

OPENING STATEMENT
OF
CHAIRMAN TOM UDALL
Senate Appropriations Subcommittee on
Financial Services and General Government

Hearing on the FY 2015
Funding Request and Budget Justification of the
Department of the Treasury and the Internal Revenue Service

Room 138 Dirksen Senate Office Building
Wednesday, April 30, 2014
2:00 P.M.

Good afternoon. I am pleased to convene this hearing to consider the Fiscal Year 2015 funding request of the Department of the Treasury and the Internal Revenue Service.

I am joined by my distinguished ranking member, Senator Mike Johanns, and other members of the subcommittee.

With us today are three distinguished witnesses to present testimony about the resource needs of Treasury and the IRS. I welcome Secretary Jack Lew, IRS Commissioner John Koskinen, and the Treasury Inspector General for Tax Administration, J. Russell George. Thank you for your service and for accepting your key leadership posts in these challenging times.

I welcome the opportunity today to conduct critical oversight of the Treasury Department and its programs, and to have a candid discussion of where the department is today, where it needs to be, and how we can make sure that it has the necessary resources to fulfill its important and wide-ranging responsibilities.

Congress probably exercises its most effective oversight of agencies and programs through the appropriations process. It allows an annual checkup and review of operations and spending.

The IRS also has a cadre of important watchdogs to monitor and evaluate its operations and to complement congressional oversight. These include the National Taxpayer Advocate, the IRS Oversight Board, the U.S. Government Accountability Office, and the National Treasury Employees Union.

I appreciate their efforts to help critique, promote, and improve the work of the IRS. I invited the top officials of each of these organizations to submit written materials to support the subcommittee's work and augment the record of these proceedings today.

I ask unanimous consent that the statements and materials received by the subcommittee from these organizations be made a part of the hearing record.

Treasury Request

Most of the \$13.8 billion gross funding request for the Treasury Department is for the IRS. The president's budget requests \$1.3 billion to fund the other bureaus and offices of the department. A decrease of \$22 million or about 2 percent less than fiscal year 2014. These bureaus and offices cover a wide variety of activities for the department, from implementing financial sanctions against our enemies to forecasting economic indicators and managing the federal government's books.

I was pleased to see that the president's budget included robust funding for the Community Development Financial Institutions fund. The budget also proposes to increase the CDFI bond guarantee program to \$1 billion to expand access to capital for community development organizations across the country at no cost to taxpayers.

However, the request also includes worrisome cuts for several critical bureaus, including the Alcohol and Tobacco, Tax and Trade bureau, which protects consumers, prevents smuggling, and collects revenue to reduce the deficit. I look forward to hearing from you about why Treasury is requesting cuts for this important bureau.

IRS Request

The Internal Revenue Service administers the tax laws and collects the revenues for funding over 95 percent of federal government operations and public services. The IRS has nearly 90,000 employees. Each year, they make hundreds of millions of contacts with American taxpayers and businesses. The IRS is the face of government to more U.S. citizens than any other agency.

For fiscal year 2015, the president's budget requests \$11.997 billion in base appropriated funding for the IRS. This is an increase of \$706 million, or a 6 percent boost above the FY14 enacted level of \$11.291 billion.

Another \$480 million is sought through a program integrity budget cap adjustment, raising the appropriations request to \$12.477 billion.

The fiscal 2015 funding forecast is not encouraging. Budgetary constraints remain in place. This Subcommittee faces challenging funding decisions balancing many competing demands for the ensuing fiscal year. It will be helpful to hear Secretary Lew and Commissioner Koskinen's frank appraisals of the minimum resource needs to ensure that the Treasury Department can fulfill its stewardship responsibilities for U.S. economic and financial systems. Moreover, we will be carefully assessing what resources are required to deliver top quality service to taxpayers and enforce the law with integrity and fairness to all.

I look forward to hearing more about the particular challenges the department and the IRS face, the consequences of funding shortfalls, and how this subcommittee can be helpful in supporting the department's vital mission.

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