United States General Accounting Office
Washington, DC 20548

May 1, 2001

The Honorable Amo Houghton
Chairman, Subcommittee on Oversight
Committee on Ways and Means
House of Representatives

Subject: Fiscal Year 2002 Budget Request for the Internal Revenue Service

Dear Mr. Chairman:

In response to a request for information on the Internal Revenue Service's (IRS) budget for fiscal year 2002, this letter addresses the following topics: (1) the administration's fiscal year 2002 budget request for IRS, including a comparison to a separate budget request submitted by the IRS Oversight Board; (2) the Staffing Tax Administration for Balance and Equity (STABLE) initiative, which is intended to enhance IRS' customer service and compliance efforts; (3) opportunities for improving IRS' performance by increasing staff productivity; and (4) business systems modernization. Information in this letter is based on our review of the congressional justification submitted by IRS in support of the administration's budget request; IRS' annual performance plan for fiscal year 2002; a document prepared by the Oversight Board, entitled *The IRS Budget, Fiscal Year 2002*; a STABLE staffing plan prepared by IRS; and other data we obtained from IRS.

In summary, the administration is requesting about $9.4 billion for IRS for fiscal year 2002. The Oversight Board is asking for about $300 million more. The Board's request exceeds the administration's in three broad areas: (1) business systems modernization, (2) improvement projects, and (3) operating costs. Our review of the administration's and Board's budget requests for IRS identified several questions related to (1) differences between the two requests, (2) IRS' hiring plans for STABLE, (3) the productivity of IRS staff, and (4) business systems modernization that the subcommittee may wish to raise to IRS and/or the Board. Those questions are set out at the end of each subsection of this letter.

We sent a draft of this letter to the Internal Revenue Service and the Oversight Board for their review. They generally agreed with the factual data presented herein.

Fiscal Year 2002 Budget Requests for IRS

For fiscal year 2002, Congress has before it two separate budget requests for IRS—the traditional request prepared by the administration and, for the first time, a separate request prepared by the IRS Oversight Board. There are some significant differences between the two requests.

The administration's request includes about $9.4 billion and 101,352 full-time equivalent (FTE) staff years for IRS. As shown in table 1, that request represents a 6.6-percent increase in dollars and a 1.9-percent increase in FTEs compared to IRS' fiscal year 2001 operating level.

Table 1: Administration's Fiscal Year 2002 Budget Request for IRS and IRS' Fiscal Year 2001 Operating Level, by Appropriation

(Dollars in thousands)

IRS appropriation	Fiscal year 2002 budget request		Fiscal year 2001 operating level		Dollar change		FTE change	
	Dollars	FTEs	Dollars	FTEs	Amount	%	Amount	%
Processing, Assistance, and Management (PAM)	$3,783,347	44,456	]$3,694,081	43,169	$89,266	2.4	1,287	3.0
Tax Law Enforcement (TLE)	3,533,198	47,082	3,381,590	46,526	151,608	4.5	556	1.2
Information Systems	1,563,249	7,578	1,548,781	7,578	14,468	0.9	0	0
Business Systems Modernization	396,593	0	71,593	0	325,000[a]	454	0	0
Earned Income Tax Credit	146,000	2,236	144,681	2,236	1,319	0.9	0	0
Total	**$9,422,387**	**101,352**	**$8,840,726**	**99,509**	**$581,661**	**6.6**	**1,843**	**1.9**

[a]This comparison does not take into account any modernization funds that were appropriated before fiscal year 2001 and were still available for obligation in fiscal year 2001.

Source: IRS' Congressional Justification for Fiscal Year 2002.

All but 21 of the additional 1,843 FTEs being requested in the PAM and TLE appropriations and a large portion of the dollar increases in those two appropriations are for the STABLE initiative.[1] As discussed later, IRS plans to have all of the additional staff authorized by STABLE on board by the end of fiscal year 2001. The dollars and FTEs requested for STABLE in fiscal year 2002 are not intended for additional hirings but rather to cover the full year's cost of staff who are to be hired in fiscal year 2001.

The enclosure to this letter shows how IRS has allocated its budget request among its new organizational units. IRS provided that information with the understanding that the allocation could change as circumstances and needs change.

