

Internal Revenue Service  
Federal Employee/Retiree Delinquency Initiative (FERDI)  
CIVILIAN / MILITARY / RETIREE SUMMARY REPORT  
Sept. 30, 2014

Category	Total Workforce			FERDI Taxpayer Count <sup>1</sup> (Excluding Installment Agreements)			Balance Owed (Excluding Installment Agreements)			Delinquency Rate <sup>2</sup>	
	2014	2013	% Change	2014	2013	% Change	2014	2013	% Change	2014	2013
CIVILIAN EMPLOYEES	2,851,010	2,854,878	-0.13%	113,805	116,169	-2.03%	\$ 1,141,622,621	\$ 1,076,584,640	6.04%	3.99%	4.07%
CIVILIAN RETIRED	2,029,508	1,997,381	1.61%	50,825	52,493	-3.18%	\$ 602,698,872	\$ 556,991,179	8.21%	2.50%	2.63%
MILITARY ACTIVE DUTY	1,457,110	1,502,225	-3.00%	20,608	25,473	-19.10%	\$ 57,313,208	\$ 95,925,603	-40.25%	1.41%	1.70%
MILITARY RESERVE/GUARD	1,147,693	1,159,064	-0.98%	27,750	30,787	-9.86%	\$ 164,896,261	\$ 181,939,963	-9.37%	2.42%	2.66%
MILITARY RETIRED	2,271,332	2,239,297	1.43%	91,677	93,540	-1.99%	\$ 1,672,872,518	\$ 1,397,874,274	12.50%	4.04%	4.18%
<b>TOTAL:</b>	<b>9,756,653</b>	<b>9,752,645</b>	<b>0.04%</b>	<b>304,665</b>	<b>318,462</b>	<b>-4.33%</b>	<b>\$ 3,539,203,480</b>	<b>\$ 3,309,315,659</b>	<b>6.95%</b>	<b>3.12%</b>	<b>3.27%</b>

## Notes:

<sup>1</sup>For the purpose of this table, an employee is considered delinquent if he has an unresolved federal income tax delinquency in the form of a balance owed and/or an unfiled tax return. *Accounts in currently not collectible, combat zone, offer in compromise, or bankruptcy/litigation status are included. Employees in installment agreements are excluded.*

<sup>2</sup>Number of delinquent employees / total workforce.

Internal Revenue Service  
Federal Employee/Retiree Delinquency Initiative (FERDI)  
CIVILIAN / MILITARY / RETIREE DETAIL REPORT  
Sept. 30, 2014

Dept/Agency/Category <sup>1</sup>	Taxpayer Count	Balance Owed	Workforce <sup>2</sup>	Delinquency Rate <sup>3</sup>
<b>Executive Departments</b>				
Department of Agriculture	2,523	\$ 19,874,660	95,917	2.63%
Department of the Air Force	6,585	\$ 57,727,894	186,468	3.53%
Department of the Army	11,582	\$ 91,086,904	281,806	4.11%
Department of Commerce	1,649	\$ 21,099,129	45,380	3.63%
Department of Defense	5,436	\$ 46,616,749	138,747	3.92%
Department of Education	185	\$ 2,455,613	4,195	4.41%
Department of Energy	315	\$ 3,312,108	14,992	2.10%
Department of Health and Human Services	3,609	\$ 50,458,953	84,588	4.27%
Department of Homeland Security	6,031	\$ 47,921,488	189,341	3.19%
Department of Housing and Urban Development	400	\$ 7,007,249	8,444	4.74%
Department of the Interior	1,941	\$ 12,096,635	69,955	2.77%
Department of Justice	2,635	\$ 25,276,690	113,240	2.33%
Department of Labor	554	\$ 6,388,865	15,940	3.48%
Department of the Navy	8,529	\$ 72,323,679	238,997	3.57%
Department of State <sup>4</sup>	388	\$ 5,941,005	12,694	3.06%
Department of Transportation	1,429	\$ 18,559,897	54,776	2.61%
Department of the Treasury	1,253	\$ 10,008,071	105,452	1.19%
Department of Veterans Affairs	15,476	\$ 161,975,675	348,724	4.44%
<b>Large Independent Agencies (1,000 or more employees)</b>				
Broadcasting Board of Governors	48	\$ 385,891	1,571	3.06%
Consumer Financial Protection Bureau	41	\$ 489,583	1,407	2.91%
Court Services and Offender Supervision Agency	84	\$ 806,239	1,181	7.11%
Environmental Protection Agency	431	\$ 6,003,881	15,852	2.72%
Executive Office of the President <sup>5</sup>	45	\$ 459,692	1,823	2.47%
Federal Communications Commission	65	\$ 3,020,922	1,728	3.76%
Federal Deposit Insurance Corporation	135	\$ 2,120,301	6,874	1.96%
Federal Reserve System - Board of Governors	111	\$ 1,837,738	2,657	4.18%
Federal Trade Commission	28	\$ 162,645	1,161	2.41%
General Services Administration	448	\$ 5,846,746	11,501	3.90%
Government Accountability Office	83	\$ 779,510	3,191	2.60%
Government Printing Office	139	\$ 2,220,819	1,832	7.59%
National Aeronautics and Space Administration	344	\$ 4,555,151	17,691	1.94%
National Archives and Records Administration	113	\$ 706,413	3,045	3.71%
National Credit Union Administration	25	\$ 201,619	1,226	2.04%
National Labor Relations Board	46	\$ 504,161	1,588	2.90%
National Science Foundation	57	\$ 636,339	1,425	4.00%
Office of Personnel Management	142	\$ 1,942,507	4,977	2.85%
Peace Corps	23	\$ 44,068	1,001	2.30%
Securities and Exchange Commission	91	\$ 999,805	4,207	2.16%
Small Business Administration	251	\$ 4,769,820	4,549	5.52%
Smithsonian Institution	281	\$ 2,371,543	4,650	6.04%

## CIVILIAN / MILITARY / RETIREE DETAIL REPORT

Sept. 30, 2014

Dept/Agency/Category <sup>1</sup>	Taxpayer Count	Balance Owed	Workforce <sup>2</sup>	Delinquency Rate <sup>3</sup>
Social Security Administration	2,516	\$ 26,109,917	64,684	3.89%
Tennessee Valley Authority	320	\$ 2,851,833	11,542	2.77%
U.S. Agency for International Development	178	\$ 1,547,307	3,804	4.68%
U.S. Equal Employment Opportunity Commission	93	\$ 847,752	2,217	4.19%
U.S. Nuclear Regulatory Commission	76	\$ 880,930	3,871	1.96%
U.S. Postal Service	30,983	\$ 344,931,047	615,352	5.04%
<b>Medium Independent Agencies (100-999 employees)</b>				
Armed Forces Retirement Home	20	\$ 81,042	291	6.87%
Commodity Futures Trading Commission	19	\$ 150,475	656	2.90%
Consumer Product Safety Commission	15	\$ 134,632	527	2.85%
Corporation for National and Community Service	13	\$ 84,551	660	1.97%
Defense Nuclear Facilities Safety Board	X	X	X	X
Export-Import Bank of the United States	9	\$ 130,741	424	2.12%
Farm Credit Administration	5	\$ 44,453	281	1.78%
Federal Election Commission	7	\$ 13,428	329	2.13%
Federal Housing Finance Agency	18	\$ 135,598	735	2.45%
Federal Labor Relations Authority	3	\$ 869	141	2.13%
Federal Maritime Commission	6	\$ 49,392	111	5.41%
Federal Mediation and Conciliation Service	10	\$ 25,820	226	4.42%
Federal Retirement Thrift Investment Board	7	\$ 138,247	194	3.61%
Int'l Boundary and Water Comm: U.S. and Mexico	4	\$ 40,445	237	1.69%
Merit Systems Protection Board	4	\$ 113,197	218	1.83%
Millennium Challenge Corporation	7	\$ 63,448	286	2.45%
National Endowment for the Arts	5	\$ 166,909	163	3.07%
National Endowment for the Humanities	8	\$ 46,393	182	4.40%
National Transportation Safety Board	8	\$ 78,427	416	1.92%
Overseas Private Investment Corporation	7	\$ 93,196	238	2.94%
Pension Benefit Guaranty Corporation	48	\$ 391,457	968	4.96%
Presidio Trust	8	\$ 148,988	313	2.56%
Railroad Retirement Board	27	\$ 167,692	917	2.94%
Selective Service System	7	\$ 105,926	175	4.00%
U.S. Holocaust Memorial Museum	5	\$ 280,626	172	2.91%
U.S. International Trade Commission	10	\$ 41,019	401	2.49%
U.S. Tax Court	X	X	X	X
<b>Small Independent Agencies (between 25 and 100 employees)</b>				
Advisory Council on Historic Preservation	X	X	X	X
American Battle Monuments Commission	X	X	X	X
Committee for Purchase from People Who Are Blind or Severely Disabled	X	X	X	X
Federal Mine Safety and Health Review Commission	3	\$ 9,159	84	3.57%
Institute of Museum and Library Services	4	\$ 5,810	92	4.35%
Inter-American Foundation	X	X	X	X
Medicare Payment Advisory Commission	X	X	X	X
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	3	\$ 5,679	42	7.14%

## CIVILIAN / MILITARY / RETIREE DETAIL REPORT

Sept. 30, 2014

Dept/Agency/Category <sup>1</sup>	Taxpayer Count	Balance Owed	Workforce <sup>2</sup>	Delinquency Rate <sup>3</sup>
National Capital Planning Commission	3	\$ 1,049	35	8.57%
National Council on Disability	X	X	X	X
National Mediation Board	3	\$ 44,838	44	6.82%
Occupational Safety and Health Review Commission	X	X	X	X
Office of Navajo and Hopi Indian Relocation	X	X	X	X
United States Access Board (Architectural and Transportation Barriers Compliance Board)	X	X	X	X
U.S. African Development Foundation	X	X	X	X
U.S. Commission on Civil Rights	5	\$ 9,540	41	12.20%
U.S. Election Assistance Commission	X	X	X	X
U.S. Interagency Council on Homelessness	X	X	X	X
U.S. Office of Government Ethics	X	X	X	X
U.S. Trade and Development Agency	X	X	X	X
Valles Caldera Trust	3	\$ 3,282	63	4.76%
Other <sup>4</sup>	4,253	\$ 39,765,584		
<b>Legislative and Judicial</b>				
U.S. House of Representatives	501	\$ 6,714,852	9,935	5.04%
U.S. Senate	224	\$ 2,087,582	6,418	3.49%
Administrative Office of the U.S. Courts	776	\$ 11,825,376	33,766	2.30%
<b>Total Civilians: <sup>7</sup></b>	<b>113,806</b>	<b>\$ 1,141,622,621</b>	<b>2,851,010</b>	<b>3.99%</b>
<b>Military</b>				
Active Duty Military	20,608	\$ 57,313,208	1,457,110	1.41%
Military Reserve/Guard	27,750	\$ 164,896,261	1,147,693	2.42%
<b>Retirees</b>				
Civilian Retired	50,825	\$ 602,698,872	2,029,508	2.60%
Military Retired	91,677	\$ 1,572,672,518	2,271,332	4.04%
<b>Grand Total:</b>	<b>304,665</b>	<b>\$ 3,539,203,480</b>	<b>9,756,653</b>	<b>3.12%</b>

**Notes:**<sup>1</sup>Agencies with 25 or fewer employees, or a zero delinquency rate are not shown on this report.<sup>2</sup>Workforce data sources: U.S. Office of Personnel Management, Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM); Dept of Defense, Defense Manpower Data Center (DMDC); U.S. Postal Service.<sup>3</sup>The Delinquency Rate is calculated by dividing the number of delinquent taxpayers by Workforce. Tax delinquency is defined as having a balance due and/or potential nonfiler account, excluding those accounts in installment agreement status. For small agencies, changes in the number of delinquent employees disproportionately affect the delinquency rate.<sup>4</sup>Excludes Foreign Service employees.<sup>5</sup>Executive Office of the President includes Ofc of Administration, Council of Environmental Quality, Ofc of Natl Drug Ctrl Policy, Ofc of Sci & Tech Policy, Ofc of US Trade Rep, Natl Security Council, Council of Econ Advisers, Ofc of Mgmt & Budget, Ofc of President, Ofc of Vice President, Exec Residence at White House, and Ofc of Policy Development.<sup>6</sup>Includes employees of federal agencies that do not make human resources submissions to the U.S. Office of Personnel Management. Generally includes employees of legislative branch and security agencies, and is obtained through an annual match of Internal W-2 records, where available.<sup>7</sup>The total civilian workforce exceeds the sum of the agencies shown because agencies with 25 or less employees, or no delinquent employees, are included.

X= value&lt;3; associated dollar values, totals and rates blurred.

Internal Revenue Service  
Federal Employee/Retiree Delinquency Initiative (FERDI)  
CIVILIAN / MILITARY / RETIREE DETAIL REPORT  
Sept. 30, 2010

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts ÷ Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Executive Departments								
Department of Agriculture	108,291	4,462	\$ 30,627,700	2,193	\$ 13,341,964	2,269	\$ 17,185,736	2.10%
Department of the Air Force	194,623	12,083	\$ 82,832,013	6,021	\$ 33,309,500	6,062	\$ 49,522,513	3.11%
Department of the Army	320,478	22,721	\$ 163,817,268	10,435	\$ 58,338,839	12,286	\$ 105,478,429	3.83%
Department of Commerce	48,162	3,253	\$ 37,886,087	1,514	\$ 10,452,240	1,739	\$ 27,433,827	3.54%
Department of Defense	144,451	8,175	\$ 66,241,875	4,568	\$ 26,751,653	4,607	\$ 39,490,022	3.19%
Department of Education	4,536	376	\$ 5,932,862	200	\$ 1,848,368	176	\$ 4,288,496	3.88%
Department of Energy	16,625	718	\$ 8,040,043	394	\$ 3,107,934	322	\$ 4,932,109	1.94%
Department of Health and Human Services	83,202	5,687	\$ 61,904,477	2,748	\$ 21,206,884	2,919	\$ 40,697,493	3.51%
Department of Homeland Security	188,983	11,181	\$ 74,490,921	6,514	\$ 37,505,999	4,647	\$ 36,984,922	2.46%
Department of Housing and Urban Development	10,041	882	\$ 8,516,714	491	\$ 3,495,310	391	\$ 5,021,404	3.89%
Department of the Interior	79,048	3,681	\$ 22,436,851	1,738	\$ 9,135,817	1,923	\$ 13,301,234	2.43%
Department of Justice	116,801	5,503	\$ 38,891,172	3,434	\$ 21,229,098	2,069	\$ 17,662,076	1.77%
Department of Labor	16,640	1,039	\$ 11,305,810	582	\$ 4,164,603	457	\$ 7,141,207	2.75%
Department of the Navy	240,993	15,014	\$ 114,030,182	7,673	\$ 43,147,786	7,341	\$ 70,882,416	3.05%
Department of State <sup>4</sup>	11,890	720	\$ 7,084,237	371	\$ 3,105,944	349	\$ 3,958,293	2.94%
Department of Transportation	57,947	2,806	\$ 28,851,491	1,570	\$ 12,512,201	1,236	\$ 16,139,290	2.13%
Department of the Treasury	123,084	2,908	\$ 18,144,436	1,727	\$ 8,841,158	1,181	\$ 9,303,278	0.96%
Department of Veterans Affairs	308,814	23,320	\$ 232,696,690	11,661	\$ 81,814,657	11,659	\$ 151,082,033	3.78%
Independent Agencies and Other Offices								
Administrative Office of the U.S. Courts	33,758	1,856	\$ 19,731,917	914	\$ 6,665,274	742	\$ 13,066,643	2.20%
Advisory Council on Historic Preservation	53	6	\$ 19,568	1	\$ 1,350	5	\$ 18,218	9.43%
American Battle Monuments Commission	X	X	X	X	X	X	X	X
Armed Forces Retirement Home	268	35	\$ 158,833	21	\$ 73,357	14	\$ 85,476	5.22%
Broadcasting Board of Governors	1,772	121	\$ 1,507,279	59	\$ 778,431	62	\$ 728,848	3.50%
Committee for Purchase from People Who Are Blind or Severely Disabled	X	X	X	X	X	X	X	X
Commodity Futures Trading Commission	699	34	\$ 329,394	15	\$ 85,750	19	\$ 243,644	2.72%
Consumer Product Safety Commission	510	28	\$ 165,593	15	\$ 76,152	13	\$ 89,441	2.55%
Corporation for National and Community Service	632	31	\$ 208,908	18	\$ 148,997	13	\$ 59,911	2.06%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Court Services and Offender Supervision Agency	1,252	169	\$ 1,005,255	111	\$ 591,828	58	\$ 413,427	4.61%
Defense Nuclear Facilities Safety Board	X	X	X	X	X	X	X	X
Environmental Protection Agency	18,742	866	\$ 23,152,132	453	\$ 3,678,655	413	\$ 19,473,477	2.20%
Executive Office of the President <sup>5</sup>	1,794	74	\$ 1,042,453	38	\$ 208,483	36	\$ 833,970	2.01%
Export-Import Bank of the United States	381	30	\$ 354,318	22	\$ 185,411	8	\$ 168,907	2.10%
Farm Credit Administration	287	14	\$ 44,889	8	\$ 33,972	6	\$ 10,917	2.09%
Federal Communications Commission	1,832	120	\$ 1,521,500	49	\$ 436,956	71	\$ 1,084,544	3.88%
Federal Deposit Insurance Corporation	8,149	391	\$ 5,259,078	206	\$ 2,103,765	185	\$ 3,155,313	2.27%
Federal Election Commission	349	33	\$ 193,222	22	\$ 95,868	11	\$ 97,354	3.15%
Federal Housing Finance Agency	453	22	\$ 325,294	11	\$ 75,878	11	\$ 249,316	2.43%
Federal Labor Relations Authority	142	11	\$ 10,146	4	\$ 8,707	7	\$ 1,439	4.93%
Federal Maritime Commission	128	11	\$ 82,811	6	\$ 50,885	5	\$ 32,126	3.91%
Federal Mediation and Conciliation Service	244	11	\$ 115,805	7	\$ 76,956	4	\$ 38,849	1.64%
Federal Mine Safety and Health Review Commission	X	X	X	X	X	X	X	X
Federal Reserve System - Board of Governors	1,873	155	\$ 1,930,889	64	\$ 685,717	91	\$ 1,285,152	4.86%
Federal Retirement Thrift Investment Board	95	12	\$ 119,421	7	\$ 52,714	5	\$ 66,707	5.26%
Federal Trade Commission	1,189	56	\$ 427,967	30	\$ 165,290	26	\$ 262,677	2.19%
Financial Crisis Inquiry Board	X	X	X	X	X	X	X	X
General Services Administration	12,893	895	\$ 7,865,515	471	\$ 3,578,857	424	\$ 4,286,658	3.29%
Government Accountability Office	3,191	137	\$ 1,247,541	72	\$ 458,668	65	\$ 788,873	2.04%
Government Printing Office	2,290	311	\$ 3,212,941	155	\$ 1,090,618	156	\$ 2,122,322	6.81%
Institute of Museum and Library Services	X	X	X	X	X	X	X	X
Inter-American Foundation	40	3	\$ 9	0	\$ -	3	\$ 9	7.50%
Int'l Boundary and Water Comm: U.S. and Mexico	270	20	\$ 254,779	11	\$ 38,030	9	\$ 216,749	3.33%
Medicare Payment Advisory Commission	X	X	X	X	X	X	X	X
Ment Systems Protection Board	219	16	\$ 198,130	8	\$ 55,414	8	\$ 140,716	3.65%
Millennium Challenge Corporation	292	19	\$ 56,220	6	\$ 27,736	13	\$ 28,484	4.45%
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	X	X	X	X	X	X	X	X
National Aeronautics and Space Administration	16,671	628	\$ 6,676,718	315	\$ 2,270,926	313	\$ 4,405,790	1.68%
National Archives and Records Administration	3,529	212	\$ 990,044	113	\$ 681,276	99	\$ 328,768	2.81%
National Capital Planning Commission	X	X	X	X	X	X	X	X
National Credit Union Administration	1,079	38	\$ 231,312	24	\$ 165,168	12	\$ 66,144	1.11%
National Endowment for the Arts	179	12	\$ 57,851	7	\$ 28,440	5	\$ 31,411	2.79%
National Endowment for the Humanities	190	12	\$ 167,188	8	\$ 71,016	4	\$ 96,152	2.11%
National Labor Relations Board	1,714	105	\$ 803,939	58	\$ 278,008	47	\$ 524,931	2.74%
National Mediation Board	X	X	X	X	X	X	X	X

