

MSP
#3**EMPLOYEE TRAINING: The Drastic Reduction in IRS Employee Training Impacts the Ability of the IRS to Assist Taxpayers and Fulfill its Mission****RESPONSIBLE OFFICIAL**

John Koskinen, Commissioner of Internal Revenue

DEFINITION OF PROBLEM

The IRS mission is to “provide America’s taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.”¹ With a complex and constantly changing tax law, it is essential that IRS employees receive prompt and appropriate training and education in order to provide taxpayers with complete and accurate service. However, budget cuts and sequestration have led the IRS to reduce its training budget by over 85 percent since fiscal year (FY) 2009.² Most of the IRS operating divisions that interact directly with taxpayers fared worse than the agency as a whole. Lacking appropriate training and education, IRS employees will be unable to fulfill their mission, and service to taxpayers will continue to erode.³

- In FY 2013, the IRS spent less than \$250 per employee on training compared to \$1,450 per employee in FY 2009, a reduction of over 83 percent.⁴
- The IRS created two review boards, the Training Review Board and the Video Review Board, in FY 2013 to review training requests for recommendation to the Deputy Commissioner for Operations Support.
- The Deputy Commissioner for Operations Support declined approval for over 35 percent of proposed courses between April and June of 2013.⁵
- Training hours delivered to employees in key job series have been reduced by as much as 89 percent since FY 2009.⁶

1 Internal Revenue Manual (IRM) 1.1.1.1.1, *The IRS Mission* (Mar. 1, 2006).

2 IRS response to TAS research request (Nov. 22, 2013). In fiscal year (FY) 2009, the IRS spent \$153,155,686 on training versus \$22,574,539 in FY 2013, a reduction of 85.26 percent. The IRS training budget includes both training and conferences.

3 The IRS’s training effort was determined as follows. In a research request, TAS asked the IRS to provide the training budget by operating division from FY 2009 through FY 2013. TAS identified 15 key taxpayer-facing job series in the five main IRS operating divisions (Wage & Investment (W&I), Small Business/Self-Employed (SB/SE), Tax Exempt and Government Entities (TE/GE), Appeals, and Large Business and International (LB&I)). We asked the IRS to provide, by job series, the training titles, number of students in each session, and number of hours per course for FYs 2009 and 2013. TAS also requested that the IRS break training hours down into two categories: in-person training (in person is defined as coached self-study, instructor-led classroom, on-the-job training and paper-based self-study) and virtual training (virtual training is defined as online, computer-based, CD or DVD, Electronic Knowledge Product, interactive video tele-training (IVT) studio produced). TAS acknowledges that the IRS may provide training in individual offices on an ad hoc basis that is not recorded in a formal manner in IRS training databases. This type of training has always occurred and we are treating it as a constant. In this piece, we have focused on formal training provided across the IRS.

4 IRS, Human Resources Reporting Center, available at <https://persinfo.web.irs.gov/> (last visited Oct. 22, 2013). The IRS had 105,783 employees as of the last week of FY 2009 and spent \$153,155,686 on training. In the last week of FY 2013, the IRS had 94,378 employees and spent \$22,574,539 on training. Per employee, the IRS spent \$1,447.83 in FY 2009 and only \$239.19 in FY 2013. The IRS spent 83.48 percent less per employee on training in FY 2013 compared to FY 2009. IRS response to TAS Research Request (Nov. 22, 2013).

5 IRS response to TAS research request (Sept. 16, 2013). Training was proposed between April and June 2013.

6 IRS response to TAS research request (Nov. 22, 2013). For example, total training hours provided to Small Business/Self-Employed Revenue Officers in FY 2013 decreased by 89.29 percent, Large Business International Revenue Agents received 68.45 percent fewer hours of training in FY 2013, Tax Exempt Government Entity Tax Examiners received 80.63 percent fewer hours of training in FY 2013.

Delivering continuing education timely and in appropriate formats to employees is essential to the core function of the IRS. Faced with a declining budget, the IRS training and education programs have been reduced to bare minimums without consideration for the type of training employees need to perform basic job functions, protect taxpayer rights, and prevent harm and undue burden for taxpayers.⁷