As required by the IRS Restructuring and Reform Act of 1998, the IRS Oversight Board has also submitted a budget for IRS. That budget calls for appropriating $9.7 billion to IRS for fiscal year 2002—about $300 million more than requested by the administration. Differences between the administration and the Board follow:

- The Board is requesting $450 million for business systems modernization in fiscal year 2002, or $53 million more than the administration's request of $397 million. According to the Board, the administration's request would "slow down a program that is already taking far too long."
- The Board is requesting $137 million for improvement projects, or $97 million more than the administration's request of $40 million. According to the Board, the most critical difference is $54 million for upgrading desktop and laptop computers to

[1]The other 21 FTEs are for IRS' portion of a national counterterriorism initiative.

support the rollout of software that will provide improved functionality for IRS employees and enhanced security.
- The Board's budget includes $137 million for operating costs that it says are not funded in the administration's budget. Those costs include non-labor inflation costs, mandated pay raises for technology professionals, and the "higher costs of an older work force." According to the Board, failure to fund those costs puts full implementation of STABLE at risk. The administration's request refers to only $57 million in unfunded costs, which it believes can be offset through improved resource management.

In addition to the differences discussed above, the Board's budget includes a $550 million advance appropriation for fiscal year 2003 for business systems modernization. The administration's budget includes no advance appropriation.

Following are several questions related to the budget requests for IRS that the subcommittee may wish to pursue.

Questions for Oversight

For fiscal year 2002, the Board's recommended funding for business systems modernization is about $53 million, or 13 percent, more than the administration's. The Board indicates that the $53 million is needed to fully carry out fiscal year 2002 initiatives for which IRS already has detailed plans in place.

- What would be the consequence of IRS' not receiving the additional funding?
- If IRS were given the additional $53 million, what specific projects would be funded and what would be the benefits of those projects?

The Board is recommending $97 million more than the administration for improvement projects ($137 million versus $40 million). One project included in the Board's increase is the upgrading of desktop and laptop computers that, according to the Board, are needed to support the rollout of software that provides improved functionality for IRS employees and enhanced security.

- What adverse affect, if any, would IRS experience from not receiving the additional funds recommended by the Board?
- Is the Board correct in asserting that IRS' current computers cannot run software that has already been purchased or developed? If it is and IRS does not receive funding for the computer upgrade, how will IRS ensure that the software can be used for the purposes intended?

The administration estimates that inflationary increases in non-pay expenditures and certain other costs will occur in fiscal year 2002 but indicates that these increases will be offset through improved resource management. The Board does not suggest that improved resource management can offset these increased costs but suggests, instead, that failure to fund those costs puts full implementation of STABLE at risk.

- What is the correct amount of unfunded operating costs—the $137 million cited by the Board or the $57 million referred to in the administration's request?
- Does the Board disagree with the administration's conclusion that unfunded costs can be covered through improved resource management? If so, why?

- What specific improvements is IRS anticipating that would offset these increased costs? If those improvements are not realized, how will any shortfall be covered?
- How, if at all, will these unfunded costs affect IRS' ability to implement the STABLE staffing plan approved by the Appropriations Committees in February 2001?

The STABLE Initiative

For fiscal year 2001, Congress provided IRS with $141 million for an initiative, known as STABLE, that is intended to improve customer service and enhance IRS' tax compliance efforts. Before obligating any of those funds, IRS was required to obtain approval of a staffing plan from the Senate and House Appropriations Committees. IRS submitted its plan in December 2000 and submitted additional information in February 2001. The Senate and House Committees approved the plan on February 19 and 13, 2001, respectively. According to the staffing plan, the $141 million would allow IRS to fund 2,036 FTEs in fiscal year 2001, and IRS would hire staff to fill those positions throughout the fiscal year, with some staff being hired before December 2000. According to a cognizant IRS official, however, because the staffing plan was not approved until February 2001, the hiring schedule was revised. Details on the revision were not available at the time we finalized this letter.

