



For immediate release
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**IRS OVERSIGHT BOARD:
IRS AT HALFWAY RRA 98 EFFORT, BUT MORE IS NEEDED**

The IRS Oversight Board today released its annual report, saying that the IRS is at the critical halfway point of its modernization effort, but its ultimate success hinges on adequate and stable funding. It calls for a two percent increase in staffing each year for the next five years, full-funding for the Business Systems Modernization program, and increased IRS productivity.

“The IRS has accomplished a great deal since the enactment of the IRS Restructuring and Reform Act of 1998,” said Chair Nancy Killefer. “But it can meet RRA 98’s mandate only if it continues to work harder and smarter, and has the funding it needs.”

The Board called for the IRS, the Administration, and Congress to work together to:

- **Close the compliance gap**, which has grown in the past decade as IRS resources continue to decline.
- **Boost customer service** so that taxpayers can get the help they need from the IRS to comply with the nation’s complex tax code.
- **Commit to modernize the IRS computer systems**, which the Board believes must be accomplished as quickly as possible.
- **Focus on its workforce** by developing a comprehensive, agency-wide strategic human resources initiative.
- **Measure long-term goals**, recommending an effort to propose and seek consensus among the Administration, Congress, stakeholders, and the public to determine appropriate levels and strategic goals for IRS long-term customer service and compliance performance.

- **Simplify the tax code**, reminding Congress that complexity adds to taxpayers' burdens, and makes it more difficult and expensive for the IRS to enforce the law.

“Most Americans want to meet their tax obligations,” said Chair Killefer. “The IRS needs to meet taxpayers’ needs, whether it’s answering the phones or ensuring fair treatment under the law. The Board is well aware of the challenges now facing our nation. But we are concerned that short-term solutions to save money will result in larger challenges in tax administration in the future and endanger the source of revenue collection.”

She added that it is imperative that the IRS improve productivity. The Board praised the IRS’ strategy to focus its compliance efforts on key high income/high risk areas, and other innovative approaches to boost efficiency at the agency.

The Board also welcomed new IRS Commissioner Mark Everson, who was confirmed by the Senate on May 1. “We look forward to working with Mr. Everson. The IRS needs leadership at this critical point,” said Chair Killefer.

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