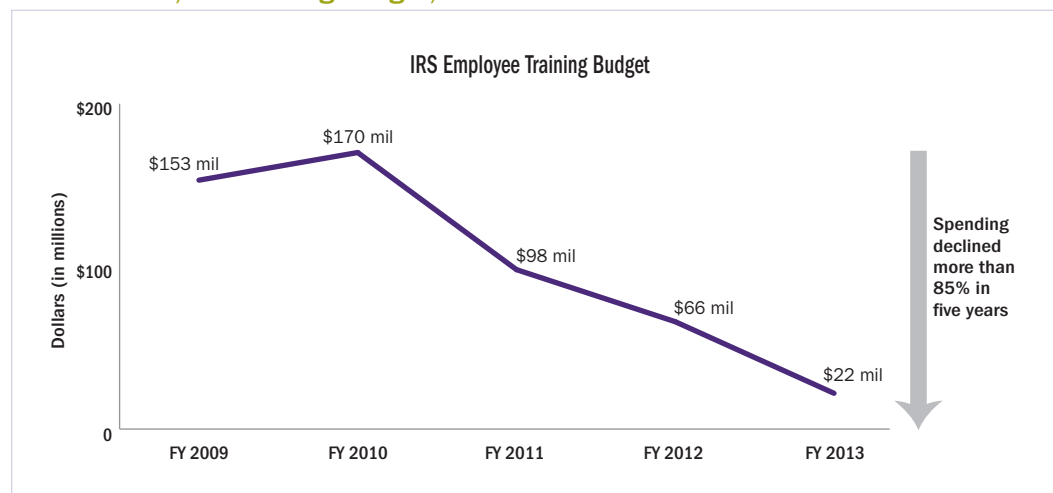
ANALYSIS OF PROBLEM

Background

Set into motion by the Budget Control Act of 2011 and beginning March 1, 2013, the sequester required federal agencies, including the IRS, to significantly cut their spending.⁸ The IRS employee training budget experienced drastic cuts to ensure the IRS met its required overall reductions. Even before the sequester, however, the IRS had already sharply reduced dollars spent on training in response to a decrease or stagnation in its total operating budget since FY 2010.⁹

The IRS has drastically reduced spending on employee training.

FIGURE 1.3.1, IRS Training Budget, FY 2009–2013¹⁰



Faced with funding constraints, the IRS training budget declined by over 85 percent between FY 2009 and FY 2013.¹¹ Per-employee spending dropped from nearly \$1,450 per full time equivalent employee in

⁷ For a complete discussion of the National Taxpayer Advocate's concerns regarding IRS employee training in taxpayer rights, see Most Serious Problem: *Insufficient Education and Training About Taxpayer Rights Impairs IRS Employees' Ability to Assist Taxpayers and Protect Their Rights*, *infra/supra*. For a further discussion of the National Taxpayer Advocate's concerns about the impact of the failure to properly train IRS employees, see Most Serious Problem: *The Automated Collection System's Flawed Approach to Working Cases and the Types of Cases it Works Results in Low Collection Yields and Harms Taxpayers*, *infra/supra*; and Most Serious Problem: *Indian Tribal Taxpayers: Inadequate Consideration of Their Unique Needs Causes Burdens*, *infra/supra*.

⁸ Budget Control Act of 2011, Pub. L. No. 112-25.

⁹ See Department of the Treasury, *FY 2014 Budget in Brief*, available at http://www.treasury.gov/about/budget-performance/budget-in-brief/Pages/index_14.aspx (last visited Sept. 26, 2013) and Department of the Treasury, *FY 2012 Budget in Brief*, available at http://www.treasury.gov/about/budget-performance/budget-in-brief/Pages/index_12.aspx (last visited Sept. 26, 2013).

¹⁰ IRS response to TAS research request (Nov. 22, 2013).

¹¹ IRS response to TAS research request (Sept. 16, 2013). In FY 2009, the IRS spent \$153,155,686 on training versus \$22,574,539 in FY 2013, a reduction of 85.26 percent.

2009 to less than \$250 in 2013.¹² Most of the IRS operating divisions that interact directly with taxpayers fared worse than the agency as a whole. The IRS Appeals division reduced its training budget from nearly \$6 million in FY 2009 to about \$250,000 in FY 2013, or almost 96 percent.¹³ During the same period:

- The Tax Exempt and Government Entities division slashed its training budget by almost 96 percent, or approximately \$7 million;¹⁴
- The Small Business/Self-Employed division training budget declined by 93 percent;
- The Large Business and International division training budget fell by about 92 percent;
- The Taxpayer Advocate Service decreased its training budget by almost 78 percent; and
- Wage and Investment fared the best, weathering a nearly 74 percent decrease.¹⁵

The IRS is providing less training to employees.