IRS' staffing plan included the following detail on how the 2,036 FTEs would be allocated among IRS' various activities:

- 293 FTEs to assist taxpayers in understanding their tax responsibilities and preparing accurate returns.
- 981 FTEs to assist taxpayers in filing returns, receiving refunds, making payments, and resolving questions about their accounts, of which 755 FTEs were for telephone assistance and 226 FTEs were for field assistance. Many of these FTEs were intended to allow IRS to reduce its reliance on compliance staff to help provide customer service.
- 384 FTEs to bring taxpayers into compliance with the tax laws, including 204 FTEs for telephone collection, 138 FTEs for document matching, and 42 FTEs for field examinations.
- 378 FTEs for processing schedule K-1s submitted on paper.[2]

According to IRS' staffing plan, it actually expects to hire 3,858 staff for STABLE in fiscal year 2001. However, because those staff will be hired throughout the fiscal year and thus work only part of the year, the number of FTEs in fiscal year 2001 will be only 2,036. To cover the costs associated with paying those 3,858 staff for a full year in fiscal year 2002 compared to part of a year in 2001, IRS is requesting an additional $86.4 million.

According to IRS, the increased staff provided by STABLE will enable IRS to, among other things,

- improve the level of service provided to taxpayers over the telephone;
- increase the number of overdue accounts closed by telephone collectors; and

[2]Schedule K-1s are filed in conjunction with returns filed by trusts, partnerships, and S-corporations. Those returns are referred to as flow-through returns because they pass their income through to beneficiaries, partners, and shareholders. Schedule K-1s show the amount passed through to a particular beneficiary, etc.

- primarily by freeing up compliance staff who have been detailed to help provide assistance during the tax filing seasons,[3] increase the number of returns examined and the number of overdue accounts closed by field office collectors.

As shown in table 2, those expectations are reflected in IRS' performance plan for fiscal year 2002.

Table 2: Selected IRS Performance Measures for Fiscal Years 2000 Through 2002

	Fiscal year		
Measure	**2000 actual**	**2001 plan**	**2002 plan**
Total number of individual returns filed	127,684,000	130,210,000	132,257,000
Toll-free level of service[a]	59.1%	63.4%	71.1%
Number of delinquent accounts closed by the Automated Collection System	1,532,309	1,655,000	1,871,510
Number of delinquent account cases closed by field collection	771,455	846,800	862,564
Total number of individual returns examined	690,591	825,318	860,801
Number of correspondence examinations	439,483	558,655	519,664
Total individual returns examined by office or field audit	251,108	266,663	341,137
Audit coverage[b]	0.49	0.65	0.66
Total enforcement revenue collected	$33.8 billion	$34 billion	$34.9 billion

[a]According to IRS, "toll-free level of service" measures the success rate of taxpayers who wish to speak to an assistor. Thus, it excludes calls routed to automated systems, such as Teletax.
[b]IRS' performance plan for fiscal year 2002 includes no measure for audit coverage. To compute this measure, we divided the total number of individual returns examined in a particular year by the total number of individual returns filed the prior year.

Source: *IRS Annual Performance Plan* for fiscal year 2002, and GAO calculations.

As noted earlier, part of IRS' plan is to use customer service staff hired under STABLE to reduce the reliance on compliance staff to help provide customer service. Our ongoing review of IRS' 2001 tax filing season for the subcommittee has generated some evidence that IRS has been successful in that regard. For the period January 1 through April 14, 2001, according to IRS, field assistance offices used 774 FTEs, of which about 25 percent were compliance FTEs. That compares to the same period in 2000, when the field assistance offices used 873 FTEs, of which about 42 percent were from compliance.

Following are several questions related to STABLE.

Questions for Oversight

The administration is requesting $86.4 million for fiscal year 2002 to fully fund the costs of 3,858 staff under the STABLE initiative. However, if the estimated cost per STABLE FTE in fiscal year 2001 is projected to fiscal year 2002, it appears that the administration's request would have to be increased by about $40 million to fully fund the 3,858 FTEs.

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[3]According to IRS' congressional justification for fiscal year 2002, (1) IRS has, in recent years, detailed about 1,200 FTEs from examination and collection duties to customer service to meet filing season workload peaks in the telephone and walk-in programs, and (2) the STABLE initiative was designed, in part, to reduce that reliance on compliance staff by 50 percent.