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
National Science Foundation	1,483	120	\$ 1,101,224	69	\$ 598,689	51	\$ 512,535	3.44%
National Transportation Safety Board	385	18	\$ 144,102	10	\$ 65,522	8	\$ 78,580	2.08%
Occupational Safety and Health Review Commission	X	X	X	X	X	X	X	X
Office of Personnel Management	8,248	348	\$ 3,294,251	193	\$ 1,377,102	155	\$ 1,917,149	2.48%
Overseas Private Investment Corporation	210	14	\$ 183,112	10	\$ 155,577	4	\$ 7,535	1.90%
Peace Corps	933	40	\$ 167,950	20	\$ 72,183	20	\$ 95,767	2.14%
Pension Benefit Guaranty Corporation	948	84	\$ 570,498	49	\$ 279,025	35	\$ 291,473	3.69%
Presidio Trust	348	24	\$ 753,973	9	\$ 28,340	15	\$ 725,633	4.34%
Railroad Retirement Board	983	83	\$ 612,234	38	\$ 188,590	27	\$ 425,644	2.75%
Recovery Act Accountability and Transparency Board	X	X	X	X	X	X	X	X
Securities and Exchange Commission	3,017	187	\$ 1,870,959	89	\$ 733,116	98	\$ 1,140,843	2.50%
Selective Service System	179	6	\$ 68,545	3	\$ 67,768	3	\$ 777	1.88%
Small Business Administration	4,019	481	\$ 6,181,837	245	\$ 2,231,140	218	\$ 3,930,497	5.37%
Smithsonian Institution	4,975	459	\$ 3,687,987	209	\$ 1,253,378	250	\$ 2,434,589	5.03%
Social Security Administration	69,963	4,942	\$ 38,482,975	2,912	\$ 18,338,416	2,030	\$ 20,144,559	2.90%
Tennessee Valley Authority	12,085	572	\$ 6,484,828	278	\$ 1,842,206	294	\$ 4,622,722	2.44%
United States Access Board (Architectural and Transportation Barriers Compliance Board)	X	X	X	X	X	X	X	X
U.S. Agency for International Development	4,148	263	\$ 1,941,377	102	\$ 763,548	161	\$ 1,177,829	3.68%
U.S. Chemical Safety and Hazard Investigation Board	X	X	X	X	X	X	X	X
U.S. Commission on Civil Rights	X	X	X	X	X	X	X	X
U.S. Election Assistance Commission	X	X	X	X	X	X	X	X
U.S. Equal Employment Opportunity Commission	2,543	228	\$ 2,261,824	132	\$ 682,265	98	\$ 1,579,559	3.78%
U.S. Holocaust Memorial Museum	187	17	\$ 147,443	8	\$ 54,102	9	\$ 93,341	4.81%
U.S. House of Representatives	11,017	782	\$ 10,753,843	295	\$ 2,217,669	487	\$ 8,535,974	4.24%
U.S. International Trade Commission	398	24	\$ 187,811	18	\$ 130,077	8	\$ 37,534	1.51%
U.S. Nuclear Regulatory Commission	4,211	160	\$ 1,437,107	100	\$ 635,944	60	\$ 801,163	1.42%
U.S. Office of Government Ethics	X	X	X	X	X	X	X	X
U.S. Office of Special Counsel	X	X	X	X	X	X	X	X
U.S. Postal Service	887,080	52,086	\$ 434,367,047	26,448	\$ 164,725,782	25,640	\$ 269,641,265	3.84%
U.S. Senate	7,048	384	\$ 3,614,985	167	\$ 1,680,484	217	\$ 2,134,501	3.08%
U.S. Tax Court	222	12	\$ 76,664	7	\$ 14,156	5	\$ 62,508	2.25%
Valles Caldera Trust	X	X	X	X	X	X	X	X
Other <sup>6</sup>		6,342	\$ 63,208,779	2,564	\$ 15,248,512	3,778	\$ 37,960,267	
<b>Total Civilians: <sup>7</sup></b>	<b>2,952,005</b>	<b>199,471</b>	<b>\$1,666,125,052</b>	<b>101,180</b>	<b>\$ 631,740,914</b>	<b>98,291</b>	<b>#####</b>	<b>3.33%</b>

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Active Duty Military								
ACTIVE DUTY MILITARY	1,473,343	37,178	\$ 136,480,291	7,698	\$ 25,452,388	29,482	\$ 111,027,905	2.00%
MILITARY RESERVES/GUARDS	1,319,695	42,478	\$ 283,774,072	11,170	\$ 54,937,434	31,299	\$ 228,836,638	2.37%
Retirees								
CIVILIAN RETIRED	1,883,846	65,518	\$ 680,250,202	28,260	\$ 190,354,175	37,258	\$ 489,896,027	1.98%
MILITARY RETIRED	2,187,934	143,985	\$2,001,207,798	60,934	\$ 425,183,822	83,051	#####	3.83%
Grand Total:	9,796,823	488,630	\$4,747,837,415	209,249	#####	279,381	#####	2.85%

## Notes:

<sup>1</sup>Agencies with 25 or fewer employees are not shown on this report

<sup>2</sup>Workforce data sources: U.S. Office of Personnel Management, Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM); Dept of Defense, Defense Manpower Data Center (DMDC); U.S. Postal Service.

<sup>3</sup>The Delinquency Rate is calculated by dividing the number of delinquent taxpayers by Workforce. Tax delinquency is defined as having a balance due and/or potential nonfiler account, excluding those accounts in Installment agreement status. For small agencies, changes in the number of delinquent employees disproportionately affect the delinquency rate.

<sup>4</sup>Excludes Foreign Service employees.

<sup>5</sup>Executive Office of the President includes Ofc of Administration, Council of Environmental Quality, Ofc of Natl Drug Ctrl Policy, Ofc of Sci & Tech Policy, Ofc of US Trade Rep, Natl Security Council, Council of Econ Advisers, Ofc of Mgmt & Budget, Ofc of President, Ofc of Vice President, Exec Residence at White House, and Ofc of Policy Development.

<sup>6</sup>Includes employees of federal agencies that do not make human resources submissions to the U.S. Office of Personnel Management. Generally includes employees of legislative branch and security agencies. Is obtained through an annual match of internal W-2 records, where available.

<sup>7</sup>The total civilian workforce exceeds the sum of the agencies shown because agencies with 25 or less employees, or no delinquent employees, are included.

X= value<3; associated dollar values, totals and rates blurred.



Internal Revenue Service  
Federal Employee/Retiree Delinquency Initiative (FERDI)  
CIVILIAN / MILITARY / RETIREE DETAIL REPORT  
Sept. 30, 2011

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts ÷ Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Executive Departments								
Department of Agriculture	105,128	4,991	\$ 37,377,711	2,280	\$ 14,763,455	2,711	\$ 22,614,256	2.58%
Department of the Air Force	202,268	14,153	\$ 95,648,793	6,686	\$ 39,113,542	7,467	\$ 56,535,251	3.69%
Department of the Army	312,882	24,048	\$ 169,014,348	10,492	\$ 62,666,051	13,556	\$ 106,348,297	4.33%
Department of Commerce	47,626	2,967	\$ 28,952,410	1,326	\$ 10,137,853	1,641	\$ 18,814,557	3.45%
Department of Defense	148,562	10,910	\$ 81,288,380	5,167	\$ 32,368,535	5,743	\$ 48,919,845	3.87%
Department of Education	4,620	448	\$ 4,517,839	247	\$ 2,081,977	201	\$ 2,435,862	4.35%
Department of Energy	16,381	778	\$ 7,863,435	408	\$ 3,679,666	370	\$ 4,183,769	2.26%
Department of Health and Human Services	85,642	6,483	\$ 69,853,836	3,029	\$ 25,224,580	3,454	\$ 44,629,278	4.03%
Department of Homeland Security	198,242	12,945	\$ 88,770,751	7,101	\$ 41,644,017	5,844	\$ 44,126,734	2.95%
Department of Housing and Urban Development	9,758	953	\$ 9,768,665	522	\$ 3,827,489	431	\$ 5,939,178	4.42%
Department of the Interior	77,225	3,621	\$ 28,502,686	1,755	\$ 10,020,210	2,066	\$ 18,482,478	2.68%
Department of Justice	116,273	8,368	\$ 45,282,535	3,816	\$ 25,051,457	2,552	\$ 20,231,078	2.19%
Department of Labor	16,298	1,107	\$ 11,848,793	569	\$ 4,426,340	538	\$ 7,422,453	3.30%
Department of the Navy	243,812	16,928	\$ 124,383,400	8,146	\$ 51,550,758	8,782	\$ 72,832,642	3.60%
Department of State	12,595	841	\$ 7,757,986	430	\$ 3,514,770	411	\$ 4,243,216	3.26%
Department of Transportation	57,721	3,175	\$ 32,321,263	1,644	\$ 14,174,748	1,531	\$ 18,146,515	2.65%
Department of the Treasury	119,020	3,213	\$ 19,882,449	1,924	\$ 10,570,439	1,289	\$ 9,312,010	1.08%
Department of Veterans Affairs	318,480	26,082	\$ 236,149,665	12,488	\$ 93,211,302	13,594	\$ 142,938,363	4.30%
Large Independent Agencies (1,000 or more employees)								
Broadcasting Board of Governors	1,744	140	\$ 1,863,029	76	\$ 863,379	64	\$ 999,650	3.67%
Court Services and Offender Supervision Agency	1,243	189	\$ 1,111,936	113	\$ 689,202	76	\$ 422,734	6.11%
Environmental Protection Agency	18,777	993	\$ 10,310,608	498	\$ 4,138,650	497	\$ 6,171,958	2.65%
Executive Office of the President	1,902	87	\$ 1,288,213	57	\$ 954,728	40	\$ 333,485	2.10%
Federal Communications Commission	1,764	148	\$ 1,823,269	84	\$ 820,021	64	\$ 903,248	3.59%
Federal Deposit Insurance Corporation	8,358	534	\$ 6,045,671	305	\$ 2,933,681	229	\$ 3,112,010	2.74%
Federal Reserve System - Board of Governors	1,873	188	\$ 2,364,841	84	\$ 864,991	104	\$ 1,499,850	5.55%
Federal Trade Commission	1,135	64	\$ 414,838	32	\$ 229,358	32	\$ 185,480	2.82%
General Services Administration	12,739	1,000	\$ 9,250,487	526	\$ 3,777,584	474	\$ 5,472,903	3.72%
Government Accountability Office	3,191	151	\$ 1,426,337	79	\$ 515,030	72	\$ 911,307	2.26%
Government Printing Office	2,195	333	\$ 3,586,202	166	\$ 1,259,593	167	\$ 2,326,609	7.61%
National Aeronautics and Space Administration	18,632	715	\$ 7,256,793	338	\$ 3,218,615	377	\$ 4,038,178	2.02%
National Archives and Records Administration	3,521	240	\$ 1,179,187	126	\$ 822,231	114	\$ 356,958	3.24%
National Credit Union Administration	1,175	42	\$ 333,295	30	\$ 312,336	12	\$ 20,957	1.02%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts ÷ Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
National Labor Relations Board	1,733	106	\$ 956,603	50	\$ 408,133	47	\$ 548,470	2.71%
National Science Foundation	1,464	138	\$ 1,180,637	68	\$ 598,719	70	\$ 581,918	4.78%
Office of Personnel Management	6,272	407	\$ 3,593,005	236	\$ 1,849,251	171	\$ 1,743,754	2.73%
Securities and Exchange Commission	3,846	207	\$ 1,894,087	98	\$ 798,062	109	\$ 898,025	2.83%
Small Business Administration	4,665	496	\$ 5,837,158	259	\$ 2,112,750	237	\$ 3,724,408	5.08%
Smithsonian Institution	4,952	562	\$ 4,378,807	234	\$ 1,358,431	328	\$ 3,020,376	6.62%
Social Security Administration	67,136	5,584	\$ 42,471,742	3,131	\$ 20,394,093	2,453	\$ 22,077,649	3.65%
Tennessee Valley Authority	12,735	598	\$ 6,927,974	271	\$ 1,862,786	327	\$ 5,045,188	2.57%
U.S. Agency for International Development	3,894	292	\$ 2,585,309	118	\$ 931,412	174	\$ 1,653,897	4.47%
U.S. Equal Employment Opportunity Commission	2,479	238	\$ 2,858,808	126	\$ 764,875	112	\$ 1,881,733	4.52%
U.S. Nuclear Regulatory Commission	4,111	175	\$ 1,379,765	95	\$ 647,399	80	\$ 732,366	1.95%
U.S. Postal Service	623,378	44,665	\$ 359,801,671	22,281	\$ 144,413,387	22,404	\$ 215,188,284	3.59%
<b>Medium Independent Agencies (100-999 employees)</b>								
Armed Forces Retirement Home	278	32	\$ 176,653	16	\$ 80,420	16	\$ 96,233	5.76%
Commodity Futures Trading Commission	665	33	\$ 252,200	18	\$ 173,714	15	\$ 78,486	2.26%
Consumer Product Safety Commission	548	34	\$ 293,991	14	\$ 89,827	20	\$ 194,164	3.65%
Corporation for National and Community Service	608	36	\$ 502,211	21	\$ 168,088	17	\$ 336,123	2.60%
Defense Nuclear Facilities Safety Board	X	X	X	X	X	X	X	X
Export-Import Bank of the United States	401	33	\$ 419,101	22	\$ 178,340	11	\$ 240,761	2.74%
Farm Credit Administration	291	12	\$ 53,212	6	\$ 28,040	6	\$ 25,172	2.06%
Federal Election Commission	349	30	\$ 167,945	15	\$ 77,889	15	\$ 90,056	4.30%
Federal Housing Finance Agency	618	28	\$ 369,907	17	\$ 158,207	11	\$ 211,700	1.78%
Federal Labor Relations Authority	140	11	\$ 28,225	4	\$ 16,702	7	\$ 11,523	5.00%
Federal Maritime Commission	X	X	X	X	X	X	X	X
Federal Mediation and Conciliation Service	244	14	\$ 148,752	7	\$ 97,676	7	\$ 51,076	2.87%
Int'l Boundary and Water Comm: U.S. and Mexico	267	19	\$ 87,060	6	\$ 53,362	13	\$ 33,698	4.87%
Ment Systems Protection Board	216	17	\$ 149,112	9	\$ 100,750	8	\$ 48,362	3.70%
Millennium Challenge Corporation	287	18	\$ 38,153	7	\$ 25,133	11	\$ 13,020	3.83%
National Endowment for the Arts	180	11	\$ 56,330	4	\$ 20,885	7	\$ 35,445	3.89%
National Endowment for the Humanities	190	10	\$ 142,195	5	\$ 68,674	5	\$ 73,521	2.63%
National Transportation Safety Board	418	25	\$ 183,093	13	\$ 88,780	12	\$ 94,313	2.87%
Overseas Private Investment Corporation	222	19	\$ 243,424	11	\$ 159,393	8	\$ 84,031	3.60%
Peace Corps	896	36	\$ 215,346	17	\$ 103,854	19	\$ 111,492	2.12%
Pension Benefit Guaranty Corporation	978	91	\$ 875,782	55	\$ 440,995	36	\$ 434,787	3.68%
Presidio Trust	325	22	\$ 200,023	14	\$ 85,813	8	\$ 114,210	2.46%
Railroad Retirement Board	984	60	\$ 609,555	34	\$ 314,095	26	\$ 295,460	2.70%
Selective Service System	174	16	\$ 152,400	7	\$ 72,918	9	\$ 79,482	5.17%
U.S. Holocaust Memorial Museum	188	16	\$ 110,104	9	\$ 72,537	7	\$ 37,567	3.72%
U.S. International Trade Commission	391	23	\$ 226,406	12	\$ 108,951	11	\$ 117,455	2.81%
U.S. Office of Special Counsel	110	7	\$ 35,630	3	\$ 7,138	4	\$ 28,492	3.64%
U.S. Tax Court	198	13	\$ 298,719	8	\$ 45,203	5	\$ 51,516	2.53%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Small Independent Agencies (Less than 100 employees)								
Advisory Council on Historic Preservation	X	X	X	X	X	X	X	X
American Battle Monuments Commission	X	X	X	X	X	X	X	X
Committee for Purchase from People Who Are Blind or Severely Disabled	X	X	X	X	X	X	X	X
Federal Mine Safety and Health Review Commission	X	X	X	X	X	X	X	X
Federal Retirement Thrift Investment Board	99	11	\$ 111,512	7	\$ 61,736	4	\$ 49,776	4.04%
Institute of Museum and Library Services	X	X	X	X	X	X	X	X
Inter-American Foundation	X	X	X	X	X	X	X	X
Medicaid and CHIP Payment Action Commission	X	X	X	X	X	X	X	X
Medicare Payment Advisory Commission	X	X	X	X	X	X	X	X
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	X	X	X	X	X	X	X	X
National Capital Planning Commission	X	X	X	X	X	X	X	X
National Council on Disability	X	X	X	X	X	X	X	X
National Mediation Board	X	X	X	X	X	X	X	X
Occupational Safety and Health Review Commission	X	X	X	X	X	X	X	X
Office of Navajo and Hopi Indian Relocation	X	X	X	X	X	X	X	X
Recovery Act Accountability and Transparency Board	X	X	X	X	X	X	X	X
United States Access Board (Architectural and Transportation Barriers Compliance Board)	X	X	X	X	X	X	X	X
U.S. African Development Foundation	X	X	X	X	X	X	X	X
U.S. Chemical Safety and Hazard Investigation Board	X	X	X	X	X	X	X	X
U.S. Commission on Civil Rights	44	8	\$ 43,924	4	\$ 31,804	4	\$ 12,120	9.09%
U.S. Election Assistance Commission	X	X	X	X	X	X	X	X
U.S. Office of Government Ethics	75	8	\$ 81,070	4	\$ 78,798	4	\$ 4,272	5.33%
Vailes Caldera Trust	X	X	X	X	X	X	X	X
Other <sup>6</sup>		7,797	\$ 73,031,241	3,108	\$ 18,298,714	4,689	\$ 53,731,527	

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts + Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
<b>Legislative and Judicial</b>								
U.S. House of Representatives	12,247	759	\$ 11,878,863	305	\$ 2,998,929	454	\$ 8,881,934	3.71%
U.S. Senate	7,030	401	\$ 3,663,628	187	\$ 1,727,379	234	\$ 1,936,249	3.33%
Administrative Office of the U.S. Courts	33,785	1,881	\$ 21,204,855	987	\$ 8,501,671	894	\$ 12,702,984	2.65%
<b>Total Civilians:</b>	<b>2,976,279</b>	<b>210,141</b>	<b>\$1,897,578,015</b>	<b>102,483</b>	<b>\$ 684,577,021</b>	<b>107,658</b>	<b>\$ 1,012,998,994</b>	<b>3.62%</b>
<b>Military</b>								
Active Duty Military	1,488,364	37,270	\$ 136,779,268	7,632	\$ 26,888,021	29,638	\$ 108,790,245	2.02%
Military Reserve/Guard	1,315,445	44,044	\$ 283,865,839	11,754	\$ 63,883,601	32,290	\$ 219,982,038	2.45%
<b>Retirees</b>								
Civilian Retired	1,893,748	81,793	\$ 745,848,978	34,148	\$ 212,901,510	47,647	\$ 532,945,468	2.52%
Military Retired	2,177,337	160,588	\$2,173,241,928	66,255	\$ 529,648,146	94,333	\$ 1,643,693,782	4.33%
<b>Grand Total:</b>	<b>9,831,173</b>	<b>533,836</b>	<b>\$5,037,309,826</b>	<b>222,270</b>	<b>*****</b>	<b>311,568</b>	<b>\$ 3,519,410,527</b>	<b>3.17%</b>

**Notes:**<sup>1</sup>Agencies with 25 or fewer employees are not shown on this report.<sup>2</sup>Workforce data sources: U.S. Office of Personnel Management, Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM); Dept of Defense, Defense Manpower Data Center (DMDC); U.S. Postal Service.<sup>3</sup>The Delinquency Rate is calculated by dividing the number of delinquent taxpayers by Workforce. Tax delinquency is defined as having a balance due and/or potential nonfiler account, excluding those accounts in installment agreement status. For small agencies, changes in the number of delinquent employees disproportionately affect the delinquency rate.<sup>4</sup>Excludes Foreign Service employees.<sup>5</sup>Executive Office of the President includes Ofc of Administration, Council of Environmental Quality, Ofc of Natl Drug Ctrl Policy, Ofc of Sci & Tech Policy, Ofc of US Trade Rep, Natl Security Council, Council of Econ Advisers, Ofc of Mgmt & Budget, Ofc of President, Ofc of Vice President, Exec Residence at White House, and Ofc of Policy Development.<sup>6</sup>Includes employees of federal agencies that do not make human resources submissions to the U.S. Office of Personnel Management. Generally includes employees of legislative branch and security agencies obtained through an annual match of internal W-2 records, where available.<sup>7</sup>The total civilian workforce exceeds the sum of the agencies shown because agencies with 25 or less employees, or no delinquent employees, are included.