Reductions in spending have resulted in fewer hours of training for employees. For those in several key professional IRS job series, training hours delivered have almost universally declined.¹⁶ Among the job series reviewed by TAS, SB/SE Revenue Officers (ROs) experienced the heaviest cuts in training. In FY 2009, SB/SE ROs received over 700,000 hours of training compared to just 76,000 hours in FY 2013, a decrease of almost 90 percent.¹⁷ Key duties of Revenue Officers include:

- Investigating and interviewing taxpayers (and those associated with their businesses);
- Fact finding;
- Examining business records to determine if tax liabilities have been accurately reported;
- Researching precedential court decisions; and
- Communicating complex audit findings to taxpayers and their representatives, including the RO's interpretation of the tax laws and regulations.¹⁸

12 IRS, Human Resources Reporting Center, available at <https://persinfo.web.irs.gov/> (last visited Oct. 22, 2013).

13 IRS response to TAS research request (Nov. 22, 2013). The Appeals division spent \$5,803,332 on training in FY 2009 compared to \$250,408 in FY 2013, a 95.68 percent decrease.

14 *Id.* TE/GE's training budget was reduced from \$7,121,332 in FY 2009 to \$316,263 in FY 2013, a 95.56 percent decrease.

15 IRS response to TAS research request (Nov. 22, 2013). SB/SE spent \$52,391,207 in FY 2009 compared to \$3,582,641 in FY 2013, a 93.16 percent decrease. LB&I's budget decreased from \$11,738,428 in FY 2009 to \$975,278, a 91.69 percent reduction. TAS spent \$4,929,483 in FY 2009 and \$1,091,310 in FY 2013, a 77.86 percent decrease. W&I spent \$15,310,478 in FY 2009 compared to \$3,987,023 in FY 2013, a 73.96 percent decrease.

16 IRS response to TAS research request (Nov. 22, 2013). TAS requested information from the IRS on 15 key taxpayer facing job series across the five main IRS operating divisions. In all but two job series examined, training hours delivered to employees decreased significantly since FY 2009. The W&I 0592 (Tax Examiner) and W&I 0962 (Contact Representative) job series employees received substantially similar hours of training in FY 2009 and FY 2013.

17 *Id.* In FY 2009, SB/SE provided 713,935 hours of training to its Revenue Officers, compared to 76,448 hours in FY 2013, an 89.29 percent decrease.

18 IRS, *Standard Position Description* GS-1169-12.

Budget cuts and sequestration have led the IRS to reduce its training budget by over 85 percent since fiscal year 2009.

Failing to train the ROs and other employees in the skills needed to do their jobs can have dire consequences for their ability to reach the right answer and provide quality service to taxpayers, as well as for protection of taxpayer rights.¹⁹

The IRS has reduced the number and variety of courses offered to employees.

Not only has the IRS reduced the funding and number of hours of training for employees, it has also cut the number of courses offered and eliminated entire subject areas. In FY 2009, SB/SE offered over 2,000 different in-person and virtual learning courses to its ROs, compared to just over 900 in FY 2013, a nearly 60 percent decrease.²⁰ Other job series saw even more drastic cuts. TE/GE Tax Examiners were offered 166 in-person training courses in FY 2009²¹ but only three in FY 2013, a 98 percent decrease.²²

¹⁹ For a complete discussion of the National Taxpayer Advocate's concerns regarding IRS employee training in taxpayer rights, see Most Serious Problem: *Insufficient Education and Training About Taxpayer Rights Impairs IRS Employees' Ability to Assist Taxpayers and Protect Their Rights*, *infra/supra*. For a further discussion of the National Taxpayer Advocate's concerns about the impact of the failure to properly train IRS employees, see Most Serious Problem: *The Automated Collection System's Flawed Approach to Working Cases and the Types of Cases It Works Results in Low Collection Yields and Harms Taxpayers*, *infra/supra*; Most Serious Problem: *Indian Tribal Taxpayers: Inadequate Consideration of Their Unique Needs Causes Burdens*, *infra/supra*; and National Taxpayer Advocate's Report to the Acting Commissioner, *Toward a More Perfect Tax System: A Taxpayer Bill of Rights as a Framework for Effective Tax Administration* (Nov. 4, 2013).

²⁰ IRS response to TAS research request (Nov. 22, 2013). In FY 2009, SB/SE offered 2,263 courses to employees in the Revenue Officer 1169 job series compared to 925 course offerings in FY 2013, a 59.12 percent reduction in course offerings.

