



Chairman Ander Crenshaw

*Subcommittee on Financial Services and General Government
House Committee on Appropriations*

FY 2016 Budget Hearing – Internal Revenue Service

March 18, 2015

Opening Statement As Prepared

Good morning. The hearing will come to order.

I want to welcome Internal Revenue Service Commissioner John Koskinen to the Committee to discuss the 2016 IRS budget request. This is a very busy time of year for the IRS, so we appreciate the Commissioner for being here today.

For 2016, the IRS is requesting a massive \$2 billion, or 18 percent, increase. Commissioner, last month you told the Senate Finance Committee that the IRS was not asking for a budget increase, but for the money that was taken away from you; presumably by this Committee. It came as quite a surprise to me to learn that you believe the IRS is entitled to \$13 billion.

Entitlements are for programs like Social Security, Medicare and Medicaid. National security is a Constitutional duty, but even the Department of Defense must appear before the Appropriations Committee, justify its budget request, and subject itself to Congressional oversight before Congress provides DOD with any funds. The IRS will have to do the same.

Contrary to what the media reports about this Committee, we are not here to simply punish the IRS, but rather to hold the agency accountable for their use of taxpayer dollars. We deliberately lowered the IRS' funding to a level to make you think twice about what you are doing and why. You don't have a single dime to spare on anything frivolous or foolhardy or even mediocre. The IRS should focus on its core mission of providing taxpayer services such as processing returns and refunds, providing customer service like answering the phone, and catching tax cheats. If the IRS wants more solid and sustainable funding, then the IRS needs to show Congress and taxpayers that it can manage funding responsibly and administer the tax code objectively.

Unfortunately, it seems like we read week after week about one form of IRS mismanagement or another. Such as overlooking 50,000 tax returns filed using incorrect information, hiring former employees with known conduct problems, paying bonuses to tax-delinquent employees, frequent and costly executive travel, lax oversight of purchase cards, lavish spending on conferences, and last, but not least, applying extra scrutiny to certain tax-exempt organizations.

To add insult to injury, the budget request seeks to eliminate key provisions added by this Committee that were constructed to help the IRS move past this series of embarrassments. A provision that prohibits targeting – that's gone. A provision that requires videos to be reviewed for appropriateness – that's gone. A provision that requires compliance with the Federal Records Act – that's gone. A provision that guards against excessive conference spending – that's gone. A provision that upholds the confidentiality of tax returns – that's gone.

To me, these are common-sense, good government reforms that we put in the bill to help to restore trust in the IRS. I think you should give some serious thought to adding them to your 2017 budget request.

Commissioner, I have heard your complaints about doing less with less, but additional dollars are not the only solution. Last month, the General Accountability Office observed that “Although resources are constrained, IRS has flexibility in how it allocates resources to ensure that limited resources are utilized as effectively as possible...[magnifying] the importance of strategically managing operations to make tough choices about which services to continue providing and which services to cut.”

Instead of asking for the money that was taken away from you, what you need to do is study your budget line-by-line, prioritize your activities, reengineer your business processes to deliver those priorities, and present this Committee with a budget request that supports those priorities. This is your opportunity to show the Committee and all Americans that it’s no longer business as usual at the IRS. This is your opportunity to show that you’ve shaken things up and turned things around.

Finally, I would like to highlight landmark legislation that was enacted last year, the Achieving a Better Life Experience Act, or the ABLE Act. The ABLE Act opens the door for millions of individuals and families to a brighter future.

States are responsible for administering the program and some have started the legislative process to creating them, but the IRS is required by law to issue regulations by June 19. While I am glad that States and families will not be penalized for their eagerness, we fully expect the IRS to meet the statutory deadline.

Again, thank you for taking the time to meet with us today Commissioner. With that, I will yield to Mr. Serrano for any opening statements he would like to make.

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