X= value&lt;3; associated dollar values, totals and rates blurred.

Internal Revenue Service  
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Sept. 30, 2012

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Executive Departments								
Department of Agriculture	101,304	4,788	\$ 33,822,152	2,256	\$ 15,273,170	2,532	\$ 18,548,982	2.50%
Department of the Air Force	194,189	13,808	\$ 93,005,259	6,825	\$ 42,771,377	6,983	\$ 50,233,882	3.60%
Department of the Army	308,547	23,542	\$ 169,936,885	10,487	\$ 71,036,238	13,055	\$ 98,900,447	4.26%
Department of Commerce	45,136	2,957	\$ 30,341,799	1,302	\$ 10,865,831	1,655	\$ 19,475,968	3.67%
Department of Defense	147,237	11,069	\$ 84,573,949	5,375	\$ 37,205,642	5,694	\$ 47,368,307	3.87%
Department of Education	4,368	436	\$ 4,397,094	233	\$ 2,190,632	203	\$ 2,206,462	4.65%
Department of Energy	15,882	804	\$ 7,917,230	424	\$ 3,768,936	380	\$ 4,148,294	2.39%
Department of Health and Human Services	88,425	6,552	\$ 73,574,744	3,074	\$ 26,530,512	3,478	\$ 47,044,232	4.02%
Department of Homeland Security	198,100	13,530	\$ 92,890,172	7,654	\$ 50,604,824	5,876	\$ 42,285,248	2.97%
Department of Housing and Urban Development	9,260	954	\$ 9,893,787	539	\$ 4,699,531	415	\$ 5,194,256	4.48%
Department of the Interior	77,063	3,778	\$ 30,120,242	1,718	\$ 10,245,176	2,062	\$ 19,875,066	2.68%
Department of Justice	118,065	6,479	\$ 49,784,855	3,938	\$ 27,782,942	2,541	\$ 22,002,013	2.19%
Department of Labor	16,793	1,158	\$ 12,135,152	593	\$ 4,721,594	565	\$ 7,413,558	3.36%
Department of the Navy	245,477	17,197	\$ 125,848,054	8,518	\$ 58,585,903	8,681	\$ 87,262,151	3.54%
Department of State <sup>4</sup>	12,824	847	\$ 7,504,072	441	\$ 3,770,902	408	\$ 3,733,170	3.17%
Department of Transportation	57,146	3,246	\$ 32,255,545	1,691	\$ 15,993,868	1,555	\$ 16,261,657	2.72%
Department of the Treasury	112,579	3,042	\$ 19,202,672	1,820	\$ 10,016,336	1,222	\$ 9,186,336	1.09%
Department of Veterans Affairs	324,498	28,696	\$ 241,164,118	12,893	\$ 99,714,100	13,803	\$ 141,450,018	4.25%
Large Independent Agencies (1,000 or more employees)								
Broadcasting Board of Governors	1,677	155	\$ 1,847,443	84	\$ 781,049	71	\$ 1,066,394	4.23%
Court Services and Offender Supervision Agency	1,237	205	\$ 1,342,014	127	\$ 848,255	78	\$ 493,759	6.31%
Environmental Protection Agency	18,061	977	\$ 11,749,560	510	\$ 5,743,016	467	\$ 6,006,544	2.59%
Executive Office of the President <sup>5</sup>	1,844	93	\$ 764,203	48	\$ 350,070	47	\$ 414,133	2.55%
Federal Communications Commission	1,755	159	\$ 3,180,391	78	\$ 1,986,093	83	\$ 1,194,298	4.73%
Federal Deposit Insurance Corporation	7,924	458	\$ 5,203,327	263	\$ 2,847,277	195	\$ 2,556,050	2.46%
Federal Reserve System - Board of Governors	1,873	185	\$ 2,852,974	88	\$ 1,076,731	97	\$ 1,776,243	5.18%
Federal Trade Commission	1,177	51	\$ 355,904	30	\$ 275,941	21	\$ 79,963	1.78%
General Services Administration	12,394	1,016	\$ 8,578,111	524	\$ 4,528,455	492	\$ 5,049,656	3.97%
Government Accountability Office	3,191	146	\$ 1,042,527	75	\$ 496,898	71	\$ 545,531	2.23%
Government Printing Office	1,877	298	\$ 3,181,457	148	\$ 1,193,032	150	\$ 1,988,425	7.99%
National Aeronautics and Space Administration	18,145	690	\$ 6,348,747	327	\$ 2,770,652	363	\$ 3,578,095	2.00%
National Archives and Records Administration	3,331	220	\$ 1,417,297	114	\$ 625,129	106	\$ 792,168	3.18%
National Credit Union Administration	1,188	56	\$ 524,008	29	\$ 359,962	27	\$ 184,046	2.27%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
National Labor Relations Board	1,682	111	\$ 1,008,348	67	\$ 535,690	44	\$ 472,658	2.62%
National Science Foundation	1,468	139	\$ 1,489,577	79	\$ 729,240	80	\$ 760,337	4.09%
Office of Personnel Management	5,805	399	\$ 3,497,537	237	\$ 1,688,380	162	\$ 1,831,157	2.79%
Securities and Exchange Commission	3,907	183	\$ 1,829,570	107	\$ 978,260	76	\$ 851,310	1.95%
Small Business Administration	4,014	466	\$ 4,749,314	227	\$ 2,137,420	239	\$ 2,611,894	4.86%
Smithsonian Institution	4,850	547	\$ 4,104,356	229	\$ 1,598,380	318	\$ 2,505,976	6.56%
Social Security Administration	65,113	5,728	\$ 44,027,979	3,218	\$ 21,798,770	2,510	\$ 22,229,209	3.85%
Tennessee Valley Authority	12,762	651	\$ 6,798,858	305	\$ 2,669,310	346	\$ 4,129,548	2.71%
U.S. Agency for International Development	3,974	317	\$ 2,630,863	125	\$ 1,081,385	192	\$ 1,549,478	4.83%
U.S. Equal Employment Opportunity Commission	2,294	219	\$ 2,880,121	126	\$ 1,010,832	93	\$ 1,869,489	4.05%
U.S. Nuclear Regulatory Commission	3,908	175	\$ 1,322,032	102	\$ 732,359	73	\$ 589,673	1.87%
U.S. Postal Service	626,271	54,800	\$ 498,881,704	26,109	\$ 173,698,232	28,491	\$ 325,183,472	4.55%
<b>Medium Independent Agencies (100-999 employees)</b>								
Armed Forces Retirement Home	284	26	\$ 170,820	13	\$ 66,922	13	\$ 103,898	4.58%
Bureau of Consumer Financial Protection	967	53	\$ 728,120	29	\$ 284,159	24	\$ 443,961	2.48%
Commodity Futures Trading Commission	707	30	\$ 433,272	18	\$ 174,393	12	\$ 258,879	1.70%
Consumer Product Safety Commission	530	35	\$ 238,570	21	\$ 174,685	14	\$ 63,905	2.64%
Corporation for National and Community Service	617	45	\$ 351,714	21	\$ 118,783	24	\$ 232,931	3.89%
Defense Nuclear Facilities Safety Board	X	X	X	X	X	X	X	X
Export-Import Bank of the United States	419	32	\$ 455,918	23	\$ 248,687	9	\$ 207,231	2.15%
Farm Credit Administration	286	14	\$ 80,738	10	\$ 75,688	4	\$ 15,050	1.40%
Federal Election Commission	354	29	\$ 169,819	13	\$ 89,828	16	\$ 79,791	4.52%
Federal Housing Finance Agency	717	39	\$ 460,224	27	\$ 411,371	12	\$ 48,853	1.67%
Federal Labor Relations Authority	137	9	\$ 36,375	3	\$ 31,760	6	\$ 4,615	4.38%
Federal Maritime Commission	124	11	\$ 84,305	5	\$ 39,541	6	\$ 44,764	4.84%
Federal Mediation and Conciliation Service	242	17	\$ 121,153	11	\$ 100,007	6	\$ 21,146	2.48%
Federal Retirement Thrift Investment Board	X	X	X	X	X	X	X	X
Int'l Boundary and Water Comm: U.S. and Mexico	267	14	\$ 76,401	10	\$ 64,498	4	\$ 11,903	1.50%
Ment Systems Protection Board	206	19	\$ 226,848	14	\$ 181,840	5	\$ 65,206	2.43%
Millennium Challenge Corporation	292	24	\$ 111,787	9	\$ 28,854	15	\$ 82,913	5.14%
National Endowment for the Arts	174	7	\$ 28,959	4	\$ 17,478	3	\$ 11,481	1.72%
National Endowment for the Humanities	186	11	\$ 136,278	7	\$ 74,652	4	\$ 61,626	2.15%
National Transportation Safety Board	421	28	\$ 183,150	12	\$ 70,813	16	\$ 122,337	3.80%
Overseas Private Investment Corporation	240	20	\$ 1,379,051	12	\$ 118,495	8	\$ 1,282,556	3.33%
Peace Corps	894	40	\$ 115,509	17	\$ 75,940	23	\$ 39,569	2.57%
Pension Benefit Guaranty Corporation	965	103	\$ 876,017	57	\$ 473,442	48	\$ 402,575	4.77%
Presidio Trust	308	23	\$ 172,258	11	\$ 58,973	12	\$ 115,285	3.90%
Railroad Retirement Board	944	72	\$ 680,327	40	\$ 236,770	32	\$ 323,557	3.39%
Selective Service System	170	13	\$ 98,258	4	\$ 7,945	9	\$ 91,313	6.29%
U.S. Holocaust Memorial Museum	180	16	\$ 91,399	10	\$ 89,037	6	\$ 2,362	3.33%
U.S. International Trade Commission	394	26	\$ 242,823	14	\$ 92,113	12	\$ 150,710	3.05%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
U.S. Office of Special Counsel	128	9	\$ 181,577	8	\$ 9,237	3	\$ 172,340	2.34%
U.S. Tax Court	203	12	\$ 84,532	6	\$ 49,459	6	\$ 35,073	2.98%
<b>Small Independent Agencies (less than 100 employees)</b>	<b>51</b>	<b>7</b>	<b>\$ 45,835</b>	<b>3</b>	<b>\$ 17,180</b>	<b>4</b>	<b>\$ 28,455</b>	<b>7.84%</b>
Advisory Council on Historic Preservation	X	X	X	X	X	X	X	X
American Battle Monuments Commission	X	X	X	X	X	X	X	X
Committee for Purchase from People Who Are Blind or Severely Disabled	X	X	X	X	X	X	X	X
Federal Mine Safety and Health Review Commission	X	X	X	X	X	X	X	X
Institute of Museum and Library Services	X	X	X	X	X	X	X	X
Inter-American Foundation	X	X	X	X	X	X	X	X
Medicaid and CHIP Payment Action Commission	X	X	X	X	X	X	X	X
Medicare Payment Advisory Commission	X	X	X	X	X	X	X	X
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	X	X	X	X	X	X	X	X
National Capital Planning Commission	X	X	X	X	X	X	X	X
National Council on Disability	X	X	X	X	X	X	X	X
National Mediation Board	48	8	\$ 45,925	5	\$ 40,004	3	\$ 5,921	6.25%
Occupational Safety and Health Review Commission	X	X	X	X	X	X	X	X
Office of Navajo and Hopi Indian Relocation	X	X	X	X	X	X	X	X
Recovery Act Accountability and Transparency Board	X	X	X	X	X	X	X	X
United States Access Board (Architectural and Transportation Barriers Compliance Board)	X	X	X	X	X	X	X	X
U.S. African Development Foundation	X	X	X	X	X	X	X	X
U.S. Chemical Safety and Hazard Investigation Board	X	X	X	X	X	X	X	X
U.S. Commission on Civil Rights	44	9	\$ 60,156	5	\$ 50,022	4	\$ 10,134	9.09%
U.S. Election Assistance Commission	X	X	X	X	X	X	X	X
U.S. Office of Government Ethics	69	9	\$ 103,218	4	\$ 35,221	5	\$ 67,997	7.25%
Valles Caldera Trust	X	X	X	X	X	X	X	X
<b>Other <sup>6</sup></b>		7,665	\$ 64,827,627	3,075	\$ 22,245,671	4,590	\$ 42,581,956	
<b>Legislative and Judicial</b>								
U.S. House of Representatives	9,649	916	\$ 13,748,823	381	\$ 4,763,946	535	\$ 8,982,977	5.54%
U.S. Senate	7,030	400	\$ 4,150,817	167	\$ 2,214,065	233	\$ 1,936,522	3.31%
Administrative Office of the U.S. Courts	33,766	1,849	\$ 21,719,613	1,014	\$ 8,720,470	835	\$ 12,999,143	2.47%
<b>Total Civilians: <sup>7</sup></b>	<b>2,953,816</b>	<b>220,860</b>	<b>\$1,854,153,171</b>	<b>108,078</b>	<b>\$ 769,952,156</b>	<b>112,582</b>	<b>\$ 1,084,201,015</b>	<b>3.81%</b>
<b>Military</b>								
Active Duty Military	1,515,025	35,004	\$ 126,683,582	7,576	\$ 29,029,189	27,428	\$ 97,854,393	1.81%
Military Reserve/Guard	1,148,726	43,738	\$ 271,403,794	12,229	\$ 83,811,353	31,509	\$ 187,592,441	2.74%
<b>Retirees</b>								
Civilian Retired	1,933,082	83,538	\$ 818,379,775	34,842	\$ 256,194,513	48,696	\$ 562,185,262	2.52%
Military Retired	2,188,163	162,018	\$2,143,314,243	71,703	\$60,647,924	90,225	\$ 1,452,666,319	4.12%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Grand Total:	9,738,782	544,958	\$5,214,134,565	234,518	#####	310,440	\$ 3,384,499,430	3.19%

## Notes:

<sup>1</sup>Agencies with 25 or fewer employees are not shown on this report.

<sup>2</sup>Workforce data sources: U.S. Office of Personnel Management, Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM); Dept of Defense, Defense Manpower Data Center (DMDC); U.S. Postal Service.

<sup>3</sup>The Delinquency Rate is calculated by dividing the number of delinquent taxpayers by Workforce. Tax delinquency is defined as having a balance due and/or potential nonfiler account, excluding those accounts in installment agreement status. For small agencies, changes in the number of delinquent employees disproportionately affect the delinquency rate.

<sup>4</sup>Excludes Foreign Service employees

<sup>5</sup>Executive Office of the President includes Ofc of Administration, Council of Environmental Quality, Ofc of Natl Drug Ctrl Policy, Ofc of Sci & Tech Policy, Ofc of US Trade Rep, Natl Security Council, Council of Econ Advisers, Ofc of Mgmt & Budget, Ofc of President, Ofc of Vice President, Exec Residence at White House, and Ofc of Policy Development.

<sup>6</sup>Includes employees of federal agencies that do not make human resources submissions to the U.S. Office of Personnel Management. Generally includes employees of legislative branch and security agencies is obtained through an annual match of internal W-2 records, where available.

<sup>7</sup>The total civilian workforce exceeds the sum of the agencies shown because agencies with 25 or less employees, or no delinquent employees, are included.

X= value<3; associated dollar values, totals and rates blurred.