²¹ *Id.*

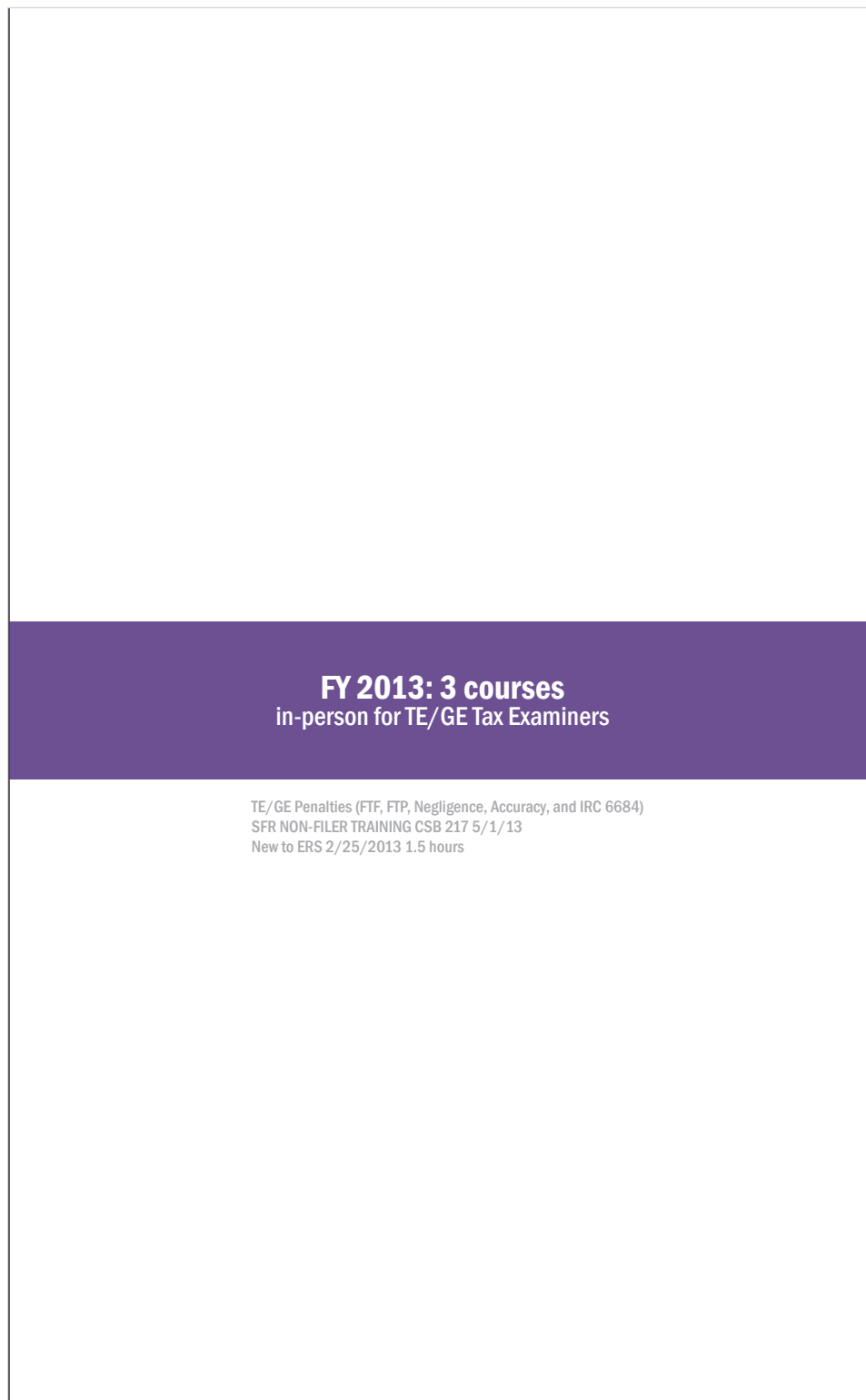
²² *Id.*

FIGURE 1.3.2, Courses Offered In Person to TE/GE Tax Examiners in FY 2009²³

1120 ES PENALTIES	e-Postcard	PROCESSING BUSINESS MASTER FILE
1120 Refresher	EPSS Individual Master File (IMF)	ENTITY UNPOSTABLES (REFRESHER)
11972 Module B Form 1120	e-file-Recruit	Refresher: EIN
2008 CUMULATIVE LIST ON EXAM ISSUES VIA CENTRA	e-services Training for Help Desk Assistors:	Restricted Interest CPE
2008 Cumulative Via CENTRA	Refresher Training	Restricted Interest CPE
2008 Form 990 Refresher	Exam Development Day	SB-CO-ICS Windows for SBSE Collection-Full Access Users
2009 IRM Updates	EXTRACTION & SORTING NEW HIRE CLASS	SB-CS-EXCOR: Correspondence Examination Program Procedures - Alimony
2009 New Hire AaGI & CP12 Phone Training	FDC Annual CPE Refresher Training	SB-EX-TS Technical Services Statutory Notice of Deficiency Training
94x New Hire Training	First Time Homebuyer/Acct.	SCAMPS ORIENTATION
94X-X ALERTS/FTDPN	Form 1041 (Item # 11972 Module C)	SEIZING THE POWER & CUSTOMER SERVICE POWER
990 CPE	FORM 1065 (11972 MODULE A)	SOI FORM 8038
990 N Training for E-Help Desk Accrunt	FORM 940 REFRESHER	SOI FORM 8832
ADVANCED BUSINESS MASTER FILE TRAINING PROGRAM	FORM 941 Component 11964	SOI FORM 990 EO
AGI IMF Default Screener Class #3	FORM 944 REFRESHER	SOI FORM 990 PF
AM CPE - Tax Law Changes - Business Tax Returns	Form 94XX	Suitability Training for e-help Desk Assistors: Recruit Training
AM CPE 2008 - BALANCE DUE	Fraud CPE	TAP FY 2009 INTRODUCTION TO ACCOUNTING I
AM KC FY09 NEW HIRE TRAINING	FRONT LINE MANAGER COURSE (FLMC)	TAP FY09 - COLLEGE MATH I
AM KC NEW HIRE TRAINING FY09	Front Line Manager Course (FLMC)	TAP FY09 - COLLEGE MATH II
AM Ops1 New Hire FTP/FTF & DMI	Front Line Manager Course (FLMC)	TAP-2009 HUMAN RESOURCE MANAGEMENT
AM Refresher: Tax Exempt/Government Entities	FTF/FTP/RCA 11964 L1	TAPS 2008 - FINANCIAL ACCOUNTING I
AM Refresher: Employment Taxes	Fundamental Management Skills (FMS)	TAPS FY2009 - FUND OF ACCTG I
AMO TE FTD Penalties Training	GovTrip Briefing	Taxpayer and Third Party Authentication and Authorization
AMS 2.1 Updates	GovTrip Workshop	TCB MANDATORY CPE
AMS DI REFRESHER TRAINING TEGE	IDAP IA Tool Training	TE/GE Enhanced Job Aid
ASFR Returns Refresher Training	Identity Theft Training for AM Customer Service Representatives	TE/GE Enhanced Job Aid Orientation
ASFR Returns Training	IDRS - Basic TXMOD Comprehension (online course) Project Meeting	Tetra CPE
ASFR RH & Refund Hold Training	IMF INQUIRIES	TEGRA TEJR TRAINING
AUR CPE 2009 - Case Analysis	Instructor Symposium	TEGE EOCA TETRNG
