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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
November 3, 1997

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STATEMENT OF TREASURY SECRETARY ROBERT E. RUBIN

I welcome the Senate's vote this evening to confirm Charles Rossotti as the new commissioner of the Internal Revenue Service. His confirmation is an important step in the Clinton Administration's plan to reform the IRS.

Charles Rossotti brings private sector expertise to the IRS that will be crucial in providing first-rate customer service and expanding the use of information technology to better serve the American taxpayer. He shares the Clinton Administration's commitment to building a fair, efficient and accountable IRS. I encourage Congress to pass currently pending IRS reform legislation to give Charles Rossotti the tools he needs to continue our efforts to reform the IRS.

Charles Rossotti has the management and leadership skills necessary to manage the agency responsible for collection of 95 percent of the nation's revenue. I know that as commissioner, Charles Rossotti will give IRS employees the training and direction they need to do their jobs. I look forward to working closely with him to build an IRS that can best serve the American people.

As we welcome our new commissioner, I would also like to commend Acting Commissioner Michael Dolan who has led the agency for the last five months. Michael Dolan is a true public servant who has worked hard to implement change at the IRS. I welcome his continued leadership as deputy commissioner.

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5-20-97

THE WHITE HOUSE
Office Of The Vice President

FOR IMMEDIATE RELEASE
TUESDAY, May 20, 1997

CONTACT: 202-456-7035

VICE PRESIDENT GORE, SECRETARY RUBIN ANNOUNCE CHANGES AT IRS
Plan Calls for Task Force on Customer Service, IRS Management Board, IRS Advisory Board

WASHINGTON -- Vice President Al Gore and Treasury Secretary Robert Rubin today (5/20) announced a plan to help make the Internal Revenue Service more effective, efficient, and taxpayer-friendly. The plan calls for:

- The creation of a Task Force on Customer Service;
- The establishment of an IRS Management Board to improve administration of the agency;
- The establishment of an IRS Advisory Board to tap private-sector experience.

"Americans work hard and pay taxes. They deserve to know that their federal government is giving them the most value for their money," said Vice President Gore who heads the National Performance Review (NPR) to make the federal government work better and cost less. "That means creating an IRS that is modern, flexible, and responsive to the needs of its customers -- the American taxpayers."

Vice President Gore announced the creation of a Task Force on Customer Service to review frustrations that taxpayers have in dealing with the IRS and to propose, within 90 days, changes to address them. The group will be led by IRS employees and include representatives from the National Treasury Employees Union, NPR, and senior officials from the Treasury Department.

Secretary Rubin said, "This plan continue the process of putting the IRS on the road to more effective, efficient operations, increased ability to further compliance with the nation's tax laws, and, most importantly, improved customer service."

In addition, Secretary Rubin proposed the creation of the IRS Management Board, which will focus on the administration of the agency, including strategic, personnel and procurement decisions. The board will be comprised of representatives from the IRS, NPR, the Office of Management and Budget, the Office of Personnel Management, and other relevant government departments and agencies.

He also proposed that the Treasury Secretary and Deputy Secretary appear twice yearly before a Congressional committee to report on the conduct of their oversight responsibilities. In addition, he called for legislation providing a five-year term for the Commissioner of the IRS in order to improve continuity of leadership at the agency, and the establishment of an IRS Advisory Board comprised of individuals outside of government with private-sector and consumer expertise.

The NPR is a comprehensive evaluation of the entire federal government to find ways to make it work better and cost less. Since it began in 1993, the NPR has resulted in the smallest federal go government since John F. Kennedy was President and more than $118 billion in savings for taxpayers.

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Internal Revenue Service
Blueprint For Technology Modernization
May, 1997

Summary

The new IRS "Blueprint for Modernization" outlines a plan to update the technological systems in order to provide superior service to the taxpayer, to move toward paperless operations, and to increase compliance with the law. The Blueprint represents a new way of doing business at the IRS. It is the first comprehensive attempt to form a strategic partnership with the private sector in order to address the problems of the past and ensure that the IRS is flexible for the future. The Blueprint uses a centralized, main-frame computer system that will ensure taxpayer privacy and minimize cost, while enabling IRS customer service and compliance personnel to easily access accurate and timely information.

History

In 1988, the Internal Revenue Service put into effect a plan to upgrade and modernize the agency's technological system. The plan, known as the Tax System Modernization (TSM), was implemented over the course of the next seven years. In 1995, the General Accounting Office released a report that uncovered failures in the program and large financial losses. It called for massive changes in program planning, management and implementation of TSM. Congress, in turn, called on the IRS by May 15, 1997 to produce a plan for correcting and updating its technological capabilities.

The primary failure of TSM was the result of inadequate design and planning. The system's multiple computers and databases installed could not be integrated with existing computers. TSM also failed to move the IRS toward a paperless system and made current inefficiencies worse. IRS employees were unable to access current and correct information to effectively serve American taxpayers.

A Sharp Turn

In early 1996 the Treasury Department - taking into account the serious problems with the IRS computer system - called for a sharp turn in technology modernization. Treasury:

- Hired a new IRS Chief Information Officer with extensive private sector experience and launched a nationwide search for new technical managers;
- Created the Modernization Management Board (MMB) to oversee the creation and implementation of new IRS technological systems.
- Put a stop to existing TSM contracts in order to review and evaluate the system;
- Eliminated 26 wasteful TSM contracts and collapsed the remaining contracts into 9;
- Began to draft a Modernization Blueprint to guide the overhaul of IRS technology.

Future Steps

Along with the release of the Blueprint, the IRS plans to issue what is known as a Request for Comments (RFC), seeking input and guidance from the private sector. After receiving and reviewing comments and revising the Blueprint, the IRS, working with the MMB, will competitively bid a contract to assume overall responsibility. The selected contractor will work in collaboration with the IRS and the Treasury Department as the Blueprint is put into effect.