Internal Revenue Service  
Federal Employee/Retiree Delinquency Initiative (FERDI)  
CIVILIAN / MILITARY / RETIREE DETAIL REPORT  
Sept. 30, 2013

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Executive Departments								
Department of Agriculture	87,231	4,874	\$ 33,045,357	2,200	\$ 15,204,802	2,674	\$ 17,840,555	2.75%
Department of the Air Force	189,538	13,448	\$ 97,331,860	6,258	\$ 41,171,829	7,188	\$ 56,160,031	3.79%
Department of the Army	288,469	22,288	\$ 157,597,085	9,946	\$ 68,527,202	12,340	\$ 89,069,883	4.28%
Department of Commerce	48,257	3,353	\$ 35,319,509	1,454	\$ 12,745,819	1,899	\$ 22,573,690	4.11%
Department of Defense	142,106	10,966	\$ 82,979,039	5,217	\$ 37,893,750	5,749	\$ 44,885,289	4.05%
Department of Education	4,232	421	\$ 4,318,531	242	\$ 2,118,319	179	\$ 2,200,212	4.23%
Department of Energy	15,447	800	\$ 8,038,181	418	\$ 3,733,445	384	\$ 4,304,716	2.49%
Department of Health and Human Services	86,463	7,008	\$ 79,435,104	3,314	\$ 31,862,869	3,695	\$ 47,472,235	4.27%
Department of Homeland Security	193,867	14,048	\$ 98,112,460	7,898	\$ 54,280,898	6,152	\$ 43,831,784	3.17%
Department of Housing and Urban Development	8,747	983	\$ 10,649,715	500	\$ 4,690,257	463	\$ 5,959,458	5.29%
Department of the Interior	71,766	3,757	\$ 31,822,860	1,673	\$ 11,200,095	2,084	\$ 20,622,785	2.90%
Department of Justice	114,699	6,775	\$ 53,819,735	4,125	\$ 31,910,014	2,650	\$ 21,909,721	2.31%
Department of Labor	16,231	1,203	\$ 10,568,961	643	\$ 5,610,692	560	\$ 4,958,269	3.45%
Department of the Navy	239,178	17,434	\$ 129,894,822	8,455	\$ 60,819,310	8,979	\$ 69,075,312	3.75%
Department of State <sup>4</sup>	12,891	849	\$ 9,288,795	466	\$ 4,193,506	383	\$ 5,095,289	2.97%
Department of Transportation	55,263	3,212	\$ 34,462,597	1,695	\$ 17,419,140	1,517	\$ 17,043,457	2.75%
Department of the Treasury	109,027	3,118	\$ 19,805,896	1,613	\$ 10,107,764	1,305	\$ 9,698,132	1.20%
Department of Veterans Affairs	337,683	27,878	\$ 252,842,284	13,102	\$ 107,280,094	14,776	\$ 145,562,190	4.38%
Large Independent Agencies (1,000 or more employees)								
Broadcasting Board of Governors	1,819	146	\$ 1,488,578	86	\$ 1,144,164	60	\$ 344,414	3.71%
Consumer Financial Protection Bureau	1,313	75	\$ 577,359	42	\$ 370,765	33	\$ 206,594	2.51%
Court Services and Offender Supervision Agency	1,218	231	\$ 1,741,530	133	\$ 1,096,532	98	\$ 644,998	8.05%
Environmental Protection Agency	16,950	980	\$ 10,845,264	489	\$ 4,495,612	491	\$ 6,349,652	2.90%
Executive Office of the President <sup>3</sup>	1,755	89	\$ 699,404	53	\$ 486,417	36	\$ 212,987	2.05%
Federal Communications Commission	1,752	165	\$ 4,141,263	91	\$ 1,268,892	74	\$ 2,871,371	4.22%
Federal Deposit Insurance Corporation	7,482	432	\$ 4,354,814	225	\$ 2,024,423	207	\$ 2,330,391	2.77%
Federal Reserve System - Board of Governors	1,873	216	\$ 2,758,383	94	\$ 1,096,674	122	\$ 1,661,709	6.51%
Federal Trade Commission	1,166	87	\$ 540,970	38	\$ 421,428	31	\$ 119,542	2.66%
General Services Administration	11,824	1,028	\$ 9,444,325	532	\$ 5,032,282	496	\$ 4,412,063	4.18%
Government Accountability Office	3,191	150	\$ 1,383,842	69	\$ 512,385	81	\$ 871,457	2.54%
Government Printing Office	1,877	313	\$ 3,396,105	163	\$ 1,438,947	150	\$ 1,957,158	7.95%
National Aeronautics and Space Administration	18,009	758	\$ 7,193,537	369	\$ 3,729,401	389	\$ 3,464,138	2.16%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
National Archives and Records Administration	3,150	228	\$ 1,590,233	112	\$ 566,143	116	\$ 1,024,090	3.68%
National Credit Union Administration	1,254	55	\$ 512,009	33	\$ 338,801	22	\$ 173,208	1.75%
National Labor Relations Board	1,588	114	\$ 1,389,989	65	\$ 750,981	49	\$ 638,008	3.09%
National Science Foundation	1,480	159	\$ 1,629,950	82	\$ 695,902	77	\$ 934,048	5.20%
Office of Personnel Management	5,582	409	\$ 3,835,941	260	\$ 1,908,119	149	\$ 1,927,822	2.67%
Securities and Exchange Commission	4,135	215	\$ 2,527,948	122	\$ 1,291,058	93	\$ 1,236,890	2.25%
Small Business Administration	4,910	524	\$ 5,602,127	252	\$ 2,659,527	272	\$ 2,942,600	5.54%
Smithsonian Institution	4,898	562	\$ 3,861,099	234	\$ 1,611,743	328	\$ 2,249,356	6.70%
Social Security Administration	62,543	5,673	\$ 45,378,812	3,221	\$ 23,555,081	2,452	\$ 21,821,551	3.92%
Tennessee Valley Authority	12,612	685	\$ 5,941,793	323	\$ 2,891,486	342	\$ 3,050,307	2.71%
U.S. Agency for International Development	3,850	327	\$ 2,556,582	116	\$ 1,123,522	211	\$ 1,433,060	5.48%
U.S. Equal Employment Opportunity Commission	2,154	214	\$ 1,841,622	106	\$ 873,553	108	\$ 968,069	5.01%
U.S. Nuclear Regulatory Commission	3,849	169	\$ 1,248,186	93	\$ 696,033	76	\$ 553,153	1.97%
U.S. Postal Service	615,508	55,686	\$ 488,978,077	25,466	\$ 173,128,019	30,220	\$ 315,850,058	4.91%
<b>Medium Independent Agencies (100-999 employees)</b>								
Armed Forces Retirement Home	295	32	\$ 219,998	18	\$ 109,576	14	\$ 110,422	4.75%
Commodity Futures Trading Commission	685	25	\$ 253,510	11	\$ 149,208	14	\$ 104,302	2.04%
Consumer Product Safety Commission	524	39	\$ 242,993	24	\$ 197,460	15	\$ 45,533	2.86%
Corporation for National and Community Service	631	38	\$ 182,430	15	\$ 75,379	23	\$ 107,051	3.65%
Defense Nuclear Facilities Safety Board	X	X	X	X	X	X	X	X
Export-Import Bank of the United States	422	33	\$ 300,551	21	\$ 183,060	12	\$ 137,491	2.84%
Farm Credit Administration	281	13	\$ 68,079	8	\$ 44,273	5	\$ 21,806	1.78%
Federal Election Commission	338	27	\$ 159,237	14	\$ 137,447	13	\$ 21,790	3.85%
Federal Housing Finance Agency	749	45	\$ 545,027	26	\$ 267,599	19	\$ 277,428	2.54%
Federal Labor Relations Authority	122	8	\$ 14,083	4	\$ 14,075	4	\$ 8	3.28%
Federal Maritime Commission	120	19	\$ 155,916	18	\$ 116,399	3	\$ 39,517	2.50%
Federal Mediation and Conciliation Service	234	12	\$ 68,274	8	\$ 60,829	6	\$ 17,445	2.58%
Federal Retirement Thrift Investment Board	161	15	\$ 165,216	10	\$ 79,868	5	\$ 85,350	3.11%
Intl Boundary and Water Comm: U.S. and Mexico	244	12	\$ 75,323	6	\$ 49,822	6	\$ 25,501	2.46%
Ment Systems Protection Board	194	12	\$ 162,893	8	\$ 116,228	4	\$ 46,665	2.06%
Millennium Challenge Corporation	293	20	\$ 68,194	5	\$ 26,360	15	\$ 41,825	5.12%
National Endowment for the Arts	174	10	\$ 176,854	4	\$ 23,348	6	\$ 153,506	3.45%
National Endowment for the Humanities	X	X	X	X	X	X	X	X
National Transportation Safety Board	410	23	\$ 180,125	8	\$ 98,751	15	\$ 81,374	3.68%
Overseas Private Investment Corporation	235	20	\$ 176,160	14	\$ 97,899	6	\$ 78,261	2.55%
Peace Corps	894	45	\$ 223,233	19	\$ 185,484	28	\$ 37,749	2.91%
Pension Benefit Guaranty Corporation	963	107	\$ 862,780	69	\$ 650,848	38	\$ 211,932	3.95%
Presidio Trust	314	20	\$ 143,566	14	\$ 47,231	6	\$ 96,365	1.91%
Railroad Retirement Board	915	77	\$ 590,214	39	\$ 281,576	38	\$ 308,638	4.15%
Selective Service System	X	X	X	X	X	X	X	X

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance In Installment Agreement	Taxpayer Count	Balance Owed	
U.S. Holocaust Memorial Museum	177	20	\$ 145,883	8	\$ 52,697	12	\$ 93,186	6.78%
U.S. International Trade Commission	388	24	\$ 136,618	17	\$ 104,366	7	\$ 32,252	1.80%
U.S. Office of Special Counsel	112	8	\$ 10,881	6	\$ 9,310	2	\$ 1,371	1.79%
U.S. Tax Court	189	13	\$ 84,299	7	\$ 46,409	6	\$ 37,890	3.02%
<b>Small Independent Agencies (less than 100 employees)</b>								
American Battle Monuments Commission	X	X	X	X	X	X	X	X
Committee for Purchase from People Who Are Blind or Severely Disabled	X	X	X	X	X	X	X	X
Federal Mine Safety and Health Review Commission	X	X	X	X	X	X	X	X
Institute of Museum and Library Services	86	8	\$ 39,094	5	\$ 31,712	3	\$ 7,382	3.49%
Inter-American Foundation	X	X	X	X	X	X	X	X
Medicare Payment Advisory Commission	X	X	X	X	X	X	X	X
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	X	X	X	X	X	X	X	X
National Capital Planning Commission	X	X	X	X	X	X	X	X
National Council on Disability	X	X	X	X	X	X	X	X
National Mediation Board	X	X	X	X	X	X	X	X
Occupational Safety and Health Review Commission	X	X	X	X	X	X	X	X
Office of Navajo and Hopi Indian Relocation	X	X	X	X	X	X	X	X
United States Access Board (Architectural and Transportation Barriers Compliance Board)	X	X	X	X	X	X	X	X
U.S. Chemical Safety and Hazard Investigation Board	X	X	X	X	X	X	X	X
U.S. Commission on Civil Rights	X	X	X	X	X	X	X	X
U.S. Election Assistance Commission	X	X	X	X	X	X	X	X
U.S. Interagency Council on Homelessness	X	X	X	X	X	X	X	X
U.S. Office of Government Ethics	65	11	\$ 72,117	6	\$ 69,680	5	\$ 2,437	7.69%
U.S. Trade and Development Agency	X	X	X	X	X	X	X	X
Valles Caldera Trust	X	X	X	X	X	X	X	X
Other <sup>a</sup>		7,392	\$ 66,293,890	2,908	\$ 22,132,563	4,484	\$ 44,161,327	
<b>Total Civilians:</b>	<b>2,854,678</b>	<b>223,160</b>	<b>\$1,871,063,976</b>	<b>106,991</b>	<b>\$ 794,479,336</b>	<b>116,169</b>	<b>\$ 1,076,584,640</b>	<b>4.07%</b>
<b>Military</b>								
Active Duty Military	1,502,225	32,389	\$ 123,972,924	6,916	\$ 28,047,321	25,473	\$ 95,925,603	1.70%
Military Reserve/Guard	1,159,064	42,338	\$ 257,347,037	11,551	\$ 75,407,074	30,787	\$ 181,939,963	2.66%
<b>Retirees</b>								
Civilian Retired	1,997,381	87,747	\$ 832,660,741	35,254	\$ 275,669,562	52,493	\$ 556,991,179	2.63%
Military Retired	2,239,297	161,666	\$2,118,638,982	68,126	\$ 720,764,708	93,540	\$ 1,397,874,274	4.18%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts - Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Grand Total :	9,752,645	547,300	\$5,203,683,660	228,838	#####	318,462	\$ 3,309,315,850	3.27%

## Notes:

<sup>1</sup>Agencies with 25 or fewer employees are not shown on this report.

<sup>2</sup>Workforce data sources: U.S. Office of Personnel Management, Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM); Dept of Defense, Defense Manpower Data Center (DMDC); U.S. Postal Service.

<sup>3</sup>The Delinquency Rate is calculated by dividing the number of delinquent taxpayers by Workforce. Tax delinquency is defined as having a balance due and/or potential nonfiler account, excluding those accounts in installment agreement status. For small agencies, changes in the number of delinquent employees disproportionately affect the delinquency rate.

<sup>4</sup>Excludes Foreign Service employees.

<sup>5</sup>Executive Office of the President includes Ofc of Administration, Council of Environmental Quality, Ofc of Natl Drug Cntrl Policy, Ofc of Sci & Tech Policy, Ofc of US Trade Rep, Natl Security Council, Council of Econ Advisers, Ofc of Mgmt & Budget, Ofc of President, Ofc of Vice President, Exec Residence at White House, and Ofc of Policy Development.

<sup>6</sup>Includes employees of federal agencies that do not make human resources submissions to the U.S. Office of Personnel Management. Generally includes employees of legislative branch and security agencies. Is obtained through an annual match of internal W-2 records, where available.

<sup>7</sup>The total civilian workforce exceeds the sum of the agencies shown because agencies with 25 or less employees, or no delinquent employees, are included.

X= value<3; associated dollar values, totals and rates blurred.

Internal Revenue Service  
Federal Employee/Retiree Delinquency Initiative (FERDI)  
CIVILIAN / MILITARY / RETIREE DETAIL REPORT  
Sept. 30, 2014

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts ÷ Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Executive Departments								
Department of Agriculture	95,917	4,731	\$ 35,601,872	2,208	\$ 15,727,212	2,523	\$ 19,874,660	2.63%
Department of the Air Force	186,468	12,922	\$ 99,222,267	6,337	\$ 41,494,373	8,685	\$ 57,727,894	3.53%
Department of the Army	281,806	21,532	\$ 158,393,605	9,850	\$ 67,306,701	11,582	\$ 91,086,904	4.11%
Department of Commerce	45,380	3,073	\$ 34,260,020	1,424	\$ 13,180,897	1,649	\$ 21,099,129	3.63%
Department of Defense	138,747	10,675	\$ 83,376,859	5,239	\$ 36,780,110	5,436	\$ 46,616,749	3.92%
Department of Education	4,195	411	\$ 4,896,955	226	\$ 2,441,342	185	\$ 2,455,613	4.41%
Department of Energy	14,992	735	\$ 7,228,519	420	\$ 3,914,411	315	\$ 3,312,108	2.10%
Department of Health and Human Services	84,588	6,999	\$ 83,368,822	3,390	\$ 32,907,869	3,609	\$ 50,458,953	4.27%
Department of Homeland Security	189,341	14,245	\$ 106,509,764	8,214	\$ 58,588,276	8,031	\$ 47,921,488	3.19%
Department of Housing and Urban Development	8,444	914	\$ 11,685,517	514	\$ 4,878,268	400	\$ 7,007,249	4.74%
Department of the Interior	69,955	3,852	\$ 22,760,846	1,711	\$ 10,684,211	1,941	\$ 12,096,635	2.77%
Department of Justice	113,240	6,712	\$ 56,086,728	4,077	\$ 30,810,036	2,635	\$ 25,276,690	2.33%
Department of Labor	15,940	1,215	\$ 11,265,984	661	\$ 4,877,099	554	\$ 6,388,885	3.48%
Department of the Navy	238,997	17,079	\$ 134,266,930	8,550	\$ 61,943,251	8,529	\$ 72,323,679	3.57%
Department of State <sup>4</sup>	12,694	781	\$ 9,379,256	403	\$ 3,438,251	388	\$ 5,941,005	3.05%
Department of Transportation	54,776	3,195	\$ 38,167,212	1,766	\$ 17,607,315	1,429	\$ 18,559,897	2.61%
Department of the Treasury	105,452	3,091	\$ 20,789,944	1,838	\$ 10,781,873	1,253	\$ 10,008,071	1.19%
Department of Veterans Affairs	348,724	29,019	\$ 288,051,025	13,543	\$ 108,075,350	15,476	\$ 161,975,675	4.44%
Large Independent Agencies (1,000 or more employees)								
Broadcasting Board of Governors	1,571	139	\$ 1,473,181	91	\$ 1,087,290	48	\$ 385,891	3.06%
Consumer Financial Protection Bureau	1,407	90	\$ 827,131	49	\$ 337,548	41	\$ 489,583	2.91%
Court Services and Offender Supervision Agency	1,181	237	\$ 2,115,253	153	\$ 1,309,014	84	\$ 806,239	7.11%
Environmental Protection Agency	15,852	925	\$ 10,330,397	494	\$ 4,328,518	431	\$ 6,003,881	2.72%
Executive Office of the President <sup>5</sup>	1,771	92	\$ 873,882	47	\$ 414,180	45	\$ 459,692	2.54%
Federal Communications Commission	1,728	147	\$ 3,962,590	82	\$ 941,668	65	\$ 3,020,922	3.78%
Federal Deposit Insurance Corporation	6,674	330	\$ 4,006,075	195	\$ 1,885,774	135	\$ 2,120,301	1.96%
Federal Reserve System - Board of Governors	2,657	213	\$ 3,037,937	102	\$ 1,200,199	111	\$ 1,837,738	4.18%
Federal Trade Commission	1,161	87	\$ 608,993	39	\$ 346,348	28	\$ 162,645	2.41%
General Services Administration	11,501	948	\$ 10,697,962	500	\$ 4,851,216	448	\$ 5,846,746	3.90%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts ÷ Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Government Accountability Office	3,191	147	\$ 1,377,444	64	\$ 597,934	83	\$ 779,510	2.80%
Government Printing Office	1,832	303	\$ 3,864,837	164	\$ 1,443,818	139	\$ 2,220,819	7.59%
National Aeronautics and Space Administration	17,691	704	\$ 8,226,800	360	\$ 3,671,649	344	\$ 4,555,151	1.94%
National Archives and Records Administration	3,045	210	\$ 1,243,878	97	\$ 537,465	113	\$ 706,413	3.71%
National Credit Union Administration	1,226	59	\$ 538,202	34	\$ 336,583	25	\$ 201,619	2.04%
National Labor Relations Board	1,588	117	\$ 1,108,017	71	\$ 603,856	46	\$ 504,161	2.90%
National Science Foundation	1,425	140	\$ 1,509,907	83	\$ 873,568	57	\$ 636,339	4.00%
Office of Personnel Management	4,977	340	\$ 3,578,774	198	\$ 1,634,267	142	\$ 1,942,507	2.85%
Peace Corps	1,001	42	\$ 154,172	19	\$ 110,104	23	\$ 44,068	2.30%
Securities and Exchange Commission	4,207	218	\$ 2,400,184	127	\$ 1,400,379	91	\$ 999,805	2.16%
Small Business Administration	4,549	515	\$ 7,541,578	284	\$ 2,771,758	251	\$ 4,769,820	5.52%
Smithsonian Institution	4,650	524	\$ 4,087,156	243	\$ 1,715,613	281	\$ 2,371,543	6.04%
Social Security Administration	64,684	5,836	\$ 50,799,308	3,320	\$ 24,689,391	2,518	\$ 26,109,917	3.89%
Tennessee Valley Authority	11,542	604	\$ 5,557,241	284	\$ 2,705,408	320	\$ 2,851,833	2.77%
U.S. Agency for International Development	3,804	299	\$ 2,711,448	121	\$ 1,184,139	178	\$ 1,547,307	4.68%
U.S. Equal Employment Opportunity Commission	2,217	210	\$ 1,751,681	117	\$ 907,129	93	\$ 847,752	4.19%
U.S. Nuclear Regulatory Commission	3,871	162	\$ 1,643,424	86	\$ 762,484	76	\$ 880,930	1.96%
U.S. Postal Service	615,352	55,884	\$ 514,245,171	24,901	\$ 169,314,124	30,983	\$ 344,931,047	5.04%
<b>Medium Independent Agencies (100-999 employees)</b>								
Armed Forces Retirement Home	291	38	\$ 221,632	18	\$ 140,580	20	\$ 81,042	6.87%
Commodity Futures Trading Commission	658	33	\$ 358,446	14	\$ 207,971	19	\$ 150,475	2.90%
Consumer Product Safety Commission	527	33	\$ 296,104	18	\$ 161,472	15	\$ 134,632	2.85%
Corporation for National and Community Service	660	39	\$ 209,428	26	\$ 124,877	13	\$ 84,551	1.97%
Defense Nuclear Facilities Safety Board	105	6	\$ 30,940	4	\$ 30,931	2	\$ 9	1.90%
Export-Import Bank of the United States	424	33	\$ 338,386	24	\$ 207,645	9	\$ 130,741	2.12%
Farm Credit Administration	X	X	X	X	X	X	X	X
Federal Election Commission	329	22	\$ 173,738	15	\$ 160,310	7	\$ 13,428	2.13%
Federal Housing Finance Agency	735	51	\$ 354,021	33	\$ 218,423	18	\$ 135,598	2.45%
Federal Labor Relations Authority	141	9	\$ 35,497	6	\$ 34,628	3	\$ 869	2.13%
Federal Maritime Commission	111	15	\$ 99,998	9	\$ 50,804	6	\$ 49,382	5.41%
Federal Mediation and Conciliation Service	226	17	\$ 70,061	7	\$ 44,241	10	\$ 25,820	4.42%
Federal Retirement Thrift Investment Board	194	22	\$ 220,749	15	\$ 82,502	7	\$ 138,247	3.61%
Int'l Boundary and Water Comm: U.S. and Mexico	237	11	\$ 87,967	7	\$ 47,522	4	\$ 40,445	1.69%
Merit Systems Protection Board	218	8	\$ 148,496	4	\$ 35,299	4	\$ 113,197	1.83%
Millennium Challenge Corporation	286	14	\$ 119,650	7	\$ 56,202	7	\$ 63,448	2.45%
National Endowment for the Arts	163	8	\$ 175,412	3	\$ 8,503	5	\$ 166,909	3.07%

