



June 10, 2015

Dear Representative:

In advance of tomorrow's Financial Services and General Government Appropriations Subcommittee mark-up of the FY 2016 funding bill, we urge you to reject the damaging cuts proposed for the Internal Revenue Service. Slashing the IRS budget by almost \$840 million below the current level and \$2.8 billion below the President's request will further degrade its already impaired ability to provide taxpayers with the assistance they need and fairly enforce the tax laws enacted by Congress.

Since FY 2010, IRS funding has been cut by almost \$1.2 billion, or 17 percent after adjusting for inflation. The funding reductions have forced the IRS to reduce the total number of full and part-time employees by over 18,000 across every state in the country, including many that are responsible for assisting taxpayers victimized by the rising incidence of identity theft and collecting revenue that could be used for priorities such as national security and reducing the federal deficit.

In the past few years, many experts in the tax community, including the National Taxpayer Advocate, IRS Oversight Board, the IRS Advisory Council, GAO and the Treasury Inspector General for Tax Administration (TIGTA) have all warned of the dangers that recent reductions to the IRS budget are having on IRS' ability to carry out its core taxpayer service and enforcement missions. In addition, newspapers from all parts of the country have editorialized about the negative consequences of underfunding the IRS and highlighted the devastating impact that the cuts had on IRS' ability to provide taxpayers with timely assistance during the recent tax filing season.

NTEU is particularly concerned about the adverse impact that the additional cuts to the IRS budget would have on IRS' efforts to combat identity theft and other types of refund fraud. In recent years, there have been bipartisan calls to address the problem of identity theft, yet the necessary resources have not been provided. According to the IRS, funding reductions in recent years have prevented millions of taxpayers, including those impacted by identity theft, from getting timely answers from IRS call centers and taxpayer assistance centers and significantly delayed IRS responses to taxpayer letters.

While the proposed bill would provide \$75 million to cover numerous taxpayer service improvements as well as to help resolve identity theft cases, that funding is proposed to be diverted from other critical Service programs. It is also woefully inadequate. The Administration's FY '16 budget request included an increase of

\$101 million solely to strengthen refund fraud prevention and provide prompt assistance to support victims of identity theft. This critical funding would help the IRS to answer calls and adjust accounts for identity theft victims, address the current backlog of identity theft cases and invest in IT projects that will help protect taxpayer information. These investments are projected to protect nearly \$1 billion in revenue, a protected revenue ROI of \$13.2 to 1, once the new hires reach full potential in FY 2018.

In addition to undermining IRS' ability to combat identity theft and provide victims with timely assistance and resolution of their cases, the cuts proposed to the IRS enforcement budget would result in billions in foregone revenue. This is revenue that could otherwise be invested in critical government programs or be used to reduce the federal deficit. Furthermore, diminishing IRS' ability to enforce our nation's tax laws and ensure all taxpayers are meeting their tax obligations erodes taxpayer trust in our nation's tax system that is based on voluntary compliance.

IRS employees around the country are committed to continue to work diligently despite seeing their workloads increase and the resources to do their jobs shrink dramatically. These additional proposed cuts simply cannot be absorbed without further impairing IRS' ability to provide critical taxpayer services and enforce the nation's tax laws. I strongly urge you to reject these proposed cuts and provide the IRS with adequate funding to accomplish its important mission.

Sincerely,

Colleen M. Kelley
National President