest independent federal union, representing some 150,000 employees in 31 agencies and departments, including 94,000 in the IRS.