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts + Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
National Endowment for the Humanities	182	15	\$ 109,241	7	\$ 62,848	8	\$ 46,393	4.40%
National Transportation Safety Board	416	16	\$ 177,818	8	\$ 99,391	8	\$ 78,427	1.92%
Overseas Private Investment Corporation	238	16	\$ 161,093	9	\$ 67,897	7	\$ 93,196	2.94%
Pension Benefit Guaranty Corporation	988	116	\$ 1,078,458	68	\$ 686,989	48	\$ 391,457	4.96%
Presidio Trust	313	14	\$ 176,419	6	\$ 27,431	8	\$ 148,988	2.56%
Railroad Retirement Board	917	77	\$ 508,003	50	\$ 340,311	27	\$ 167,692	2.94%
Selective Service System	X	X	X	X	X	X	X	X
U.S. Holocaust Memorial Museum	172	12	\$ 348,664	7	\$ 68,038	5	\$ 280,626	2.91%
U.S. International Trade Commission	401	28	\$ 163,263	18	\$ 122,244	10	\$ 41,019	2.49%
U.S. Tax Court	X	X	X	X	X	X	X	X
<b>Small Independent Agencies (less than 100 employees)</b>								
Advisory Council on Historic Preservation	X	X	X	X	X	X	X	X
American Battle Monuments Commission	X	X	X	X	X	X	X	X
Committee for Purchase from People Who Are Blind or Severely Disabled	X	X	X	X	X	X	X	X
Federal Mine Safety and Health Review Commission	84	8	\$ 37,812	5	\$ 28,653	3	\$ 9,159	3.57%
Institute of Museum and Library Services	92	8	\$ 23,283	4	\$ 17,473	4	\$ 5,810	4.35%
Inter-American Foundation	X	X	X	X	X	X	X	X
Medicare Payment Advisory Commission	X	X	X	X	X	X	X	X
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	X	X	X	X	X	X	X	X
National Capital Planning Commission	X	X	X	X	X	X	X	X
National Council on Disability	X	X	X	X	X	X	X	X
National Mediation Board	44	8	\$ 83,147	5	\$ 38,309	3	\$ 44,838	6.82%
Occupational Safety and Health Review Commission	X	X	X	X	X	X	X	X
Office of Navajo and Hopi Indian Relocation	X	X	X	X	X	X	X	X
United States Access Board (Architectural and Transportation Barriers Compliance)	X	X	X	X	X	X	X	X
U.S. African Development Foundation	X	X	X	X	X	X	X	X
U.S. Commission on Civil Rights	X	X	X	X	X	X	X	X
U.S. Election Assistance Commission	X	X	X	X	X	X	X	X
U.S. Interagency Council on Homelessness	X	X	X	X	X	X	X	X
U.S. Office of Government Ethics	X	X	X	X	X	X	X	X
U.S. Trade and Development Agency	X	X	X	X	X	X	X	X
Valles Caldera Trust	X	X	X	X	X	X	X	X

Dept/Agency/Category <sup>1</sup>	Workforce <sup>2</sup>	All Accounts		Installment Agreement Accounts		Unresolved Accounts (All Accounts - Installment Agreement Accounts)		Delinquency Rate <sup>3</sup> (Unresolved Accounts ÷ Workforce)
		Taxpayer Count	Balance Owed	Taxpayer Count	Balance in Installment Agreement	Taxpayer Count	Balance Owed	
Other <sup>6</sup>		7,123	\$ 62,135,097	2,870	\$ 22,389,513	4,253	\$ 39,765,584	
Legislative and Judicial								
U.S. House of Representatives	9,935	819	\$ 9,916,390	318	\$ 3,201,538	501	\$ 8,714,852	5.04%
U.S. Senate	6,418	389	\$ 3,398,843	145	\$ 1,311,281	224	\$ 2,087,582	3.48%
Administrative Office of the U.S. Courts	33,766	1,726	\$ 19,039,825	950	\$ 7,214,448	776	\$ 11,825,378	2.30%
Total Civilians: <sup>7</sup>	2,851,010	221,316	\$1,934,562,388	107,511	\$ 792,939,787	113,805	#####	3.99%
Military								
Active Duty Military	1,457,110	27,444	\$ 85,023,137	8,836	\$ 27,709,929	20,808	\$ 57,313,208	1.41%
Military Reserve/Guard	1,147,693	39,477	\$ 234,861,561	11,727	\$ 69,965,300	27,750	\$ 164,896,261	2.42%
Retirees								
Civilian Retired	2,029,508	87,178	\$ 895,476,618	36,353	\$ 292,777,746	50,825	\$ 602,698,872	2.50%
Military Retired	2,271,332	157,384	\$2,265,444,747	65,687	\$ 692,772,229	91,677	#####	4.04%
Grand Total :	9,756,653	532,779	\$5,415,368,451	228,114	#####	304,685	#####	3.12%

## Notes:

<sup>1</sup>Agencies with 25 or fewer employees are not shown on this report.<sup>2</sup>Workforce data sources: U.S. Office of Personnel Management, Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM); Dept of Defense, Defense Manpower Data Center (DMDC); U.S. Postal Service.<sup>3</sup>The Delinquency Rate is calculated by dividing the number of delinquent taxpayers by Workforce. Tax delinquency is defined as having a balance due and/or potential nonfiler account, excluding those accounts in installment agreement status. For small agencies, changes in the number of delinquent employees disproportionately affect the delinquency rate.<sup>4</sup>Excludes Foreign Service employees.<sup>5</sup>Executive Office of the President includes Ofc of Administration, Council of Environmental Quality, Ofc of Natl Drug Ctrl Policy, Ofc of Sci & Tech Policy, Ofc of US Trade Rep, Natl Security Council, Council of Econ Advisers, Ofc of Mgmt & Budget, Ofc of President, Ofc of Vice President, Exec Residence at White House, and Ofc of Policy Development.<sup>6</sup>Includes employees of federal agencies that do not make human resources submissions to the U.S. Office of Personnel Management. Generally includes employees of legislative branch and security agencies. is obtained through an annual match of internal W-2 records, where available.<sup>7</sup>The total civilian workforce exceeds the sum of the agencies shown because agencies with 25 or less employees, or no delinquent employees, are included.

X= value&lt;3; associated dollar values, totals and rates blurred.



Draft: 2/20/15

**Review of the Internal Revenue Service's Process to Address Violations of Tax Law by Its Own Employees**

**IRS Statement:**

Employee tax compliance is a key foundation of the public's trust in the IRS, and we are committed to maintaining an effective process to address those employees who fail to meet their tax compliance responsibilities.

As TIGTA noted, Section 1203(c)(1) of the Restructuring and Reform Act of 1998 grants the Commissioner the "sole discretion" to mitigate a penalty of termination for Section 1203 offenses. However, it is important to note that TIGTA reviewed records for cases closed in Fiscal Years 2004 through 2013, a period prior to the term of the current IRS Commissioner.

The IRS emphasizes it holds its employees to high standards. For example, on tax compliance, more than 99 percent IRS employees file and pay their taxes timely – the highest rate across government and the general taxpayer population.

While some of these issues reflect the complexity of the law, it's important to remember that not everyone hired at the IRS is a tax expert; some work in non-tax specific areas in occupations ranging from IT programmers, administrative professionals to human capital specialists. Some of these issues reflect the complexity of the law.

The IRS agrees with TIGTA's recommendation and will amend our existing policy on how Section 1203(b) cases are handled. Our changes will include a more proactive approach to ensure timeliness and consistency, where appropriate, and provide more transparency in the mitigation process while ensuring we do not interfere with the Commissioner's authority or damage the integrity of the 1203 adjudication process.



HUMAN CAPITAL OFFICE

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

February 17, 2015

MEMORANDUM FOR MICHAEL E. MCKENNEY  
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Daniel T. Riordan *Daniel T. Riordan*  
IRS Human Capital Officer

SUBJECT: Draft Audit Report – Review of the Internal Revenue Service's  
Process to Address Violations of Tax Law by Its Own Employees  
(Audit Number 201410005)

I am responding on behalf of Commissioner Koskinen to your revised draft report entitled *Review of the Internal Revenue Service's Process to Address Violations of Tax Law by Its Own Employees* (Audit Number 201410005), dated December 22, 2014. Thank you for the opportunity to review your revisions. Employee tax compliance is a key foundation of the public's trust in the IRS, and we are committed to maintaining an effective process to address those employees who fail to meet their tax compliance responsibilities. The IRS ranks at the top of all federal agencies for tax compliance, as reported by the Federal Employee/Retiree Delinquency Initiative in September 2013.

Section 1203 of the Restructuring and Reform Act of 1998 (RRA '98) states that, for certain offenses, including the willful failure to file a tax return and the willful understatement of a Federal tax liability, IRS employees shall be terminated unless the IRS Commissioner makes a decision to mitigate the penalty of termination. As you noted in your draft report, RRA '98 Section 1203(c)(1) grants the Commissioner the "sole discretion" to mitigate a penalty of termination for Section 1203 offenses. Accordingly, the statute does not permit additional requirements or limitations on the exercise of that authority.

The authority under Section 1203(c)(2) also grants the Commissioner sole discretion to establish a procedure used to determine which cases would be referred to the Commissioner for a mitigation determination. The Commissioner exercised this authority when he established the Section 1203 Review Board to assist in the mitigation process.

In June 2014, the Section 1203 Review Board modified the guidelines regarding referrals to the Commissioner. The Board remains committed to ensuring that each employee warrants and receives consideration of his or her specific, individual mitigating factors. The Board clarified the significance of an employee's mitigating factors during its review and excluded from the Board's consideration process information pertaining to prior recommendations for like or similar cases.

The RRA '98 Section 1203(c) statute gave the Commissioner sole discretion to make this decision and made the Commissioner's decision not subject to appeal. The only appealable action in a Section 1203 decision is whether the agency correctly interpreted the employee's actions as willful and, as part of the appeal process, the third-party reviews the management's "analysis of evidence."

While our current procedures include the documentation of how management determined whether the employee's actions were willful violations of a Section 1203(b) provision, the Commissioner does not revisit that issue in the course of deciding whether to mitigate.

Although we currently document the mitigating factors specific to the employee and the decision whether to mitigate a termination to a lesser penalty, we agree that we can improve this process.

We, therefore, agree with your recommendation and will amend our existing policy on how Section 1203(b) cases are handled. Our changes will include a more proactive approach to ensure timeliness and consistency, where appropriate, and provide more transparency in the mitigation process while ensuring we do not interfere with the Commissioner's authority or damage the integrity of the 1203 adjudication process.

Attached is a detailed response outlining the corrective action that we will take to address your recommendation. If you have any questions, please contact me at (202) 317-7600, or a member of your staff may contact Lia Colbert, Director, Workforce Relations Division, at (202) 317-4390.

Attachment

**RECOMMENDATION 1:**

The IRS Human Capital Office amend existing policy on how Section 1203(b) cases are to be handled to include a requirement to document the analysis of evidence and basis for the decision on whether or not to mitigate the penalties to something less than termination.

**CORRECTIVE ACTIONS:**

We agree with this recommendation. We will amend our existing policy on how Section 1203(b) cases are to be handled. In reviewing our current policy and procedures, we determined that a more proactive approach is necessary to ensure more timely actions and more consistency with determinations about employees' intentions and whether Section 1203 tax provisions were violated. As such, we are taking the following corrective actions:

- Reinstated the consultation process between the Labor Relations Specialist (LRS) and the 1203 Subject Matter Experts in the Workforce Relations Division. This will ensure more consistent and timely processing.
- Ensure each case file provides management with the complete guidance and information about the meaning of willful and intentional, including the factors to consider in that determination.
- Require the LRS to work more closely with management during the assessment and determination about the employee's intentions and whether a Section 1203(b) provision was violated.
- Ensure that both management and the LRS are aware that, if there is a difference of opinion concerning a willful determination, they may request an opinion from IRS General Council's General Legal Services (GLS).
- Review the existing procedures to document the analysis of evidence and basis for decision, and consult with GLS on potential improvements to increase the transparency of the mitigation process while ensuring we do not interfere with the statutory authority or damage the integrity of the 1203 adjudication process.

**IMPLEMENTATION DATE:** October 31, 2015

**RESPONSIBLE OFFICIAL(S):**

Chief Human Capital Officer and Director, Workforce Relations Division

**CORRECTIVE ACTION(S) MONITORING PLAN:**

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES), monitor progress towards completion on a monthly basis, and upload supporting documentation into JAMES with Forms 13872 *Planned Corrective Action (PCA) Status Update for TIGTA/GAO/MW/SD/TAS/REM*.

**U.S. House of Representatives  
Committee on Ways & Means**

**Majority Staff Report**



**Doing Less With Less: IRS's Spending Decisions Harm  
Taxpayers**

114<sup>th</sup> Congress

April 22, 2015

During the 2015 tax -filing season, the IRS provided what its own Commissioner described as “abysmal” customer service, blaming skyrocketing wait times for telephone and in-person assistance on agency budget cuts. The IRS even called budget cuts “a tax cut for tax cheats.” But a close review of the agency’s spending shows the IRS deliberately cut \$134 million in funding for customer service to pay for other activities. Spending decisions entirely under the IRS’s control led to 16 million fewer taxpayers receiving IRS assistance this filing season. Other spending choices, including prioritizing employee bonuses and union activity on the taxpayer’s dime, used up resources that otherwise could have been used to assist another 10 million taxpayers.

The IRS’s spending choices and mismanagement of resources raise serious questions about the nature and extent of the agency’s self-described budget crisis and its commitment to serving the taxpayer.

## I. Background

In the last few years, the IRS has faced budget cuts. Congress made these cuts in part to lower unsustainably high federal spending, but also in response to waste and misconduct at the IRS. The IRS was spending nearly \$50 million on extravagant conferences for its employees. One conference alone cost taxpayers \$4.1 million.<sup>1</sup> In addition, the IRS spent millions of dollars on “training videos” that contained little or no educational content. One training video, parodying *Star Trek*, cost \$60,000 to produce.<sup>2</sup> In total, the IRS estimated it spent \$5 million per year on educational videos.<sup>3</sup>

Meanwhile, in May 2013, it was revealed that the IRS was targeting organizations applying for tax-exempt status solely because of their names and policy positions.<sup>4</sup> According to an audit conducted by the Treasury Inspector General for Tax Administration (TIGTA), targeted groups were subject to extraordinary delays and intrusive questioning, including wholly inappropriate demands for donor lists. An internal IRS document discovered in the course of the House Ways and Means Committee’s investigation revealed that the IRS flagged groups for special scrutiny if their case files included any of the following: the name “tea party” or “patriot,” references to issues such as “government debt or taxes,” or criticism of “how the country is being run.”<sup>5</sup>

As a result of the IRS’s blatant misconduct, Congress significantly reduced the agency’s budget. Since its funding peak in 2010, the IRS’s budget has been cut by \$1.2 billion. The intent of these cuts was to force the IRS to manage its resources more effectively and immediately stop inappropriate activities. House Financial Services and General Government Appropriations Subcommittee Chairman Ander Crenshaw told the IRS that Congress “deliberately lowered IRS funding to a level that will make the IRS think twice about what you’re doing and why you’re doing it.”<sup>6</sup>

But the agency’s response has been less than reassuring.

The IRS collects nearly \$500 million in user fees each year that it can spend (and raise) without congressional approval, and the agency has broad flexibility to allocate that funding as it sees fit. Typically, a significant share of those user fees is dedicated to customer service activities. Yet, this year, the agency decided to make drastic cuts to taxpayer assistance. Instead of prioritizing customer service or boosting its enforcement budget, the IRS spent the bulk of its user-fee receipts on other priorities. As Commissioner John Koskinen announced to IRS employees in January 2015, the IRS is doing “less with less.”<sup>7</sup> This, despite the fact that appropriations for assistance were constant from fiscal year 2014 to 2015.<sup>8</sup>

Commissioner Koskinen’s announcement to employees specifically outlined the results of the IRS’s budget allocations, noting that “the effect of these cuts will hurt taxpayers.”<sup>9</sup> In response to questions about customer service at the IRS for the 2015 filing season, the commissioner said, “It’s abysmal.”<sup>10</sup> The commissioner has also called the budget cuts “a tax cut for tax cheats.”<sup>11</sup> For fiscal year 2015, the IRS has said publicly it will conduct 46,000 fewer audits. Additionally, IRS enforcement agents in Dallas, Texas reported that they would not audit anyone who owed less than \$1 million in taxes. According to the supervisory revenue officer for Dallas, if a person owed \$900,000, “I have to say, sorry, we can’t get that money.”<sup>12</sup> These decisions will result in “at least \$2 billion in revenue that otherwise would have been collected.”<sup>13</sup> The reasoning behind these public announcements is hard to understand; it is like a sheriff announcing that anyone driving under 85 miles per hour would not be pulled over.

And while the IRS has been cutting services, it has continued to hand out bonuses, allow staff to conduct union activities on the taxpayer’s dime, and failed to collect delinquent debt owed by federal employees. The agency has also refused to use its existing authority to use third-party debt collectors to increase revenue, even though it would recover billions of dollars for the agency. What the agency has done is spend over \$1.2 billion on the President’s health care law to date, with a planned expenditure this year of an additional \$500 million.

The Committee on Ways and Means has identified numerous areas where the IRS could, with the stroke of a pen, save money, reduce waste, and improve customer service. In addition, the Committee has reviewed ACA spending’s impact on the IRS’s budget, which is diverting resources away from the agency’s core mission. This report highlights areas of waste and inefficiency at the IRS, as well as the agency’s repeated failure to use resources already available to execute its core mission.

## II. IRS Deliberately Cut Spending for Customer Service

The IRS’s congressionally allocated budget for taxpayer assistance remained flat from fiscal year 2014 to 2015. Nevertheless, the level of service, especially for over-the-phone customer service, decreased drastically. In January 2015, the IRS commissioner estimated that taxpayer service would decline while delays in tax refunds would increase.<sup>14</sup> While the IRS commissioner has blamed this solely on budget cuts, in reality the IRS deliberately diverted resources away from taxpayer services.



### IRS's Allocation of Its User-Fee Account

The IRS assesses and collects user fees on requests for letter rulings, opinion letters, determination letters, and advisory letters, among other things under the jurisdiction of the agency.<sup>15</sup> The IRS has authority to allocate money from the user-fee account as the agency sees fit.<sup>16</sup> In response to budget cuts, the amount of user fees reallocated to other IRS spending accounts has increased from \$310 million in 2011 to \$481 in fiscal year 2015. Historically, the user-fee account has primarily supported taxpayer services. In fiscal year 2014, the IRS spent \$183 million in user fees on taxpayer services, 44 percent of the user-fee account. In fiscal year 2015, however, the IRS plans to spend only \$49 million on taxpayer services, or 10 percent of the user-fee account. This decision amounts to a 73 percent reduction in user fees allocated to customer service, and a 6 percent decrease in total funding for taxpayer assistance.

