



## PROFESSIONAL MANAGERS ASSOCIATION

*An Association for Federal Managers and Management Officials*

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October 21, 2020

Chairman Gerry Connolly  
Subcommittee on Government Operations  
U.S. House of Representatives  
Washington, DC 20515

Ranking Member Jody Hice  
Subcommittee on Government Operations  
U.S. House of Representatives  
Washington, DC 20515

### **RE: Professional Managers Association Statement for the “IRS in the Pandemic” Hearing Record**

Dear Chairman Connolly, Ranking Member Hice, and Members of the Subcommittee:

On behalf of the Professional Managers Association – the non-profit professional association that has, since 1981, represented professional managers, management officials, and non-bargaining unit employees at the Internal Revenue Service (IRS) – I write to provide a statement regarding the October 7, 2020 subcommittee hearing on IRS in the Pandemic. Specifically, I echo and emphasize the necessity of consistent funding to allow for the long-term planning and execution to resolve legacy issues fueling inefficiency within the IRS.

We appreciate the Subcommittee’s focus on ensuring the IRS has the funding to deliver essential services to the American people. As highlighted by testimony during the hearing, a more than 20 percent decrease in IRS funding levels over the last decade has left the Service ill-equipped to meet evolving taxpayer needs. We further appreciate the bipartisan acceptance that the IRS needs additional resources to fulfil its mission during the coronavirus pandemic and into the future.

While the IRS has received several “surge” appropriations in recent years to address modernization challenges and support the pandemic response, the lack of consistency negatively impacts the IRS’ ability to use these resources effectively. It is critical for modernization funding to be provided on a continual, multi-year basis to allow for long-term planning and the modernization of legacy operations and systems.

As an August 2020 [report](#) from the Treasury Inspector General for Tax Administration (TIGTA) found, the IRS continues to struggle with modernizing legacy IT systems that carry significant risks, including cybersecurity threats and maintenance costs. Without consistent, robust appropriations and with the new normalcy of government shutdowns, the IRS struggles to engage in and execute the long term planning necessary to organize, plan, and modernize its legacy systems.

Currently, as the Government Accountability Office finds in an [October 2020 report](#), the IRS lacks the capacity to even fully understand the presence and cost of legacy systems.

As a result, the IRS continues using paper processing systems and antiquated methods for addressing taxpayer needs rather than overhauling and modernizing its systems and processes.

The IRS continues to receive many paper forms which cause substantial delays in processing, particularly during the coronavirus pandemic while paper processing facilities are operating at reduced capacity. Amending paper forms takes roughly 12 to 16 weeks, while amending electronic forms takes as little as 2 weeks. Electronic forms are also able to automatically check for errors which reduce additional waste

through human error. Unfortunately, under the current processes, it costs the IRS millions to create a single electronic tax form.

Additionally, responding to taxpayer inquiries with paper forms causes substantial processing delays.

Currently, if a taxpayer calls IRS regarding mail they are received from the Service, the IRS knows what form was sent, but usually does not know any specific information regarding the individual taxpayer issue. The IRS only knows the general nature of the inquiry based on the form name, but does not retain a record of the “fill in” fields which are unique based on the taxpayer issue. For example, the IRS does not know what follow up documents the IRS requested from the taxpayer or what specific issues the IRS reached out to the taxpayer to address. The IRS must often request the taxpayer reread letter to the IRS employee to figure out the substance of the letter. IRS customer service teams must have the capacity to retain and access copies of all outgoing correspondence to prevent miscommunication with taxpayers and adequately address taxpayer concerns.

The inability to modernize systems has increased the risk of threats to tax administration, particularly during the coronavirus response. TIGTA found in [an October 2020 review of Management and Performance Challenges Facing the IRS for FY 2021](#), after passage of the CARES Act, there was an increase in related illicit scams and schemes with various objectives, such as manipulation of IRS online applications, theft of the economic impact payments, and efforts to steal sensitive taxpayer information.

It is also critical to realize that technology challenges are not the only area of the IRS in need of resource investment. As funding decreased over the past decade, the IRS lost more than 29,00 full-time positions, which included more than 14,600 key enforcement personnel positions, according to the October TIGTA report. As a result, human capital challenges underpin every major challenge area identified in the TIGTA report.

Human capital challenges were exacerbated during the coronavirus pandemic as both IRS facilities closed altogether or operated at reduced capacities and an unprecedented number of employees had to transfer to telework duties.

When technology and human capital challenges collide, they result in significant taxpayer waste. For example, employees who lack the technology to effectively complete their work or who experience a technology lapse are placed on administrative leave and continue to receive a paycheck without conducting meaningful work.

Human capital challenges also impact the equitable delivery of taxpayer services.

[ProPublica](#) found in an investigative series on IRS tax enforcement that IRS employees, with limited resources and support for enforcement, audit taxpayers with simpler, easier to audit returns. These taxpayers tend to be low income and tend to receive the Earned Income Tax Credit (EITC). They also tend to be people of color. Meanwhile, high-income earners with complex tax returns are infrequently audited due to a lack of time and resources.

While the IRS does sponsor a program to provide free legal assistance to low-income taxpayers, in Mississippi, the state with the highest audit rate in the country, ProPublica discovered there is only one attorney for the program in the entire state. This legal assistance program is just one example of a well-intentioned program meant to assist those in need that has failed its taxpayers due to a lack of consistent funding and oversight.

Meanwhile, the overall decrease in enforcement actions as caused a substantial gap between taxes owed and taxes collected generally. A July 2020 Congressional Budget Office (CBO) [report](#) estimates that “increasing the IRS’s funding for examinations and collections by \$20 billion over 10 years would increase revenues by \$61 billion and that increasing such funding by \$40 billion over 10 years would increase revenues by \$103 billion.”

The IRS is the federal government’s largest revenue source, providing 95 percent of the federal government’s revenue in 2018. Investment in the IRS is an investment in ensuring the entire federal government has the resources necessary to deliver services for taxpayers. The IRS is in need of robust, multi-year funding to ensure it can modernize its systems, processes and address human capital challenges.

Thank you for your consideration of PMA’s perspective. Please contact PMA Washington Representative Natalia Castro ([ncastro@shawbransford.com](mailto:ncastro@shawbransford.com)) if we can be of further assistance.

Sincerely,



Chad Hooper  
National President  
Professional Managers Association