BMF Modernized e-file: Lessons 1 - 8	Intermediate/Advanced FTD Computation	TEGE EP Refresher
BMF94X e-file: Lessons 1 - 4	Internal Control Workshop Via CENTRA	TEGE JR Refresher
BMF e-file Form 1041: Lessons 1 - 5	Internal Control Workshop Via CENTRA	TEGE REFRESHER
CAWR SESSION 2	ITIN - Without Return UPDATE	TG: TEGE Leadership CPE
CAWR, 6020B, DUPF	ITIN - Without Return UPDATE	TG: EMPLOYEE PLANS CPE
CI - EBI e-file Applications - Los Angeles Class	LARGE CORP FORM 1065	TG:EO Examinations Secretarial CPE
CI Media Writing	MANDATORY CPE	TG:EO EXEMPT ORGANIZATIONS EXAMINATIONS - BASIC
CLASSROOM INSTRUCTOR TRAINING COURSE	MANDATORY CPE SESSION 2	TG:EO Tax Exempt Determination Systems (TEDS)
Clerical Mandatory CPE	Manual Refund Training	TG:EP Determinations - Phase IA, Non-Pension Defined Contribution Plans
COMMUNICATIONS TESTING	Manual Refunds	TG:EP Determinations - Phase IB, Plan Terminations
Complex Interest CPE	MR Refresher Training	TG:EP SUPPORT STAFF CPE
Course Development Graphics and Manipulation	NAME CONTROL CLASS	TG:GE TEGE INDIAN TRIBAL GOVERNMENTS (ITG) CPE
CPE	New Hire Orientation 2008 POSH & UNAX & ETHICS	TG:HQ Data Security
CPE 2 PART A	Normal Retirement Age IRC 401(a) (26) & 1.401(a) Final Regs Via Centra	TG:LE TE/GE Functional Management Course
CPE 2 Part B	NRP Transcription	Third Party Sick Pay, Course 26596, Les 9 Tiers CPE
CPE For TEGE	OAR TRAINING	TOTAL EVALUATION PERFORMANCE SYSTEM (TEPS) EMPLOYEE JOB AID
CPE II	Obsolete - BMF Modernized e-file: Forms 1065 and 1065 - B	TRAINING FOR HELP DESK ASSISTORS - E SERVICES
CPE TEGE Enhanced Job Aid Training	Obsolete - BMF Modernized e-file: Forms 1120, 1120S, 1120F, and 7004	TRANSMISSIONS & ACKNOWLEDGEMENTS
CPE, Systemic and Other Updates	Obsolete - BMF Modernized e-file: Forms 990, 990EZ, 990N, 990PF, 1120PF, and Extensions	Unpostable Follow-up Refresher Training #1
CPE/REFRESHER 2010 EXAMINATION TOPICS	Obsolete - Lesson 3 - IMF e-file: EMS Communication Testing	UNPOSTABLE PHONE TRAINING
E&G CPE for TE's	Oct 08 IRS Revision CPE TEGE	WESTLAW ELECTRONIC RESEARCH TRAINING - CLASSROOM
EBE	ON-THE-JOB INSTRUCTOR (OJI) WORKSHOP	XML Instructor Cadre Training
E-CASE DOCUMENTATION	OVERVIEW OF WRERA 2008 VIA CENTRA	
e-help update training	Pallet Jack/Tug Training	
E-HELP UPDATE-DISCLOSURE	Paying Employment Tax CP 267s	
Electronic Research for EP Via Centra	Pre-Assessed IA CPE	
EMBEDDED QUALITY TRAINING CORE COURSE	PROCESSING BUSINESS MASTER FILE ENTITY UNPOSTABLES (RECRUIT)	
EO Classification Database Referral Procedures	PROCESSING BUSINESS MASTER FILE ENTITY UNPOSTABLES (RECRUIT)	
EO ENTITY UNPOSTABLES		
EO Refresher		
EP Training		