- If IRS needs $141 million to fund 2,036 FTEs in fiscal year 2001 (i.e., $69,253 per FTE), how will it be able to fund 1,822 additional FTEs in fiscal year 2001 with only $86.4 million (i.e., $47,420 per FTE)?

The Appropriations Committees approved IRS' STABLE staffing plan in February 2001 based on information provided by IRS in December 2000 and January 2001. The plan indicated that IRS would be hiring staff throughout fiscal year 2001, with some staff being hired before December 2000.

- How has IRS' staffing plan been affected by the fact that information on the plan was not delivered to the Appropriations Committees and thus not approved until after IRS had expected to begin hiring the staff authorized under STABLE? If IRS had to delay certain hirings until later in fiscal year 2001, what has IRS done or will IRS do with that portion of the $141 million appropriated for STABLE in fiscal year 2001 that would seemingly be saved by those delayed hirings?

According to IRS, STABLE is intended to help increase the number of returns audited. However, data in IRS' performance plan imply a 0.65-percent audit rate for individual returns in fiscal year 2001 and a 0.66-percent audit rate for fiscal year 2002. Although these rates are higher than the 0.49-percent audit rate achieved in fiscal year 2000, they would remain far below rates achieved before fiscal year 2000.

- Is a 0.65- or 0.66-percent audit rate for individual returns sufficient to adequately ensure compliance with the tax law? If not, how much higher should the rate go, and what specific plans does IRS have to achieve a higher rate?
- Does the 0.65- or 0.66-percent audit rate fairly reflect the level of effort IRS devotes to ensuring that individual taxpayers comply with the tax law? If not, what IRS compliance efforts are not included in computing the audit rate, and how would inclusion of those efforts change the audit rate?

Opportunities for Further Improvement Through Increased Productivity

In our testimony on IRS' fiscal year 2001 budget request before this Subcommittee, we were generally supportive of the STABLE initiative.[4] In general, we believed that the areas for which additional staff were being requested were areas of need. For example, the plan to allocate additional staff to the processing of schedule K-1s so that data on those schedules could be reconciled with information reported on individual income tax returns was consistent with a recommendation we made in 1995.[5] IRS' intent to use the increase in customer service staff hired through STABLE to reduce the need to detail compliance staff to help provide assistance during the filing season also addressed, to some extent, concerns over declining audit rates and tax collection activities. Reducing the reliance on compliance detailees should allow compliance staff to concentrate on doing the kind of audit and collection work for which they had been hired and trained. Likewise, a person who has been hired and trained for a customer service position should be able to better assist taxpayers than a person who has been hired and trained to audit returns or collect taxes.

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[4] *Tax Administration: IRS' 2000 Tax Filing Season and Fiscal Year 2001 Budget Request* (GAO/T-GGD/AIMD-00-133, Mar. 28, 2000).
[5] *Tax Administration: IRS' Partnership Compliance Activities* (GAO/GGD-95-151, June 16, 1995).

Last year, we took exception to one part of the STABLE initiative—increasing the number of resources devoted to answering the telephone. We questioned that part of the initiative not because there was no need to improve telephone service but because the improved level of service IRS said would be realized as a result of the staffing increase was below the level of service IRS was already achieving at the time we testified. We suggested that Congress consider withholding approval of this part of the STABLE initiative until IRS provided a revised estimate of the level of telephone service it could expect to achieve in fiscal year 2001. IRS provided a revised estimate as part of the previously discussed staffing plan that the Appropriations Committees approved in February 2001.

While generally supporting the STABLE initiative, we recognize, as we think IRS does, that there are opportunities to improve the productivity of its staff. For example, we noted in recent testimony on IRS' 2001 tax filing season before the Subcommittee that taxpayer access to telephone assistors is less than it could be because telephone assistor productivity—measured by IRS as how quickly assistors complete telephone calls—has declined for the third filing season in a row.[6] According to IRS officials, although some of the decline can be explained by assistors answering more complex calls, assistors clearly are not using their time efficiently.

