



Reimagining Tax Administration: Social Programs Through the Tax Code

Workshop #6: Organizational Structure and Culture
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IRS Dual Mission & the Family and Worker Benefit Unit

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IRS Now Has a Dual Mission

In addition to collecting almost \$3.5 Trillion in revenue in FY 2020, the IRS issues:

- About \$62 Billion in Earned Income Tax Credit (EITC) payments to about 25 million taxpayers (TY 2019);
- About \$41.8 billion in Premium Tax Credit (PTC) payments to 5.4 million taxpayers (TY 2018);
- About \$800 billion to 160 million taxpayers and households over three rounds of Economic Impact Payments (EIPs) in 2020 and 2021.

The Advance/Refundable Child Tax Credit (CTC) projected to [cover 96% of households with children \(up from 84% pre-ARPA\)](#) and cut child poverty in half.

EITC and CTC combined outstrip all other federal benefit programs for children, including Medicaid/CHIP, SNAP, TANF, SSI/Social Security.

IRS Mission Statement Does Not Reflect This Dual Mission

Current IRS Mission statement:

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and *enforce* the law with integrity and fairness to all. (emphasis added)

Proposed IRS Mission statement:

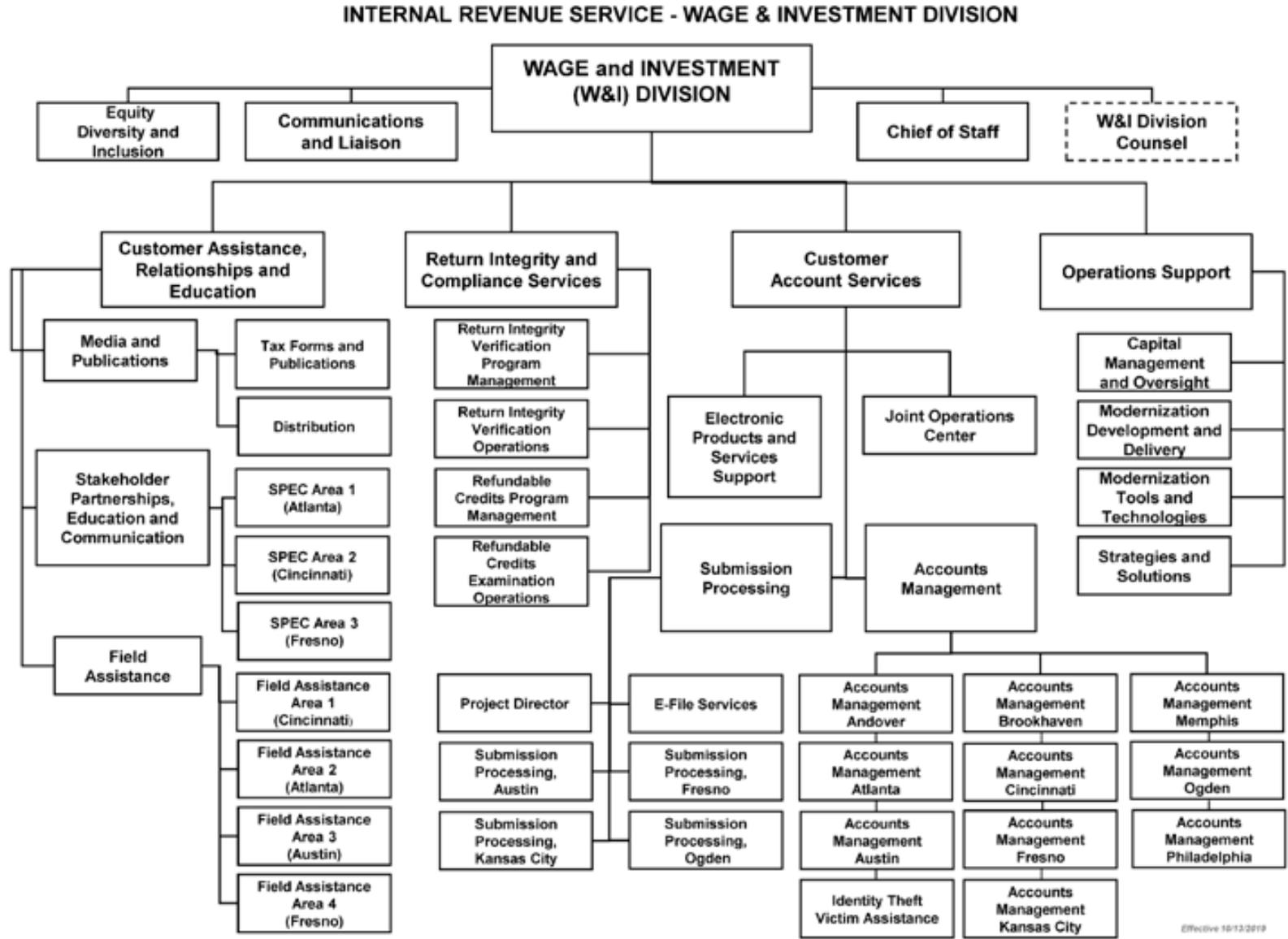
Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities *and receive the tax benefits for which they are eligible*, and by *applying* the law with integrity and fairness to all *and in accordance with the Taxpayer Bill of Rights*.