**FY 2009: 166 courses
in-person for TE/GE Tax Examiners**

²³ IRS response to TAS research request (Nov. 22, 2013). In FY 2009, SB/SE offered 2,263 courses to employees in the Revenue Officer 1169 job series compared to 925 course offerings in FY 2013, a 59.12 percent reduction in course offerings.

FIGURE 1.3.3, Courses offered in person to TE/GE Tax Examiners in FY 2013²⁴

²⁴ IRS response to TAS research request (Sept. 16, 2013).

TE/GE Tax Examiners are expected to make contact with taxpayers and representatives to clarify information or inform taxpayers of procedural or processing issues.²⁵ They must be able to

- Accurately and promptly determine assessment statute dates;
- Respond to complex statute-related questions from reviewers and management; and
- Determine if statute expiration dates could interfere with tax accounts.²⁶

TE/GE Tax Examiners received a total of about 1,100 hours of training in FY 2013 compared to nearly 6,000 hours in FY 2009, a cutback of almost 81 percent.²⁷

Failing to train employees, especially new hires with no previous IRS background, will harm both the taxpayers and the IRS's ability to fulfill its mission.

Of even greater concern are the courses that the operating divisions have substituted for substantive training on interviewing skills, interpretation of the law, and research. In FY 2013, Tax Examiners in Appeals were offered courses in topics such as furlough time-keeping, preparing for Windows 7 and Microsoft Office 2010, resume writing, and organizational change.²⁸ Courses offered to Tax Examiners in FY 2009, but eliminated in FY 2013, include Fundamental Tax Law, Processing Resolutions and Closing Collection Due Process Cases, and Communications Skills, all core functions of the Tax Examiner job series.²⁹ If the IRS fails to train employees in the substantive knowledge and skills they need to perform their jobs successfully, taxpayers cannot expect to receive assistance from employees with the knowledge and skills to help them.

The multi-level training approval process delays training.

While reductions to the IRS training budget have severely impeded the ability of the IRS to effectively and appropriately train its employees, the new training approval process adds complications. In May 2012, the Office of Management and Budget (OMB) issued a memorandum to all heads of executive-level departments and agencies requiring that any proposed spending of over \$100,000 on a single conference event be reviewed at the level of the agency Deputy Secretary or equivalent.³⁰ The Department of Treasury issued a subsequent directive outlining approval for spending on conferences, and requiring agencies in the Department to obtain approval for conferences as follows:³¹

- The authority to approve conferences with a total cost of under \$3,000 remains with the agency;
- For the IRS, the Commissioner may approve costs of \$3,000–\$24,999;
- Spending of \$25,000–\$99,999 must be approved by the Assistant Secretary for Management of Treasury;
- Spending of \$100,000–\$249,999 requires the approval of the Deputy Treasury Secretary; and

²⁵ IRS, *Standard Position Description GS-0592-072*.

²⁶ *Id.*

²⁷ IRS response to TAS research request (Sept. 16, 2013). TE/GE Tax Examiners received 5,711 hours of training total in FY 2009 compared to 1,106 hours in FY 2013, an 80.63 percent reduction.

²⁸ IRS response to TAS research request (Nov. 22, 2013).