IRS data also show that IRS staff are taking considerably more time, on average, to complete audits or close collection cases. Although there may be valid reasons for these increases (such as extra time spent to ensure a higher quality audit or collection action), data we have seen raise issues that we are currently analyzing at the Subcommittee's request.

In its congressional justification and annual performance plan for fiscal year 2002, IRS refers several times to improved efficiency. For example, IRS talks about steps it has taken or will be taking to (1) centralize the processing of most offers-in-compromise; (2) centralize the processing of innocent spouse cases; and (3) establish risk-based compliance strategies that, according to IRS, will help identify the most appropriate cases for audit and collection action. Perhaps the most important driver of productivity increases is the topic we will be discussing in the final section of this letter—business systems modernization.

Several questions related to IRS staff productivity follow.

Questions for Oversight

Staff productivity is a key to efficiently accomplishing IRS' many tasks and to determining what staffing level IRS should have. Various data indicate that opportunities exist for improved productivity among IRS staff.

- Does the Oversight Board believe that IRS is adequately managing staff to achieve reasonable levels of productivity? If not, what more should IRS be doing?
- What kind of data is IRS gathering to identify the causes of any productivity declines. What has IRS done to assess the causes for productivity declines among staff?
- What specific plans has IRS developed to increase staff productivity based on data-driven analyses of productivity trends?

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[6] *Internal Revenue Service: 2001 Tax Filing Season, Systems Modernization, and Security of Electronic Filing* (GAO-01-595T, Apr. 3, 2001).

Business Systems Modernization

In its fiscal year 2002 budget request, IRS is requesting about $397 million for its Business Systems Modernization (BSM) program. The BSM program is IRS' multiyear effort to put into place the technology that will support revamped business processes. The program consists of a number of new system acquisition projects that are at differing stages of acquisition and implementation, as well as various program-level initiatives intended to establish the capacity for IRS to effectively manage these projects. BSM is vital to achieving IRS' new, customer-focused vision and enabling IRS to meet performance and accountability goals. IRS plans to use the $397 million to continue ongoing (1) projects to their next life cycle milestones and (2) program-level initiatives through fiscal year 2002.

Since 1997, Congress has appropriated about $578 million for BSM and, in doing so, stipulated that the funds were not to be obligated until IRS submitted to Congress for approval an expenditure plan that meets certain conditions, such as complying with Office of Management and Budget systems investment guidelines. From mid-1999 to September 2000, IRS submitted three expenditure plans and two "stopgap" funding measures to Congress and has received approval to obligate about $450 million. In March 2001, IRS submitted its fourth expenditure plan for the remaining $128 million to carry BSM program-level initiatives through mid-November 2001 and ongoing projects through to their next life cycle milestones. If approved, IRS will have used all of its BSM funds. In anticipation of its fiscal year 2002 request being approved, IRS plans to submit another expenditure plan by October 2001.

We have long held—and communicated to IRS—the importance of establishing sound management controls to guide its systems acquisition projects.[7] In general, the information technology management controls that IRS needs fall into five interrelated and interdependent categories—investment management, system life-cycle management, enterprise architecture management, software acquisition management, and human capital management. We have reported on the risks associated with IRS' approach of concurrently building systems while developing and implementing these management controls and capabilities.[8] We have also reported that the risks associated with building systems without the requisite management controls and capabilities are not as severe early in a project's life cycle, when it is being planned (project definition and preliminary design), but escalate as the project is built (detailed design and development).[9]

To its credit, IRS has made important progress in implementing needed modernization management capacity and, in doing so, recently recognized and announced its decision to slow ongoing and new projects until all controls are fully addressed. Given that IRS expects to totally exhaust congressionally-approved BSM funding by about November 2001, is seeking additional money for fiscal year 2002 to begin or continue building systems, and has been slow to fully implement the full array of controls necessary for a modernization effort of this magnitude, this is a good time to ensure that the overdue modernization management controls are emphasized as a BSM priority.

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[7] *Tax Systems Modernization: Management and Technical Weaknesses Must Be Corrected if Modernization Is to Succeed* (GAO/AIMD-95-156, July 26, 1995).
[8] For example, see *Internal Revenue Service: Progress Continues But Serious Management Challenges Remain* (GAO-01-562T, Apr. 2, 2001).
[9] See *Tax Systems Modernization: Results of Review of IRS' Third Expenditure Plan* (GAO-01-227, Jan. 22, 2001).