The chart below illustrates the IRS's allocation of user fees:

**User-Fee Allocation by IRS Account, Fiscal Year 2011 – 2016 (Dollars in Millions)**

Appropriation account	Fiscal year					
	2011	2012	2013	2014	2015 (planned)	2016 (estimated)
Taxpayer Services	\$129	\$174	\$190	\$183	\$49	\$56
Operations Support	79	132	183	218	411	379
Business-Systems Modernization	89	-	-	-	-	-
Enforcement	13	20	20	15	21	16
Total	\$310	\$326	\$394	\$416	\$481	\$451

Source: President's budget from fiscal year 2013 through 2016 and IRS data.

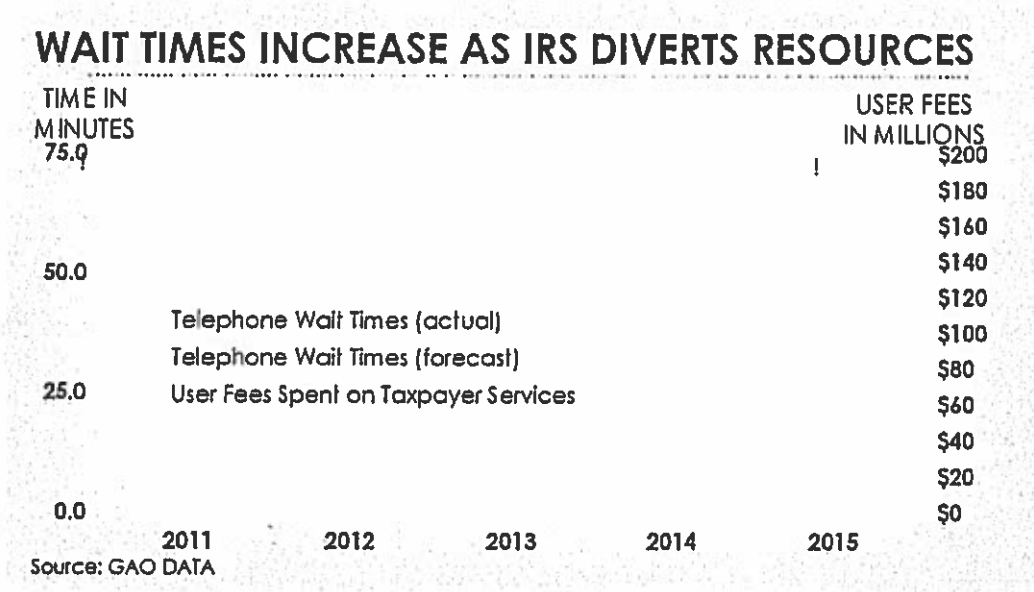
### Shift from Telephone Assistance to Correspondence

The agency also shifted staff in customer service to focus on answering written correspondence instead of telephone calls, even though the amount of calls the IRS received almost doubled from 2014 to 2015. According to the Government Accountability Office (GAO), this decision contributed to the decline in level of service, and leaves taxpayers with "little choice but to send correspondence to the IRS or visit a walk-in site, potentially increasing IRS's costs."<sup>17</sup>

As of the first week of February 2015, the total number of calls the IRS received, including busy and disconnected calls, was 11.6 million, an increase of 300,000 calls from the same time in 2014.<sup>18</sup> The increase was due in part to questions about the ACA, which led to 214,000 calls as of mid-February 2015.<sup>19</sup> The IRS estimated that for filing season 2015, it would receive 48.8 million calls seeking live assistance, but only answer 16.8 million. This would leave 32 million taxpayer calls unanswered.<sup>20</sup>

At the same time the amount of calls was increasing, telephone level of service—that is, the percentage of callers who received assistance—steeply decreased from 64 percent to 48.6 percent. Wait times increased from 18.7 minutes to 34.4 minutes, and the amount of calls that were actually answered decreased from 6.6 million to 5.3 million, a decrease of 1.3 million taxpayer calls.<sup>21</sup>

By April 8, 2015, the IRS estimated the share of callers who received assistance was below 40 percent.<sup>22</sup> IRS also reported that the number of “courtesy disconnects” —when the call system automatically hangs up on the caller at the beginning of the call because the wait time would be too long —was 5 million as of April 7, 2015.<sup>23</sup> As the following graphic demonstrates, based on GAO data, there is a direct correlation between wait time and the amount of user fees dedicated to taxpayer services.



**III. IRS Is Neglecting \$200 Million in Available Resources**

The IRS and the National Treasury Employees Union (NTEU), which represents IRS employees, have sought to raise awareness of IRS budget cuts in recent years. But the agency has done little to take advantage of many areas where it could increase its operational resources by better allocating funding or increasing revenues. Unfortunately, the agency continues to refuse to manage its resources more effectively or take advantage of existing authority. The Committee has identified several ways the IRS could not only improve its effectiveness, but also increase its operational budget.

**Performance Bonuses for Employees**

Despite budget cuts and revelations of misconduct, the IRS continues to give its employees billions of dollars in performance awards. This is in direct violation of guidance from the Office of Management and Budget (OMB). In response to the Budget Control Act, OMB issued memoranda recommending greater scrutiny of bonuses awarded in fiscal year 2013 and that no bonuses should be given to employees unless required by law.<sup>24</sup> Additional guidance from OMB issued in 2014 prohibited any bonuses in excess of 1 percent for non-Senior Executive Service employees.<sup>25</sup>

In July 2013, the then-acting commissioner of the IRS, Daniel Werfel, wrote to Congress , “It is my intent that no awards be paid to any IRS employee for performance in 2013 due to the current sequestration reductions.”<sup>26</sup> The decision would have saved the IRS \$70 million and eliminated two furlough days the agency had planned for fiscal year 2013. In response to Mr. Werfel’s announcement , NTEU filed a national grievance to require bonuses of 1.75 percent.<sup>27</sup> In September 2013, a third -party mediator upheld the IRS’s decision to cancel bonuses. An arbitrator was set to resolve the grievance in spring 2014.<sup>28</sup>

Although the agency was winning the dispute with NTEU, Commissioner Koskinen decided to reinstate bonuses only weeks after he was appointed as head of the IRS. For fiscal year 2013, the IRS paid out \$62.5 million in bonuses.<sup>29</sup> After the bonuses were awarded, TIGTA released a report showing that in previous years, the IRS paid out more than \$2.8 million in bonuses to employees with “recent substantiated conduct issues resulting in disciplinary action.”<sup>30</sup>

In November 2014, despite another round of budget cuts at the IRS, Commissioner Koskinen announced that employees would also receive bonuses for fiscal year 2014, at the same level as fiscal year 2013. The only change was that, unlike in past years, employees with substantiated conduct issues would not be eligible for bonuses. As a result, the total cost of the bonuses was slightly less than that for fiscal year 2013. The decision still cost taxpayers another \$60 million, at a time when the IRS did not yet know what its budget would be for fiscal year 2015.<sup>31</sup>

#### Union Activity

Despite the IRS’s fiscal constraints, the IRS has continued to allow employees to spend hundreds of thousands of hours conducting union activities while at work. Under the Civil Service Reform Act of 1978, federal employees may, subject to union -agency agreement, engage in certain union activities while being paid by taxpayers for their time. In April 2013, the Committee wrote to the IRS after the agency announced it planned to furlough employees for five to seven days, while allowing employees to attend union conferences on the taxpayer’s dime. The Committee requested the amount of time and money spent on union time.<sup>32</sup>

In response, the IRS reported that employees used 521,725 hours for union activity in fiscal year 2013, which accounted for an estimated \$23.5 million in salary and benefits expenses. In fiscal year 2014, the IRS recorded 491,948 hours of union time, and another \$23.5 million in salary and benefits expenses. In that same fiscal year , there were 36 IRS agents who devoted 50 percent or more of their time at work to union activities instead of performing official duties. For the first quarter of fiscal year 2015, the IRS reported 113,294 hours of union time.

In September 2014, the Committee again asked the IRS about union time after uncovering a 2011 email during its investigation of the IRS improperly targeting applicants for exempt status. The email, from Lois Lerner to colleagues, illustrated the extent that union activity detracts from employee responsibilities. In it, Lerner noted that

she “learned that [an] employee who is assigned to a special project has spent most of the last year doing nothing and reporting to her manager and on timesheets that she has been working on the project full time.”<sup>33</sup> Lerner then added that “we can’t do anything” about the employee, and though other colleagues advised firing the employee, Lerner only lowered the employee’s performance rating in order to avoid conflict with NTEU.<sup>34</sup>

Since 2011, the IRS has cut the amount of official time hours by 16.7 percent. This reduction in union time raises questions about why the IRS has not decreased it even further. Based on best available data, about 88 percent of union time is spent on “general labor management relations,”<sup>35</sup> which is activity not required by law and therefore subject to negotiation with the agency. Eliminating discretionary union time could save the IRS \$20.7 million per year, and free up employees to offer assistance to taxpayers.<sup>36</sup> To give a sense of how much capacity is lost to union activity, the average time that an IRS employee spends with a taxpayer seeking assistance by telephone is 13 minutes.<sup>37</sup> Even if the average call time were rounded up to 15 minutes to allow for recordkeeping responsibilities, the amount of resources spent on discretionary union activity could have assisted nearly 2.5 million taxpayers.

#### Third-Party Debt Collection

The IRS has the authority to hire third-party private debt-collection agencies to help recover taxes owed to the government. In 2004, Congress created the Private Debt Collection program as part of the American Jobs Creation Act.<sup>38</sup> The law not only enabled the IRS to use third-party debt collectors, but allowed the IRS to keep up to 25 percent of the funds recovered to complement the agency’s enforcement budget. The debt collectors could also receive up to 25 percent, and the remaining 50 percent would be returned to the Department of the Treasury.

At the time the law was passed, the IRS had an inventory of \$120 billion in known unpaid taxes estimated to have collection potential, and the inventory was continuing to grow 3 to 4 percent each year.<sup>39</sup> In response to the growing amount of delinquent tax debt, Congress—at the recommendation of the Department of the Treasury—authorized the IRS to use private debt collectors for simple cases. This would not only allow the IRS to collect more debt, but it would free up the IRS collection staff to work on more complex cases.<sup>40</sup> It was also projected to result in significant revenue for both the federal government and the IRS.

In September 2006, the IRS implemented a pilot program using private debt collectors. The pilot was conducted for two and a half years and focused on debt that the IRS was not previously pursuing because it was considered “low priority.” Low-priority cases included debts with small-dollar amounts, old debt, and cases where the IRS could not establish contact or locate the debtors. In the two and a half years of the program, the IRS collected \$98.2 million in revenue that otherwise would not have been recovered from these low-priority categories.

Despite the program's success, the IRS chose to terminate it in 2009. The IRS based its decision on a flawed cost-effectiveness study conducted by the agency and released in March 2009. The study compared private debt collectors to the IRS's in-house Automated Collection System (ACS), and concluded that the cost per dollar of collecting debt was cheaper through ACS. According to the IRS, the cost per dollar was \$0.07 for ACS, and \$0.24 for private debt collectors. However, this comparison is misleading because the IRS had not been trying to collect that debt prior to the pilot. In addition, when the IRS measured taxpayer satisfaction, the private debt collectors received a higher rating than the IRS, 96 percent to 92 percent respectively.<sup>41</sup>

GAO raised red flags with both the IRS's study and its decision to cancel the program. In September 2010, GAO reported that the IRS's study "was not soundly designed to support its decision on whether to continue contracting out debt collection." In addition, though "the study was not originally intended or designed as primary support for the decision [to cancel the program], IRS officials nonetheless used it as such."<sup>42</sup> Senator Charles Grassley, a supporter of the debt-collection program, concluded that the IRS "cooked the books to get the result it wanted."<sup>43</sup>

TIGTA also criticized the IRS's cancellation of the private debt-collection program. In a 2011 review, TIGTA concluded:

It is clear that the Federal Government benefited from PCAs [private collection agencies] working these lower priority cases. Although IRS management believes its employees are more cost effective than the PCAs at collecting the outstanding balances on these accounts, this point is only valid if the IRS uses its resources to work these cases . . . . However . . . our audit results show that the IRS has been unable to work many of these cases.<sup>44</sup>

Despite TIGTA's and GAO's conclusions, the IRS has refused to revisit the use of private debt collectors.

In February 2014, the Committee on Ways and Means, under then -Chairman David Camp, released a discussion draft of comprehensive tax-reform legislation. The draft included a provision that would *require* the IRS to contract with third-party debt collectors, unlike the 2004 law that only gave the IRS the option to contract with them. The Joint Committee on Taxation estimated the provision would increase revenues by \$4.4 billion over ten years. Of that, up to \$1.1 billion would go to the debt collectors, and \$2.2 billion would be returned to the Treasury. The IRS would be able to keep \$1.1 billion for enforcement activities, or \$110 million per year.<sup>45</sup> In other words, if the IRS used its existing authority to contract with private debt collectors it could increase its own enforcement budget by more than \$100 million every year.

#### IV. ACA Implementation Is a Significant Burden on IRS Budget

In April 2015, IRS Commissioner Koskinen pronounced the IRS's implementation of the ACA a success, saying, "The system has worked flawlessly."<sup>46</sup> However, the IRS

achieved this supposed success by prioritizing ACA implementation over other activities, including core responsibilities like taxpayer assistance.

To date, the IRS has spent over \$1.2 billion on implementation of the ACA. In fiscal year 2014, the IRS spent \$386.6 million on the ACA, including \$12.1 million from the taxpayer-services account and \$185.7 million from its user-fee account (as mentioned above, historically the user-fee account has been used primarily for taxpayer assistance). In fiscal year 2015, which began October 1, 2014, the IRS plans to spend a total of \$533 million, increasing total spending on the ACA to nearly \$1.7 billion.

In addition, the IRS increased the number of full-time-equivalent (FTE) employees dedicated to ACA from approximately 30 in fiscal year 2010 to over 1,200 in fiscal year 2015,<sup>47</sup> despite a hiring freeze during this period that reduced the agency's workforce by 13,000 FTEs.<sup>48</sup> ACA implementation also strained the IRS's information-technology budget—in fiscal year 2014, the IRS spent \$345 million on an ACA IT system. This was more than any other major IT investment in fiscal year 2014 except the IRS's main frames and servers account, which supports the entire agency's operating systems.<sup>49</sup>

#### V. Waste and Inefficiencies within the IRS

The IRS estimates that, because of budget cuts, it will fail to collect at least \$2 billion in revenue that would otherwise be collected.<sup>50</sup> But the supposed link between budget cuts and IRS efficiency is not clear. The agency has failed to pursue dozens of recommendations from TIGTA, GAO, and the National Taxpayer Advocate that could streamline operations and reduce waste, fraud, and abuse. There are large areas of systemic waste and inefficiency at the IRS that were present in 2010, at the height of the IRS's funding, and remain unaddressed in 2015.

##### Improper Payments within IRS Administered Programs

The Earned Income Tax Credit (EITC) has the highest level of improper payments of any federal program, nearly double the rate of the next highest program. In fiscal year 2014, the EITC improper payment rate was over 27 percent, more than a quarter of the entire program. By comparison, the next-highest program had an improper payment rate of 15.3 percent, and the Medicare Fee-for-Service (FFS) program's rate was 12.7 percent. By dollar amount, the IRS paid out \$17.7 billion in improper EITC payments in fiscal year 2014, which is more than any other program in government except Medicare FFS.<sup>51</sup> The dollar amount of improper payments within EITC is roughly the same amount mismanaged by the Medicaid program, which is four times larger.<sup>52</sup>

The rate of improper payments within EITC has remained consistently high regardless of the IRS's funding rate. In fact, when IRS funding was at its highest in 2010, the improper payment rate was 26.3 percent, roughly the same as it is today:

Reporting Year	IRS Budget (in billions)	EITC Error Rate	Improper Payments (in billions)
FY 2010	\$12.2	26.3%	\$16.9
FY 2011	\$12.1	23.5%	\$15.2
FY 2012	\$11.8	22.7%	\$12.6
FY 2013	\$11.2	24%	\$14.5
FY 2014	\$11.3	27%	\$17.7

Source: PaymentAccuracy.gov; IRS.

Despite the amount of improper payments within EITC, the IRS has not taken steps to improve the program's accuracy. In 2014, TIGTA reported that existing compliance processes would not reduce the billions of dollars in improper EITC payments. The report also criticized the IRS for failing to measure improper payments within the Additional Child Tax Credit (ACTC). For years, TIGTA has found through its own assessments that the ACTC is also at high risk for improper payments. TIGTA believes that the improper payment rate within ACTC is similar to EITC, or 25.2 to 30.5 percent for fiscal year 2013, with "potential ACTC improper payments totaling between \$5.9 billion and \$7.1 billion."<sup>53</sup> However, the IRS refuses to reexamine ACTC payment accuracy and continues to rate the risk of improper payments as low.

#### Unnecessary Spending on Outside Counsel

The IRS has a legal division staffed with attorneys who are experts on tax law. The Department of Justice (DOJ) also has attorneys who specialize in tax law and litigation. Not only are these lawyers fully capable of conducting litigation, but their salaries have already been paid by taxpayer dollars. Despite this, in 2014 the IRS hired an expensive, white-shoe law-firm, Quinn Emanuel, to help the IRS in its review of Microsoft.<sup>54</sup> Quinn Emanuel specializes in litigation and does not have expertise in tax law, but its partners typically charge more than \$1,000 per hour.<sup>55</sup> The IRS's decision to hire outside counsel instead of utilizing IRS and DOJ attorneys cost taxpayers \$2.1 million.

Additionally, hiring Quinn Emanuel may violate Section 6103 of the Internal Revenue Code, which prohibits the sharing of confidential taxpayer return information. When the IRS hired Quinn Emanuel, it issued a temporary regulation to allow the law firm to see taxpayer return information and to take compelled testimony – in other words, interrogate Microsoft employees.<sup>56</sup>

The IRS justified its regulation based on Section 6103(n) of the Internal Revenue Code, which states that the agency may issue regulations allowing the IRS to disclose taxpayer return information for purposes such as the "storage, transmission, and reproduction" of taxpayer information, the "programming, maintenance, repair, testing, and procurement

of equipment,” and the “providing of other services, for purposes of tax administration.”<sup>57</sup> In statute, “other services” must be read to be of like kind; litigation services are inherently different than the other services enumerated by the statute. Not only did the IRS spend \$2.1 million on litigation services the government could easily have performed itself, but it may have violated Section 6103 and improperly shared confidential taxpayer information.

#### Unsuccessful Information - Technology Investments

The IRS spends billions of dollars on IT every year. In fiscal year 2014, it spent \$2.4 billion, or 21 percent of its total budget, on IT. Despite the significant investment the IRS has made on IT, many of the agency’s projects have been failures. The IRS frequently fails to meet planned deadlines and budgets in its IT projects, sometimes scrapping projects entirely even after spending and implementation have already begun. This costs taxpayers millions of dollars unnecessarily, fails to produce intended results, and perpetuates operational inefficiencies at the agency.