²⁹ *Id.*

³⁰ Office of Management and Budget, *Memorandum to the Heads of Executive Departments, and Agencies* (May 11, 2012).

³¹ Department of Treasury, *Treasury Directive 12-70* (May 6, 2013), available at <http://www.treasury.gov/about/role-of-treasury/orders-directives/Pages/td12-70.aspx> (last visited Sept. 30, 2013).

- All amounts above \$250,000 must be approved by the Treasury Secretary.³²

The spending levels and required approvals outlined by the Department of Treasury are far more restrictive than those set forth by the OMB, further hindering the ability of the IRS to properly train its employees.

Following the directive, the IRS in July granted the authority to approve conference amounts of under \$3,000 to the heads of the business divisions, such as the National Taxpayer Advocate, the Chief of Appeals, or the Commissioner of W&I.³³ However, the IRS added the requirement that any training event, even if it falls under the \$3,000 threshold, must be recommended for approval by the IRS Training Review Board (TRB).³⁴ While final approval on any training lies with the Commissioner, the new TRB uses the following criteria to make recommendations to the Commissioner:³⁵

- Is the training event mission critical?
- Can costs be reduced or eliminated, including travel, course materials, development costs, and/or vendor costs by use of alternative training methods?
- Can a less costly venue be used?
- Can the training event be conducted in a location where the majority of students are located or travel can be minimized?
- Can the training event be effectively converted to online learning and delivered virtually?
- Can participation in a vendor-taught event be maximized and thus reduce the number of classes?
- Can the number of attendees recommended be justified?

After the TRB makes recommendations for changes to, approval of, or cancellation of training events, training requests are forwarded to the Deputy Commissioner for Operations Support for review.

While the IRS needs to ensure that appropriate training is provided to employees, punishing an entire organization and the millions of taxpayers it serves as a result of the misguided actions of one IRS business unit is neither wise nor effective.³⁶ From April through June 2013, the operating divisions proposed over \$15 million in spending for training.³⁷ The Deputy Commissioner for Operations Support recommended approval of only 25 percent of those dollars.³⁸ Courses not recommend for approval include:

- Training in Basic Offers In Compromise (OIC) for new Appeals Settlement Officers who had not previously been trained or had any experience in working OIC cases;

32 Department of Treasury, *Treasury Directive 12-70* (May 6, 2013), available at <http://www.treasury.gov/about/role-of-treasury/orders-directives/Pages/td12-70.aspx> (last visited Sept. 30, 2013).

33 IRS, *Interim Guidance Memorandum Interim Guidance on the Approval Process for Event Related Spending CFO-01-0713-05* (July 29, 2013).

34 IRS, *Treasury Directive 12-70 – FAQs* (June 24, 2013), available at <http://hco.web.irs.gov/devtrain/PROGADMIN/TrDir12-70/TRDirFAQ.html> (last visited Sept. 30, 2013).

35 IRS response to TAS research request (Sept. 16, 2013).

36 Treasury Inspector General for Tax Administration, Ref. No. 2013-10-037, *Review of the August 2010 Small Business/Self-Employed Division's Conference in Anaheim, California* (May 13, 2013). See also the concerns raised by the National Taxpayer Advocate in the National Taxpayer Advocate Fiscal Year 2014 Objectives Report to Congress regarding the potential impact to all IRS training in light of the actions of employees at one conference.

37 IRS response to TAS research request (Sept. 16, 2013). The operating divisions proposed \$15,407,690 in training from April through June 2013.

38 *Id.* The Deputy Commissioner for Operations Support recommended approval of \$3,884,099.

- An in-person training for LB&I International Examiner new hires covering penalties, allocation and apportionment, branch profits tax, corporate mergers, and acquisitions in a case study and group discussion format;
- Basic employment tax training for new SB/SE Revenue Agents (auditors); and
- Core filing season training in basic tax law for new W&I Field Assistance employees.³⁹

Between April and June 2013, the Deputy Commissioner for Operations Support received proposals for nearly 800 courses and recommended for approval almost 500, a reduction of over 35 percent.⁴⁰ The Deputy Commissioner for Operations Support did not recommend many courses designed to train employees new to their positions to perform the core functions of their jobs. Without such training, IRS employees may not be able to assist taxpayers in complex or even basic matters and thus cannot provide quality service. Failing to train employees, especially new hires with no previous IRS background, will harm both the taxpayers and the IRS's ability to fulfill its mission.