Why Focus on the IRS Mission Statement?

- In the IRS Restructuring and Reform Act of 1998 and its hearings, Congress recognized that the mission statement governs all strategic planning by the agency.
- From the mission statement flow the agency's goals, objectives, strategies, initiatives, performance measures, executive performance agreements, job descriptions, and hiring plans.
- The agency's organizational structure reflects the agency's mission.
- The agency's culture reflects the agency's mission.
- Today, the IRS defines itself as an enforcement agency (*enforce* – *not apply* -- *the tax laws ...*)

Exhibit 1.1.13-1

Wage and Investment (W&I) Organization Chart and Structure



How to effect culture change at the IRS?

- Real change begins with leadership –
- Direction from Congress (see RRA 98, see Taxpayer First Act, see Appropriations language)
- Direction from White House and Treasury
- Leadership of the IRS
- Taxpayers and stakeholders – *demand this!!!*

A 12-step program for culture change at the IRS

1. Adopt a mission statement that explicitly recognizes the IRS has a dual mission of collecting revenue and disbursing social benefits, framed by the duty to protect taxpayer rights.
2. Establish performance measures and goals that emphasize high participate rates, quality (including accuracy), timely assistance, and first-time issue resolution, and hold executives accountable for achieving these goals
3. Create a dedicated unit, the *Family and Worker Benefit Unit (FAWBU)*, that is responsible for all aspects of delivering tax benefits related to families and workers, including taxpayer education, assistance, outreach, and compliance initiatives.
4. Establish within the FAWBU a dedicated, year-round toll-free assistance line to timely respond to taxpayer questions about eligibility for tax-related family and worker benefits and about return-processing issues, other account issues, and disputes relating to their claims for such benefits.
5. Hire and staff the FAWBU with employees having expertise in social welfare programs and experience working with beneficiaries of those programs.
6. Hire staffing necessary to timely resolve returns delayed on account of identity theft, questionable refund claims, duplicate claims relating to a child, and wage and withholding verification, by no later than June 1 of each filing season.

12-step program for culture change at the IRS (cont'd.)

7. Create a simplified filing portal that is accessible to low income and below-filing-threshold taxpayers claiming such benefits.
8. Develop programs and algorithms for identifying and automatically determining eligibility for unclaimed credits and other benefits; where data is inconclusive but indicates individuals are likely to be eligible for such benefits, develop strategies to engage these individuals.
9. Staff a geographically-based outreach, education, and assistance staff, focusing on the delivery of in-person and virtual face-to-face assistance.
10. Liaise with state and local agencies administering family and worker benefits to their respective populations, and develop plans to utilize state and local agency data to increase participation by eligible taxpayers, including publishing data relating to underserved populations by zip code.
11. Establish and promote cross-agency coordination with existing federal and state navigator programs to increase participation by eligible taxpayers.
12. Establish a Federal Advisory Committee under 5a USC 92-463 for the purposes of receiving advice from external experts and advocates serving and studying the beneficiaries of these programs.

The 13th step – Due Process & Dispute Resolution

Use *Goldberg v Kelly* as an analytical tool to establish procedural justice principles to develop a dispute resolution process for refundable credits, including mid-year claims for Adv CTC.

- Timely and Adequate Notice Detailing the Reasons for a Proposed Adjustment or Rejection and Statement of Evidence Relied Upon in making the Determination
- Effective opportunity to defend by confronting any adverse witnesses, by presenting arguments and evidence orally, and by tailoring the opportunity to be heard “to the capacities and circumstances of those who are to be heard”
- Access to Representation

Resources

- [*Thinking Out Loud About the Advanced Child Tax Credit*](#) – Part 1 (Nina E. Olson, Procedurally Taxing 06.29.21)
- [*Thinking Out Loud About the Advanced Child Tax Credit*](#) – Part 2 (Nina E. Olson, Procedurally Taxing 06.30.21)
- [*Thinking Out Loud About the Advanced Child Tax Credit – the Family & Worker Benefit Unit*](#) – Part 3 (Nina E. Olson, Procedurally Taxing 07.01.21)
- [*The Importance of Notice and Hearing Rights for the Advanced Child Tax Credit*](#) (Jen Burdick, Procedurally Taxing 07.02.21)
- [*Into the Weeds with the Advance Child Tax Credit – Including Dispute Resolution*](#) (Nina E. Olson, Procedurally Taxing 07.07.21)

And Still More Resources ...

- [FAWBU and Dispute Resolution Redux: A 12-Step Program for Culture Change at the IRS](#) – Part 1 (Nina E. Olson, Procedurally Taxing, 10.28.21)
- [FAWBU and Dispute Resolution Redux](#) – Part 2 (Nina E. Olson, Procedurally Taxing, 10.29.21)