One example of the IRS’s problematic track record on IT is the Return Review Program (RRP), a system that was supposed to save millions of dollars by improving the detection and prevention of fraud. But GAO reported that the RRP has already exceeded planned costs by \$86.5 million and still hadn’t reached the performance level it was supposed to have achieved by September 2012. In 2014, the IRS ran an RRP pilot program that protected \$46.4 million taxpayer dollars from tax fraud. Despite this success, the IRS placed the RRP on a “strategic pause.”<sup>58</sup> In addition, RRP was supposed to replace the IRS’s Electronic Fraud Detection System (EFDS), a 19-year old system that the IRS itself has declared “too risky to maintain, upgrade, or operate beyond 2014.”<sup>59</sup> The RRP is the second attempt to replace EFDS. Yet the IRS continues to rely heavily on the EFDS instead of switching to a new system, and is currently paying for both of them. In fiscal year 2014, the IRS spent \$17.7 million on EFDS and another \$48 million on RRP.<sup>60</sup>

The IRS has had difficulty with its newer IT projects as well. In 2009, the IRS began developing the Information Reporting and Document Matching system (IRDM) to store information from third-party vendors on merchant-payment cards and securities transactions. The IRDM is an essential part of reducing the tax gap, estimated to be \$450 billion every year. Unfortunately, IRDM could not be deployed due to significant problems. TIGTA reported that after a year of the IRS’s testing user acceptance, IRDM could not effectively identify underreported income.<sup>61</sup> TIGTA concluded that because of IRDM’s failure, thousands of cases with underreported income were not processed, resulting in \$54.9 million of unassessed taxes in 2011.<sup>62</sup>

Despite these failures, the IRS successfully implemented a comprehensive IT system to implement the ACA. To date, the IRS has spent \$651 million on ACA IT, and estimated the projected life-cycle cost of the system at nearly \$2 billion.<sup>63</sup>

#### Failure to Collect Delinquent Tax Debt from Federal Employees

Commissioner Koskinen has said that its budget cuts will limit enforcement activities and its ability to detect tax cheats, but the IRS has failed to collect taxes even when it already



has all of the information needed to do so. Federal employees owe billions of dollars in delinquent tax debt. The IRS already knows the identity of the individuals, the amount they owe, and their contact information, yet it does not collect this debt. At the end of fiscal year 2014, the IRS estimated total tax delinquency was 3.12 percent for federal employees, representing over \$3.5 billion owed in taxes.<sup>64</sup>

## V. Conclusion

The IRS's spending decisions have real consequences for taxpayers. Wasteful spending and failure to prioritize taxpayer assistance led to millions of calls going unanswered for filing season 2015. The Committee on Ways and Means estimates that existing IRS resources could have been used to answer upwards of 25 million calls:

IRS Spending	Taxpayer Assistance
Bonuses, \$60 million	7.2 million calls
Union time, \$20.7 million	2.48 million calls
Outside law firm, \$2.1 million	252,000 calls
User fees cuts, \$134 million	16 million calls
<b>Total</b>	<b>25.9 million calls</b> (estimated)

Ways & Means Committee analysis of IRS and GAO data

These examples are not theoretical. The IRS has the power to use these resources to help taxpayers. Other areas of mismanagement, such as IT system failures, could save even more money.

The IRS's failures do not just mean longer wait times and frustrated taxpayers. Federal tax administration depends on voluntary compliance. As the IRS moves away from assisting taxpayers and prioritizes other issues, taxpayers are less able to comply with tax law. As the Taxpayer Advocate noted:

As we walk away from the ability for taxpayers to talk to us and the ability to hear what taxpayers are saying, our actions look increasingly arbitrary and capricious . . . And that . . . is going to drive the compliance rate down because taxpayers will take every opportunity they can to not report income, to not engage with us. To not feel like they're part of a greater civic whole and that taxes play a role in government, and a legitimate role in government . . . the government is sending a message that, "We can't talk to you right now. We're busy."<sup>65</sup>

Prioritizing bonuses and union time while hiring outside counsel and cutting taxpayer assistance resources is unacceptable at a time when the IRS is hanging up on people as a "courtesy." Americans should expect excellence from their government, and doing "less with less" falls far short of that responsibility.

원문은 2013년 5월 31일 TIGTA, "Review of the August 2010 Small Business/Self -Employed Division's Conference in Anaheim, California," May 31, 2013.

<sup>2</sup> IRS Letter to then-Chairman Camp, April 9, 2013.

<sup>3</sup> *Id.*

<sup>4</sup> TIGTA, "Inappropriate Criteria Were Used to Identify Tax -Exempt Applications for Review," May 14, 2013.

<sup>5</sup> IRSR0000002727. Attachment A.

<sup>6</sup> Rep. Crenshaw, Financial Services Appropriations Subcommittee Hearing on FY 2016 IRS Budget.

<sup>7</sup> Commissioner Koskinen, Open Letter to IRS Employees, Jan. 13, 2015.

<sup>8</sup> GAO, User Fees: Additional Guidance and Documentation Could Further Strengthen IRS's Biennial Review of Fees, Nov. 2011, at 11. ("IRS has permanent, indefinite authority to obligate and spend user fee collections. This authority allows the agency independence and flexibility in the use of these funds. IRS can obligate user fee collections for any activity for which it has an appropriation with OMB approval, and it can carry over any unexpended fee collections for use in subsequent years.")

<sup>9</sup> *Id.*

<sup>10</sup> Commissioner Koskinen, quoted in *Washington Post*, "A Standard Dejection in the IRS Help Line," April 7, 2015.

<sup>11</sup> Commissioner Koskinen, Prepared Remarks before the Urban -Brookings Tax Policy Center, April 8, 2015.

<sup>12</sup> *Washington Post*, "In Dallas, the IRS Says IT Can't Chase Tax Cheats Who Owe Less Than \$1 million," April 8, 2015.

<sup>13</sup> *Id.*

<sup>14</sup> Commissioner Koskinen, Open Letter to IRS Employees, Jan. 13, 2015.

<sup>15</sup> IRS, "User Fee Program for Tax Exempt and Government Entities Division," Oct. 2014.

<sup>16</sup> See n. 7.

<sup>17</sup> GAO, Observations on IRS's Operations, Planning, and Resources, Feb. 27, 2015.

<sup>18</sup> *Id.*

<sup>19</sup> GAO, Interim Report prepared for the House Committee on Ways and Means.

<sup>20</sup> GAO, Interim Report prepared for the House Committee on Ways and Means.

<sup>21</sup> GAO, Observations on IRS's Operations, Planning, and Resources, Feb. 27, 2015.

<sup>22</sup> IRS Commissioner Koskinen, Prepared Remarks before the Urban -Brookings Tax Policy Center, April 8, 2015.

<sup>23</sup> *Washington Post*, "Standard Dejection in the IRS Help Line," April 7, 2015.

<sup>24</sup> OMB Memorandum M-13-05 and M-13-11.

<sup>25</sup> OMB Memorandum M-14-02.

<sup>26</sup> Acting Commissioner Werfel to Senator Grassley, July 29, 2013.

<sup>27</sup> Government Executive, "IRS Moves Forward With Plan to Cancel \$70 Million in Employee Bonuses," September 20, 2013.

<sup>28</sup> *Id.*

<sup>29</sup> *The Hill*, "IRS, Employee Union Strike Deal on Bonuses," Feb. 3, 2014.

<sup>30</sup> TIGTA, The Awards Program Complied with Federal Regulations, But Some Employees with Tax and Conduct Issues Received Awards, March 21, 2014.

<sup>31</sup> *The Hill*, "IRS to Award New Round of Employee Bonuses," Nov. 24, 2014.


<sup>32</sup> Ways and Means Committee to IRS, April 18, 2013.

<sup>33</sup> Ways and Means Committee to IRS, Sept. 10, 2014.

<sup>34</sup> *Id.*

<sup>35</sup> OPM, Labor-Management Relations in the Executive Branch, October 2014. According to OPM data reported by agencies, in FY 2012 Department of the Treasury employees (primarily IRS employees) used 580,489 hours of union time. Of those, 12 percent of the hours were used for union activities specifically allowed in statute, while 88 percent were for general activities that were discretionary based on agreement between the IRS and NTEU. 원문은 2013년 5월 31일



- <sup>36</sup> IRS to Ways and Means Committee Staff.
- <sup>37</sup> GAO to Ways and Means Committee Staff.
- <sup>38</sup> P.L. 108-357.
- <sup>39</sup> GAO, Tax Debt Collection: IRS is Addressing Critical Success Factors for Contracting Out but Will Need to Study the Best Use of Resources, May 2004.
- <sup>40</sup> *Id.*
- <sup>41</sup> IRS, IRS Private Debt Collection, Cost Effectiveness Study, March 2009.
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- <sup>43</sup> Senator Charles Grassley Letter to IRS Commissioner John Koskinen, Sept. 26, 2013.
- <sup>44</sup> TIGTA, Collection Actions Were Not Always Pursued on Cases Returned from the Private Debt Collection Program," Sept. 2011.
- <sup>45</sup> Committee on Ways and Means, Tax Reform Act of 2014 Discussion Draft, Feb. 26, 2014.
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- <sup>51</sup> GAO testimony before the Senate Committee on Homeland Security and Governmental Affairs, March 16, 2015, and [PaymentAccuracy.gov](http://PaymentAccuracy.gov).
- <sup>52</sup> [PaymentAccuracy.gov](http://PaymentAccuracy.gov).
- <sup>53</sup> TIGTA, Existing Compliance Processes Will Not Reduce the Billions of Dollars in Improper Earned Income Tax Credit and Additional Child Tax Credit Payments, Sept. 29, 2014.
- <sup>54</sup> Stuart Gibson, "If the IRS Needs Good Lawyers, It Should Look Across the Street," *TaxNotes*, March 30, 2015.
- <sup>55</sup> *Id.*
- <sup>56</sup> Reuters, "Microsoft Sues IRS for Details of Probe on Internal Transactions," Nov. 24, 2014.
- <sup>57</sup> Internal Revenue Code, Section 6103(n).
- <sup>58</sup> IRS, "FY 2015 Q1 IT Investment Report, Chief Technology Officer," Feb. 4, 2015.
- <sup>59</sup> Taxpayer Advocate Service, "Fiscal Year 2014 Objectives."
- <sup>60</sup> IRS, FY 2016 President's Budget, Feb. 2, 2015.
- <sup>61</sup> TIGTA, "The Information Reporting and Document Matching Case Management System Could not be Deployed," September 29, 2014.
- <sup>62</sup> *Id.*
- <sup>63</sup> GAO, Absorbing Budget Cuts Has Resulted in Significant Staffing Declines and Uneven Performance, April 21, 2014.
- <sup>64</sup> Internal Revenue Service Federal Employee/Retiree Delinquency Initiative (FERDI) Summary Report, Sept. 30, 2014.
- <sup>65</sup> Taxpayer Advocate Nina Olson remarks before the Brookings Institution, April 8, 2015. 

#### FERDI FY 2014 Talking Points

Government ethic rules require federal employees "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among federal employees. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures place a high priority on federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or setting up a payment agreement, unless a significant economic hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time, but does not include employees who have entered into a payment plan with the IRS.

For the past two years, the delinquency rate for current and retired federal employees and active duty and retired military was slightly above 3 percent. This delinquency rate is well below the rate for the general population, which is between 8 and 9 percent.

Although ethics regulations require all federal employees to timely file and pay all of their taxes, federal privacy laws prevent the IRS from disclosing specific employee tax information to other federal agencies.

Federal employees who owe taxes are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

#### Q&A:

**Q:** What more can you tell us about these employees? How many of them are employees/political appointees? How much is owed by each employee? For example, if delinquent employees owe an average of almost \$6000 – are there employees that owe a lot more than this?

**A:** The table compiles the information from the letters the IRS provides to agency heads to inform them about the level of tax compliance within their agencies. No additional information is available.

**Q:** How is this data collected? Please provide the source data.

**A:** The data is obtained from taxpayer returns, W-2 documents and other wage reporting, as well as information provided through employee matching agreements with the Office of Personnel Management (OPM), and the Department of Defense (DOD). (If asked: This data is not available. It is return information. Federal privacy laws prohibit the IRS from disclosing specific taxpayer information. (If asked: per IRC 6103).

**Q:** You say many of these employees don't pay taxes due to hardship or audit adjustments. Can you provide a breakdown of how many are in this situation and how many willfully didn't pay taxes?

**A:** Federal privacy laws prohibit the IRS from disclosing specific taxpayer information.

**Q:** You say the IRS pursues these federal employees with a higher priority than other cases. How much money has the IRS recouped? Are employees' wages being garnished?

**A:** Because IRS collection procedures do give a higher priority to pursuing federal employee tax cases, our efforts make it more likely that these cases will be resolved with full payment or some sort of payment agreement. No additional data is available at this time.

**Q:** Have agencies been notified that their employees are delinquent on their taxes so they can take action? If not, why?

**A:** The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments. While summary data is provided annually to each of the federal agencies and departments, federal privacy laws prohibit the IRS from disclosing specific employees' tax information to their agencies. (If asked: per IRC 6103).

**Q:** What are the consequences for employees who are delinquent in paying their taxes? How does IRS handle?

**A:** Like all taxpayers, federal workers and retirees have rights, and can request installment agreements and be eligible for hardship considerations.

The IRS Restructuring and Reform Act of 1998 makes mandatory the removal of IRS employees who are found to have intentionally committed certain acts of misconduct, including willful failure to pay federal taxes.

#### **FERDI FY 2014 Talking Points**

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures place a high priority on federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or setting up a payment agreement, unless a significant economic hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time. The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

As of September 2014, the delinquency rate for current and retired federal employees and active duty and retired military was 3.12 percent down from the FY 2013 rate of 3.27. The delinquency rate for current and retired federal employees and active duty and retired military is well below the IRS estimate for the delinquency rate of the general population – between 8 and 9 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose tax return information, unless an exception applies. Section 6103 does not contain an exception that would permit the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

Generally, most of these are taxpayer situations, where the employee still owes taxes, otherwise known as balance due taxpayers. They are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

#### **Q&A:**

**Q: What more can you tell us about these employees? How many of them are executives/ political appointees?**

**A:** This information does not have that sort of data breakdown. Furthermore, federal privacy laws prohibit the IRS from disclosing specific taxpayer information about any taxpayer, including federal employees.

**Q: How much is owed by each employee? For example, if delinquent employees owe an average of almost \$6000 – are there employees that owe a lot more than this?**

**A:** Federal privacy laws prohibit the IRS from disclosing specific taxpayer information, including the amounts owed by each specific taxpayer. The amounts listed are averages, based on the totals owed.

**Q: How is this data collected? Please provide the source data.**

A: The data is obtained from taxpayer returns, W-2 documents and other wage reporting, as well as information provided through employee matching agreements with the Office of Personnel Management (OPM), and the Department of Defense (DOD). (If asked: This data is not available. It is return information. Federal privacy laws prohibit the IRS from disclosing specific taxpayer information. (If asked: per IRC 6103).

**Q: You say many of these employees don't pay taxes due to hardship or audit adjustments. Can you provide a breakdown of how many are in this situation and how many willfully didn't pay taxes?**

A: This information does not have that sort of data breakdown. Furthermore, federal privacy laws prohibit the IRS from disclosing specific taxpayer information. (If asked: per IRC 6103).

**Q: You say the IRS pursues these federal employees with a higher priority than other cases. How much money has the IRS recouped? Are employees' wages being garnished?**

A: Because IRS collection procedures do give a higher priority to pursuing federal employee tax cases, our efforts make it more likely that these cases will be resolved with full payment or some sort of installment setting up a payment agreement, unless significant hardship would result. No additional data is available at this time.

**Q: Have agencies been notified that their employees are delinquent on their taxes so they can take action? If not, why?**

A: The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments. While summary data is provided annually to each of the federal agencies and departments, federal privacy laws prohibit the IRS from disclosing specific employees' tax information. (If asked: per IRC 6103).

**Q: What are the consequences for employees who are delinquent in paying their taxes? How does IRS handle?**

A: IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The IRS Restructuring and Reform Act of 1998 makes mandatory the removal of IRS employees who are found to have intentionally committed certain acts of misconduct, including willful failure to pay federal taxes.

Edelman Aaron

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**From:** Eldridge Michelle L  
**Sent:** Thursday, May 22, 2014 3:18 PM  
**To:** &C&L-COMM-MR Ees; &C&L-COMM-MR Ees; Friedland Bruce I; Eguren Sara L; Breitbeil Julianne Fisher; Henry Naomi  
**Cc:** Lemons Terry L  
**Subject:** FERDI/additional talkers as needed

Additional talkers as needed:

- The IRS takes tax compliance seriously, and the agency holds employees to the highest standards on tax issues.
- Our workforce recognizes the importance of filing and paying their taxes timely, and historically more than 99 percent of IRS employees do so each year.
- Tax non-compliance rates across the IRS typically fall below 1 percent.



**Delinquency Rates**  
**Federal Employees/Retirees vs. General Taxpayer Population**

The Federal Employee/Retiree Delinquency Initiative (FERDI) program was developed in 1993 to promote federal tax compliance among current and retired federal employees. As part of this effort, the IRS annually reports the rate of tax delinquency among federal employees and retirees. The rate is generally defined as:

Employees with Bal Due/UA and/or TDI – Employees with IA  
 # Federal Employees

Employees include current and retired employees and active duty and retired military. As of September 2011 this delinquency rate stood at 3.17%. Finance and SBSE have collaborated to develop a corresponding indicator for the general population as follows:

	FERDI		General Population	
# Unpaid Assessments	Individual taxpayers with one or more MFT 30, 31, or 55 modules. Modules in MF Status 06, 10, 12, or 29, or having an unreversed transaction code of 910, 914, 916, 918, or 608 are excluded. (FERDI Annual Match ; RUN 904-25; PDIRY.I90425.F 012.Wcccccc.Z0700)	533,836	Individual entities with a balance due/unpaid assessment (CDW – ARDI IMF Database)	13,663,107
Less Installment Agreements	Individual taxpayers where one or more module records is MF Status 60 (FERDI Annual Match ; RUN 904-25; PDIRY.I90425.F 012.Wcccccc.Z0700 )	222,270	Individual entities with a balance due/unpaid assessment that have an installment agreement (CDW – ARDI IMF Database)	3,733,254
# Non Filers	Nonfilers are included in # Unpaid Assessments.	Not available	TDI-stand alone from SBSE (CAR TDI Report, National Tree, IMF Column F Lines 4.0 minus 4.23)	2,232,206
Numerator		311,566		12,162,059
# Hardship Cases	Count of individual SSNs with at least one module in MF Status 53 with Closing Code 24 - 32. (FERDI Annual Match ; RUN 904-25; PDIRY.I90425.F 012.Wcccccc.Z0700 )	10,831	Individual entities with a balance due/unpaid assessment classified as CNC-Hardship (CDW-ARDI IMF Database)	809,962
Numerator (exc hardship)		300,735		11,352,097

Population	Civilians: OPM Employment and Trends, Table 9 - Federal Civilian Employment and Payroll by Branch, Selected Agency and OPM Central Personnel Data File.	2,976,279	Number of individual filers (FY2011 Data Book, page 6, Table 3)	143,607,800
	Active Duty Military and Reserves/Guard: DoD Defense Manpower Data Center (DMDC) Summary Strength Reports, Sept. 2011	1,468,364 1,315,445	Estimated number of non-filers (TY 2011 data provided by NHQ Research) who do not file a return by the end of the year. This number should not be released separately.	4,000,000
	Civilian Retired: OPM Retirement & Insurance Svc, Budget & Admin Svcs Div, 10/1/11	1,893,748		
	Military Retired: DMDC Sept 2011	2,177,337		
		9,831,173		
Denominator				147,607,800
Delinquency Rate		3.17%		8.24%
Delinquency Rate (exc hardship)		3.06%		7.69%

**Delinquency Rates  
Federal Employees/Retirees vs. General Taxpayer Population**

The Federal Employee/Retiree Delinquency Initiative (FERDI) program was developed in 1993 to promote federal tax compliance among current and retired federal employees. As part of this effort, the IRS annually reports the rate of tax delinquency among federal employees and retirees. The rate is generally defined as:

$$\frac{\text{Employees with Bal Due/UA and/or TDI} - \text{Employees with IA}}{\text{\# Federal Employees}}$$

Employees include current and retired employees and active duty and retired military. As of September 2010, this delinquency rate stood at 2.65%. Finance and SBSE have collaborated to develop a corresponding indicator for the general population as follows:

	FERDI		General Population	
# Unpaid Assessments	Individual taxpayers with one or more MFT 30, 31, or 55 modules. Modules in MF Status 06, 10, 12, or 29, or having an unreversed transaction code of 910, 914, 916, 918, or 608 are excluded. (FERDI Annual Match ; RUN 904-25; PDIRY.I90425.F012.Wcccccc.Z0700)	488,630	Individual entities with a balance due/unpaid assessment (CDW – ARDI IMF Database)	12,867,334
Less Installment Agreements	Individual taxpayers where one or more module records is MF Status 60 (FERDI Annual Match ; RUN 904-25; PDIRY.I90425.F012.Wcccccc.Z0700 )	209,249	Individual entities with a balance due/unpaid assessment that have an installment agreement (CDW – ARDI IMF Database)	3,519,388
# Non Filers	Nonfilers are included in # Unpaid Assessments.	Not available	TDI-stand alone from SBSE (CAR TDI Report, National Tree, IMF Column F Lines 4.0 minus 4.23)	2,182,839
Numerator		279,381		11,630,785
# Hardship Cases	Count of individual SSNs with at least one module in MF Status 53 with Closing Code 24 - 32. (FERDI Annual Match ; RUN 904-25; PDIRY.I90425.F012.Wcccccc.Z0700 )	10,291	Individual entities with a balance due/unpaid assessment classified as CNC-Hardship (CDW-ARDI IMF Database)	703,191
Numerator (exc hardship)		269,090		10,827,594

Population	Civilians: OPM Employment and Trends, Table 9 - Federal Civilian Employment and Payroll by Branch, Selected Agency and OPM Central Personnel Data File.	2,952,005	Number of individual filers (FY2010 Data Book, page 6, Table 3)	141,166,805
	Active Duty Military and Reserves/Guard: DoD Defense Manpower Data Center (DMDC) Summary Strength Reports, Sept. 2010	1,473,343 1,319,695	Estimated number of non-filers (TY 09 data provided by NHO Research) who do not file a return by the end of the year. This number should not be released separately.	6,200,000
	Civilian Retired : OPM Retirement & Insurance Svc, Budget & Admin Svcs Div, 10/1/10	1,883,846		
	Military Retired: DMDC Sept 2010	2,167,934		
		9,796,823		147,366,805
Denominator				
Delinquency Rate		2.86%		7.8%
Delinquency Rate (exc hardship)		2.75%		7.3%

**Edelman Aaron**

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**From:** Frazier Emilie S  
**Sent:** Wednesday, May 21, 2014 2:24 PM  
**To:** Burke Anthony  
**Cc:** O'Camb Debbie A; Ward Rennae L; Goldstein Richard S  
**Subject:** FERDI Report Data Source Explanation

Anthony,  
Per your request, the source of the FERDI report data is described below.