Failure to Train Employees will Harm Taxpayers

Taxpayers seeking assistance and relief from the IRS will find a workforce lacking the knowledge and ability to provide assistance if the IRS continues to meet budgetary obligations by simply not training its employees. While the National Taxpayer Advocate is well aware of the budgetary constraints, and is subject to a similar inability to provide certain core training to TAS employees, she believes the IRS cannot continue denying basic and essential training to employees. An untrained workforce is one that does not understand basic taxpayer rights, a problem underscored by an already limited training in that area.⁴¹

Beyond being ill-prepared to protect taxpayer rights, an employee untrained in the core functions of his or her job may provide limited assistance, reach the wrong conclusion for the taxpayer, or be unable to provide any assistance at all. The IRS is charged with administering the tax law – an ever-expanding, complex set of rules and requirements — which its employees cannot possibly do without adequate training. If taxpayers cannot turn to the IRS for assistance, they may have no option but to pay a tax professional or attempt to research a confusing law on their own. Some may simply choose to give up, causing even more problems for themselves and the IRS. Consequences to the taxpayers for non-compliance or errors in interpretation of the tax law include liens on homes, levies on paychecks or bank accounts, and destruction of credit records.⁴²

An untrained workforce is one that does not understand basic taxpayer rights.

³⁹ IRS response to TAS research request (Sept. 16, 2013).

⁴⁰ *Id.* The operating divisions proposed 767 courses between April 2013 and June 2013 and the Deputy Commissioner for Operations Support declined to approve 275 courses, a reduction of 35.85 percent.

⁴¹ For a full discussion of the National Taxpayer Advocate's concerns regarding the lack of training in taxpayer rights, see National Taxpayer Advocate's Report to the Acting Commissioner, *Toward a More Perfect Tax System: A Taxpayer Bill of Rights as a Framework for Effective Tax Administration* (Nov. 4, 2013) and Most Serious Problem: *Insufficient Education and Training about Taxpayer Rights Impairs IRS Employees' Ability to Assist Taxpayers and Protect their Rights*, *infra*.

⁴² For further discussion of the effects of noncompliance on taxpayers, see, e.g., Most Serious Problem: *The Automated Collection System's Case Selection and Processes Result in Low Collection Yields and Poor Case Resolution, Thereby Harming Taxpayers and the Public Fisc*, *infra*, and Most Serious Problem: *Accuracy Related Penalties: The IRS Assessed Penalties Improperly, Refused to Abate Them, and Still Continues to Assess Them Automatically*, *infra*.

The IRS says that it recognizes the need for and importance of training its employees. The then-Principal Deputy Commissioner wrote in his initial assessment of the IRS:

If we do not have funds to invest in our people in terms of recruiting new talent and sufficiently training our existing staff, as well as investing in the technology necessary to continue to build on the modernization efforts delivered over the last several years, there is no question that our service levels will suffer.⁴³

It is clear from the current training provided to both experienced and new IRS employees that employees are not receiving sufficient training. While the then-Principal Deputy Commissioner stressed the need for training, he proceeded, in the same report, to laud the savings the IRS has achieved from the training budget, writing:

- The IRS limited employee travel and training to mission-critical projects beginning in FY 2011. Training travel alone has been reduced by \$83 million from FY 2010 to FY 2012.
- The IRS has expanded the use of alternative delivery methods for in-person meetings, training, conferences, and operational travel. The IRS estimates that, by the end of FY 2013, training costs will have been reduced by about 83 percent and training-related travel costs by 87 percent when compared to FY 2010 levels.⁴⁴

This report indicated that the IRS has expanded the use of alternative delivery methods for training. However, when the hours of training delivered to employees in key taxpayer-facing job series in FY 2013 are compared to the hours delivered in FY 2009, it is clear that training has not shifted to other methods, it has been eliminated.

CONCLUSION

IRS employees administer a complicated, ever-changing set of tax laws that are difficult to interpret and apply. A workforce lacking proper (or any) training in how to perform core job functions will be unable to provide service to taxpayers. Taxpayers will be harmed when they cannot contact the IRS and be assured that they will receive a prompt and correct answer to their inquiries or proper resolution of their account issues. The IRS cannot continue to meet budgetary obligations at the expense of training employees.

⁴³ IRS, *Charting a Path Forward at the IRS: Initial Assessment and Plan of Action* (June 24, 2013) at 41.

⁴⁴ *Id.*

RECOMMENDATIONS

The National Taxpayer Advocate recommends that the IRS:

1. Propose that Congress appropriate sufficient funding for the IRS to train its employees through the most effective means (in person, conference call, self-study, outside courses, etc.) for the subject matter in all aspects of their jobs including the protection of taxpayers' rights.
2. Prioritize funding for training employees in critical job skills.
3. Request and obtain from the Department of Treasury authority to approve training within the OMB stated guidelines.
4. Clearly define the criteria for TRB approval of training.