



July 12, 2017

Dear Representative:

In advance of the full committee's mark-up of the FY 2018 Financial Services and General Government Appropriations bill, we urge you to reject the damaging cuts proposed in the bill for NTEU represented agencies, including the IRS and SEC and to ensure these agencies are provided with sufficient resources in FY 2018.

In its current form, the funding levels proposed in the bill for the IRS and SEC would jeopardize their ability to perform their missions and provide critical services to taxpayers. These agencies are already hindered in their efforts to meet rising workloads by a lack of sufficient staffing and the funding levels proposed under the bill would only serve to exacerbate this situation.

At the IRS, funding reductions of over \$1 billion since FY 2010 have forced the IRS to reduce the total number of full-time employees by approximately 18,000 across every state in the country. While the level of funding provided under the bill is a slight increase over the Administration's FY 2018 request, it still represents a cut of almost \$150 million from the FY 2017 enacted level. NTEU remains particularly concerned that without additional resources, the IRS will not be able perform its core mission of providing taxpayers with the service they need to both understand and comply with their federal tax obligations. Despite the massive impact on the IRS and to the public from decreased budgets and the number of employees, the IRS workforce across the country has continued to report to work in the face of increased workloads and declining resources and tools to do their jobs. Further reductions to the IRS budget simply cannot be absorbed without further jeopardizing the IRS' ability to provide essential taxpayer services and enforce the nation's tax laws.

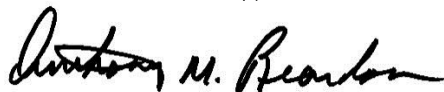
According to the IRS, funding reductions in recent years have prevented millions of taxpayers from getting timely answers from IRS call centers and taxpayer assistance centers, and have significantly delayed IRS responses to taxpayer letters and other correspondence. In its FY 2018 budget request, the IRS cites that it is planning for the percentage of callers seeking live assistance who receive it (level of service) to be at just 39 percent, and to reduce the number of seasonal staff for the upcoming filing season. Recent gains in this area will be reversed, and run counter to the need for the IRS to provide robust person-to-person assistance, as recommended by the National Taxpayer Advocate. Congress simply cannot allow this unacceptable level of service, which will only serve to harm taxpayers and businesses, who both rely on the IRS for critical information. In addition, funding cuts to the enforcement and business systems modernization accounts will undermine the IRS' ability to combat identity theft and other types of refund fraud, and notably move in the opposite direction of what the Treasury Inspector General for Tax Administration (TIGTA), and Congress itself, has prioritized as critical IRS initiatives.

NTEU also represents the employees at other important agencies under the subcommittee's jurisdiction that have the mission of protecting consumers and investors. For the Securities & Exchange Commission (SEC), NTEU believes that at least a modest increase in funding is required. We recommend a minimum of \$1.781 billion for the Commission to perform its important duties in protecting investors and maintaining market fairness. I would remind the committee that SEC funding is deficit neutral. While the appropriations process allows the committee to give important oversight to the SEC, the agency is not funded by tax revenue but is fully funded by fees paid by the industry which are adjusted to cause no negative impact on the federal budget deficit. Moreover, in these difficult financial times, in FY 2015, SEC distributed over \$4 billion (more than twice its budget) to cheated investors through disgorgement or contributed to the general fund through civil penalties. None of these monies are retained by SEC.

In addition, NTEU represents the employees at the Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), National Credit Union Administration (NCUA), and Consumer Financial Protection Bureau (CFPB). As non-appropriated agencies, these fee-funded consumer and banking regulatory agencies retain important independence for matters of governance, which allow them to operate outside of the political sphere. We believe any sudden change to their status or structure is not in the public interest, and under the language in the bill are concerned about these entities' continued abilities to recruit and retain a highly-skilled workforce.

NTEU strongly urges the committee to reject the cuts proposed in this bill for the IRS and SEC and to fund these critical agencies with the resources they need for FY 2018 so they can carry out their important missions on behalf of the American public.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony M. Reardon". The signature is fluid and cursive, with the first name "Anthony" being more prominent and the last name "Reardon" following in a similar style.

Anthony M. Reardon
National President