**Annual Match Methodology:**

On September 30th of each year, IRS taxpayer records of unfiled returns and tax balances greater than zero are sent to the U.S. Office of Personnel Management (OPM) and Department of Defense, Defense Manpower Data Center (DMDC) to be matched against their records. The matched records are returned to IRS and merged with matched records from the U.S. Postal Service and an internal match of W-2 records. The resulting data is made available to the FERDI analyst for delinquency rate computation and preparation of the annual report.

**Annual Report Preparation:**

The annual report is a snapshot in time containing aggregate counts of FERDI taxpayers, their associated tax years and balances due, and agency delinquency rates. There is summary data for the five categories of FERDI taxpayer (civilian employees, civilian retired, active duty military, military reserve/guard, and military retired) and detail data by federal agency and department. We provide a redacted version is provided to Media Relations and FOIA for release to the public upon request.

**Delinquency Rate Calculation:**

The delinquency rate is calculated by dividing the number of FERDI taxpayers with "unresolved" accounts by the agency's total workforce. For balance due accounts, "resolved" is defined as Collection Status 12 (Full Paid) or in Installment Agreement status 60. Delinquent return accounts are considered to be resolved by a secured return or other satisfying transaction. Accounts of FERDI taxpayers in Currently Not Collectible (CNC), Combat Zone/Deferred, Offer in Compromise, Bankruptcy/Litigation, and Pending Adjustment statuses considered to be "unresolved" for the purpose of determining an agency's delinquency rate.

**Emilie Frazier**

Senior Tax Analyst  
Automated Programs  
SE:S:ECS:CAISD:AP  
Office: (240) 613-5197  
Fax: (240) 613-4999  
Cell: (202) 465-6687

**FEDERAL EMPLOYEE / RETIREE DELINQUENCY INITIATIVE  
(FERDI)**

The American public should expect a high degree of tax law compliance by people receiving paychecks or pensions based on federal employment. The IRS set up FERDI in 1993 to improve compliance among federal employees and retirees.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

It's important to note that federal employees and retirees traditionally have a higher rate of tax compliance than the general population. Overall, the 2006 FERDI match showed a noncompliance rate of 3.1 percent for federal employees and retirees. The delinquency rate dropped from 2005, when it was at 3.28 percent. The delinquency rate includes those who owe taxes but have no installment agreement, or who may not have filed a required return.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

The IRS Commissioner has shared the statistical data with other agency heads, urging them to remind their employees and retirees about the seriousness of tax compliance.

Balance due taxpayers are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

Potential nonfilers may not be required to file or, when they do file, may get a refund because of taxes already paid through withholding or estimated payments.

**FEDERAL EMPLOYEE / RETIREE DELINQUENCY INITIATIVE  
(FERDI)**

The rate of compliance among Federal employees continues to be better than that of the general public. However, our most recent data still shows a significant number of potentially non-compliant Federal employees. The American public should expect a high degree of tax law compliance by people receiving paychecks or pensions based on federal employment. The IRS set up FERDI in 1993 to improve compliance among federal employees and retirees.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

It's important to note that federal employees and retirees traditionally have a higher rate of tax compliance than the general population. As of October 2007, the average delinquency rate for civilian employees of federal agencies and departments was 3.8 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

The IRS Commissioner has shared the statistical data with other agency heads, urging them to remind their employees and retirees about the seriousness of tax compliance.

Balance due taxpayers are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

Potential nonfilers may not be required to file or, when they do file, may get a refund because of taxes already paid through withholding or estimated payments.

### FERDI FY 2007 & 2008 Talking Points

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time. The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

The delinquency rate for the IRS is less than one percent. The agency's delinquency rate has fallen to 0.76 percent, down from the previous year's delinquency rate of 0.89 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

The IRS has shared the statistical data with other agency heads, urging them to remind their employees and retirees about the seriousness of tax compliance.

Balance due taxpayers are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

Potential nonfilers may not be required to file or, when they do file, may get a refund because of taxes already paid through withholding or estimated payments.



### **FERDI FY 2011 Talking Points**

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time. The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

As of September 2011, the delinquency rate for current and retired federal employees and active duty and retired military was 3.17 percent. This is well below the estimated rate for the general population – 8.2 percent.

Both rates are up slightly from 2010, when the FERDI rate was 2.85 percent and the rate for the general population was estimated at 7.8 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

Balance due taxpayers are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

#### FERDI FY 2013 Talking Points

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures place a high priority on federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or settling up a payment agreement, unless a significant economic hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time. The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

As of September 2013, the delinquency rate for current and retired federal employees and active duty and retired military was 3.27 percent. This is well below the estimated rate for the general population – 8.7 percent.

( If asked) Both rates are up slightly from 2012, when the FERDI rate was 3.19 percent and the rate for the general population was estimated at 8.4 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose tax return information, unless an exception applies. Section 6103 does not contain an exception that would permit the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

Generally, most of these are taxpayer situations, where the employee still owes taxes, otherwise known as balance due taxpayers. They are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

#### Q&A:

**Q: What more can you tell us about these employees? How many of them are executives/ political appointees?**

**A:** This information does not have that sort of data breakdown. Furthermore, federal privacy laws prohibit the IRS from disclosing specific taxpayer information about any taxpayer, including federal employees.

**Q: How much is owed by each employee? For example, if delinquent employees owe an average of almost \$6000 – are there employees that owe a lot more than this?**

**A:** Federal privacy laws prohibit the IRS from disclosing specific taxpayer information, including the amounts owed by each specific taxpayer. The amounts listed are averages, based on the totals owed.

**Q:** How is this data collected? Please provide the source data.

**A:** The data is obtained from taxpayer returns, W-2 documents and other wage reporting, as well as information provided through employee matching agreements with the Office of Personnel Management (OPM), and the Department of Defense (DOD). (If asked: This data is not available. It is return information. Federal privacy laws prohibit the IRS from disclosing specific taxpayer information. (If asked: per IRC 6103).

**Q:** You say many of these employees don't pay taxes due to hardship or audit adjustments. Can you provide a breakdown of how many are in this situation and how many willfully didn't pay taxes?

**A:** This information does not have that sort of data breakdown. Furthermore, federal privacy laws prohibit the IRS from disclosing specific taxpayer information. (If asked: per IRC 6103).

**Q:** You say the IRS pursues these federal employees with a higher priority than other cases. How much money has the IRS recouped? Are employees' wages being garnished?

**A:** Because IRS collection procedures do give a higher priority to pursuing federal employee tax cases, our efforts make it more likely that these cases will be resolved with full payment or some sort of installment setting up a payment agreement, unless significant hardship would result. No additional data is available at this time.

**Q:** Have agencies been notified that their employees are delinquent on their taxes so they can take action? If not, why?

**A:** The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments. While summary data is provided annually to each of the federal agencies and departments, federal privacy laws prohibit the IRS from disclosing specific employees' tax information. (If asked: per IRC 6103).

**Q:** What are the consequences for employees who are delinquent in paying their taxes? How does IRS handle?

**A:** IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The IRS Restructuring and Reform Act of 1998 makes mandatory the removal of IRS employees who are found to have intentionally committed certain acts of misconduct, including willful failure to pay federal taxes.

**Edelman Aaron**

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**From:** Breitbeil Julianne Fisher  
**Sent:** Tuesday, November 25, 2014 2:46 PM  
**To:** Patterson Dean J  
**Subject:** FW: Question

The IRS takes tax compliance seriously, and the agency holds employees to the highest standards on tax issues. Our workforce recognizes the importance of filing and paying their taxes timely, and historically more than 99 percent of IRS employees do so each year.

The 1203 provisions mentioned in the Commissioner's email to employees holds IRS employees to a higher standard for the willful failure to file and willful understatement of tax liabilities. The law specifically excludes unintentional tax errors made due to a "reasonable cause." IRS leadership determined that in cases of willful tax non-compliance, performance awards will not be paid to otherwise eligible employees.

Like all taxpayers, IRS employees face an increasingly complex tax code and face similar issues as the American taxpaying population at large with provisions like difficulty determining head of household especially in cases of divorce or misunderstanding certain tax credits. Where employees have been found to have made unintentional tax mistakes, they would generally still be eligible to receive a performance award they have earned.

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**From:** Walters Kathleen E  
**Sent:** Tuesday, November 25, 2014 1:35 PM  
**To:** Philcox Crystal; Sherry Margaret Ann; Riordan Daniel T  
**Cc:** Breitbeil Julianne Fisher  
**Subject:** RE: Question

Some additional food for thought from the Feasibility Study (addresses your ETC question):

The IRS Employee Tax Compliance (ETC) program monitors 100% of IRS employee tax accounts to identify acts of potential non-compliance and ensure all potential instances of non-compliance are referred as conduct cases to determine the appropriateness of any disciplinary action.

IRS employees have the highest tax compliance rate in the Federal Government, evidenced by data from the Federal Employee/Retiree Delinquency Initiative (FERDI). Between 2009 and 2013, IRS employees had less than a 1% delinquency rate compared to 4.1% for the Federal Civilian Workforce.

Kathleen

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**From:** Philcox Crystal  
**Sent:** Tuesday, November 25, 2014 12:29 PM  
**To:** Sherry Margaret Ann; Riordan Daniel T; Walters Kathleen E  
**Cc:** Breitbeil Julianne Fisher  
**Subject:** RE: Question

Also, could we say:

- While this is not a 1203 violation, IRS policies require employees to comply with their tax payment obligations.

- IRS employees are held to a higher standard than the general public, and IRS policies include tracking employee tax filing and payment compliance and working with employees to ensure they file and pay timely.

Does this correctly capture what the ETC office does?

*Crystal Philcox  
Chief of Staff  
Internal Revenue Service  
(v) 202-317-4072  
(m) 202-320-2788*

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**From:** Philcox Crystal  
**Sent:** Tuesday, November 25, 2014 12:20 PM  
**To:** Sherry Margaret Ann ([Margaret.A.Sherry@irs.gov](mailto:Margaret.A.Sherry@irs.gov)); Riordan Daniel T; Walters Kathleen E  
**Subject:** Question

We have a press inquiry asking if it is true that Section 1203 does not cover back taxes. So an employee can still get an award if they owe back taxes. I believe that is true, but wanted to check with the experts.

*Crystal Philcox  
Chief of Staff  
Internal Revenue Service  
(v) 202-317-4072  
(m) 202-320-2788*

### FERDI FY 2012 Talking Points

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time. The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

As of September 2012, the delinquency rate for current and retired federal employees and active duty and retired military was 3.19 percent. This is well below the estimated rate for the general population – 8.4 percent.

Both rates are up slightly from 2011, when the FERDI rate was 3.17 percent, and the rate for the general population was estimated at 8.3 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

Balance due taxpayers are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

### **FERDI FY 2012 Talking Points**

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time. The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

Balance due taxpayers are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

### FERDI FY 2013 Talking Points

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time. The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

As of September 2013, the delinquency rate for current and retired federal employees and active duty and retired military was 3.27. This is well below the estimated rate for the general population – 8.7 percent

Both rates are up slightly from 2012, when the FERDI rate was 3.19 percent, and the rate for the general population was 8.4 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

Balance due taxpayers are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.



### FERDI FY 2013 Talking Points

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time.

The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

As of September 2013, the delinquency rate for current and retired federal employees and active duty and retired military was 3.27 percent. This is well below the estimated rate for the general population – 8.4 percent.

( If asked) Both rates are up slightly from 2012, when the FERDI rate was 3.19 percent and the rate for the general population was estimated at 8.4 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

Generally, most of these are taxpayer situations, where the employee still owes taxes, otherwise known as balance due taxpayers. They are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

#### Q&A:

**Q: What more can you tell us about these employees? How many of them are executives/ political appointees?**

**A:** This information does not have that sort of data breakdown. Furthermore, federal privacy laws prohibit the IRS from disclosing specific taxpayer information.

**Q: How much is owed by each employee? For example, if delinquent employees owe an average of almost \$6000 – are there employees that owe a lot more than this?**

**A:** Federal privacy laws prohibit the IRS from disclosing specific taxpayer information, including the amounts owed by each specific taxpayer. The amounts listed are averages, based on the totals owed.

**Q: How is this data collected? Please provide the source data.**

**A:** The data is obtained from taxpayer returns, W-2 documents and other wage reporting, as well as information provided through employee matching agreements with the Office of Personnel Management (OPM), and the Department of Defense (DOD).

**Q: You say many of these employees don't pay taxes due to hardship or audit adjustments. Can you provide a breakdown of how many are in this situation and how many willfully didn't pay taxes?**

**A:** This information does not have that sort of data breakdown. Furthermore, federal privacy laws prohibit the IRS from disclosing specific taxpayer information.

**Q: You say the IRS pursues these federal employees with a higher priority than other cases. How much money has the IRS recouped? Are employees' wages being garnished?**

**A:** Because IRS collection procedures do give a higher priority to pursuing federal employee tax cases, our efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. No additional data is available at this time.

**Q: Have agencies been notified that their employees are delinquent on their taxes so they can take action? If not, why?**

**A:** The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments. While summary data is provided annually to each of the federal agencies and departments, federal privacy laws prohibit the IRS from disclosing specific employees' tax information.

**Q: What are the consequences for employees who are delinquent in paying their taxes? How does IRS handle?**

**A:** IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

**Edelman Aaron**

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**From:** Burke Anthony  
**Sent:** (b)(6) Tuesday, June 21, 2011 3:42 PM  
**To:** [REDACTED]@marketwatch.com  
**Subject:** statement

#### **IRS Statement**

Ensuring that IRS employees comply with the tax law is a top priority for the IRS. The IRS has the strictest employee tax compliance rules in the federal government. Employees who are judged to have willful tax compliance problems are terminated, in addition to other potential sanctions. At the end of fiscal year 2010, the most recent compliance results from the Federal Employee and Retiree Delinquency Initiative (FERDI) program reported that more than 99 percent of IRS employees were compliant with their tax obligations, the highest of any large federal agency.

TIGTA's report implies that the IRS is not taking action against 133 employees. This is not correct. In fact, the IRS has reviewed these cases and found, for example, that in 44% of the cases employees filed a tax return late but were due a refund. And, over half the cases have already been reviewed and closed because the facts did not merit further review. We are analyzing the rest of the cases, and if there are problems they will be addressed.

**Response to Clock Time issue**  
(from draft IRS response letter to Coburn)

The IRS has looked closely at official time used by union stewards. In this tight budget environment, IRS wants to ensure that official time is used judiciously, just as all staff resources are working with high efficiency. This issue is part of IRS's term negotiations with the National Treasury Employees Union (NTEU), which began late in October 2013. IRS will seek out avenues to achieve reductions in official time during these negotiations.

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**FERDI FY 2011 Talking Points (9-6-12)**

Under Title 5, the Office of Government Ethics outlines the responsibility of Federal employees to "satisfy in good faith their obligations as citizens, including all just financial obligations, especially those such as federal, state or local taxes that are imposed by law."

In 1993, the Internal Revenue Service created the Federal Employee/Retiree Delinquency Initiative (FERDI) to track and report on tax compliance among Federal employees in order to monitor this aspect of adherence to government ethics rules. The IRS produces a summary report every year, identifying the delinquency rate for civilian employees of federal agencies and departments.

IRS collection procedures give a higher priority to pursuing federal employee tax cases. These efforts make it more likely that these cases will be resolved with full payment or some sort of installment agreement, unless significant hardship would result. Like all taxpayers, federal workers and retirees have rights to installment agreements and to hardship considerations.

The FERDI results are a snapshot of compliance taken at a particular time. The delinquency rate does not include federal employees who have entered into a payment plan with the IRS.

As of September 2011, the delinquency rate for current and retired federal employees and active duty and retired military was 3.17 percent. This is well below the estimated rate for the general population – 8.2 percent.

Both rates are up slightly from 2010, when the FERDI rate was 2.85 percent and the rate for the general population was estimated at 7.8 percent.

Although the Executive Branch's ethics regulations require employees to timely file and pay all taxes, Internal Revenue Code Section 6103 does not allow the IRS to disclose specific employees' tax information to agency personnel offices for possible disciplinary action.

Balance due taxpayers are not "tax evaders" or "tax cheats." Most file correct tax returns, but cannot pay the full amount due when they file. Others may have fully paid when they filed, but later owe additional taxes because of audit adjustments and are unable to pay immediately.

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(Our response to a recent TIGTA report on EITC may suffice for this report since it references an older TIGTA report on the same topic)

#### **EARNED INCOME TAX CREDIT (EITC) -**

[TIGTA report: "The Internal Revenue Service Is Not in Compliance With Executive Order 13520 to Reduce Improper Payments"]

10-22-13

IRS statement:

The IRS appreciates the Inspector General's acknowledgement of all our work to implement processes that identify and prevent improper EITC payments. Every year, the IRS conducts 500,000 EITC audits as part of a broader enforcement strategy, and EITC claims are twice as likely to be audited as other tax returns. The IRS protects nearly \$4 billion in improper claims each year and is committed to continuing to work to reduce improper claims. As the data in the TIGTA report shows, there has been a significant decline in the improper payments since 2010.

To that end, the IRS continues to work with OMB to develop supplemental measures to better gauge the impact of IRS' compliance and outreach efforts. While federal privacy laws restrict the data that can be provided, IRS has also worked with OMB to develop a quarterly summary report of overpayments that will meet the reporting requirements of Executive Order 13520.