

IRS Oversight Board

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IRS OVERSIGHT BOARD SAYS AGENCY WILL BE WEAKENED BY BUDGET; HONEST TAXPAYERS HURT THE MOST

At its December 1, 2004 meeting, the IRS Oversight Board voiced serious concerns over the IRS' FY 2005 budget recently passed by Congress as part of the omnibus appropriations bill. "One of the Board's most important responsibilities is to ensure that the IRS's budget supports its annual and long-range strategic plans. Unfortunately, the shortfalls in funding increase the likelihood that the IRS will fall short of its key goals. And honest taxpayers will be the ones hurt the most," said Board Chair Raymond T. Wagner, Jr.

"What is particularly troubling to the Board is that during this time of fiscal austerity, the IRS is leaving billions of dollars on the table simply because it doesn't have the resources to do its job. To the Board's private sector members and most of our fellow taxpayers, that doesn't make a lot of economic sense. To pay a little more to get a lot more back does," Mr. Wagner said today.

The omnibus appropriations bill funds the IRS at \$10.233 billion for FY 2005, a one-half percent increase from the FY 2004 funding level. The IRS Oversight Board believes that it will leave the already strapped agency with fewer resources when inflation and the 3.5 percent federal civilian pay raise are factored in. Moreover the FY 2005 funding level is not only a dramatic reduction from the Board's recommendation but falls \$441 million short of President Bush's request.

He added, "We must face up to the hard truth. Funding at this level will weaken the IRS and make it more difficult for it to do the job it must on behalf of America's taxpayers. The IRS' long-term strategic plan calls for improved service to taxpayers, enhanced enforcement of the tax laws, and modernized business processes and technology. These worthy objectives are only possible if they are funded at appropriate levels," the Board Chair observed.

BSM Now Showing Real Progress; Support is Critical

In addition, budgetary reductions will force the IRS' Business Systems Modernization (BSM) program to take longer and cost more than necessary. Of greatest concern is the age of the IRS' existing computer system, which will eventually become impossible to maintain. As time goes by, a catastrophic disruption to the nation's tax system becomes likelier.

Board Business Transformation Committee Chair Larry Levitan stated, "The IRS and CIO Todd Grams are to be commended. By taking a more rigorous and disciplined approach and insisting on greater accountability from the Prime contractor, the once troubled BSM program is beginning to deliver tangible benefits to taxpayers and producing real cost savings. This is not the time to turn away from this program. We are at the critical stage of some of the most important projects and there are no givens. Now is the time for greater vigilance and resolve and a solid resource commitment to see BSM through to a successful conclusion."

New Member Confirmed by Senate

On November 20, Paul B. Jones was confirmed by the Senate as a member of the IRS Oversight Board, with a five-year term ending in 2009. Earlier this year, Mr. Jones received a recess-appointment by President Bush, which would have expired at the end of 2005. Mr. Jones is currently Senior Vice President, General Counsel and Regulatory Policy at Time Warner Telecom, headquartered in Littleton, Colorado.

Public Meeting Planned

The Board will hold its annual public meeting on February 1, 2005 in Washington, DC. Details will be announced next month.

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