The Oversight Board is requesting $450 million for BSM in fiscal year 2002, a $53-million increase over the administration's request. The Board stated that the additional $53 million is needed to fully carry out fiscal year 2002 BSM initiatives. Since the Board submitted its budget request, IRS, as mentioned earlier, has raised concerns about whether it has the capacity to effectively manage the entire program as currently envisioned and has decided to slow ongoing projects and delay the start of new ones. Consequently, if Congress appropriates $450 million for BSM, there is a risk that IRS may be unable to effectively manage the entire $450 million. Mitigating this risk is the fact that all planned BSM spending has to be submitted to Congress via an expenditure plan before BSM funds can be obligated, providing a follow-on control mechanism to ensure that appropriated funds are managed and spent in an effective manner.

Questions related to BSM follow.

Questions for Oversight

- When will IRS have the modernization management capacity to effectively manage the BSM program?
- In the interim, what assurance can IRS provide Congress that all funds appropriated for system modernization will be managed and spent in an effective manner?

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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until May 8, 2001. At that time, we will send copies to Representative William J. Coyne, Ranking Minority Member of the Subcommittee; Representative William M. Thomas, Chairman, and Representative Charles B. Rangel, Ranking Minority Member, Committee on Ways and Means; the Honorable Paul H. O'Neill, Secretary of the Treasury; the Honorable Charles O. Rossotti, Commissioner of Internal Revenue; and the Honorable Mitchell E. Daniels, Jr., Director, Office of Management and Budget. We will also make copies available to others upon request This letter will also be available on GAO's home page at *http://www.gao.gov*.

This letter was prepared under the direction of David J. Attianese, Assistant Director. Other major contributors were Robert Antonio, Robert Arcenia, and Gary Mountjoy. If you have any questions about this letter, contact me or Mr. Attianese on (202) 512-9110.

Sincerely yours,

James R. White

James R. White
Director, Tax Issues

Allocation of IRS' Fiscal Year 2002 Budget Request by Organizational Unit

Effective October 1, 2001, IRS implemented a new organizational structure. IRS' reorganization includes two elements: (1) an organizational structure built around four taxpayer-focused operating divisions[10] and (2) a management focus on IRS' primary interactions with taxpayers—pre-filing, filing, and post-filing (compliance). Although IRS retained its five appropriation accounts, it fundamentally redesigned its budget structure at the subaccount level. For example, IRS has replaced functionally-oriented budget activities, such as submission processing, telephone and correspondence, examination, and collection, with budget activities that align with IRS' new pre-filing, filing, and post-filing focus.

IRS' new budget structure goes a long way to resolve one of the major problems we had with IRS' old structure. As we discussed in testimonies before the Subcommittee on IRS' budget requests for fiscal years 1999 and 2000, IRS' old structure commingled resources for customer service and enforcement, making it impossible to determine how many resources IRS was devoting or expecting to devote to each of those important activities.[11] IRS' new structure does a much better job of distinguishing between assistance, which is basically pre-filing and filing, and enforcement, which is basically post-filing.

IRS formatted its official budget request to be consistent with its new pre-filing, filing, and post-filing (compliance) focus. However, IRS is also able to report data by organizational unit. Tables 3 and 4 show how IRS has allocated its fiscal year 2002 budget among its four main operating divisions. In providing this information, IRS cautioned that its allocation could change as warranted by unanticipated circumstances or the like.

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[10] The four operating divisions are (1) Wage and Investment (W&I), serving individual taxpayers who have only wage and investment income; (2) Small Business and Self-Employed (SB/SE), serving fully or partially self-employed individuals and small businesses; (3) Large and Mid-Size Business (LMSB), serving businesses with assets over $5 million; and (4) Tax Exempt and Government Entities (TE/GE), serving pension plans, exempt organizations, and governments.

[11] *Tax Administration: IRS' Fiscal Year 1999 Budget Request and Fiscal Year 1998 Filing Season* (GAO/T-GGD/AIMD-98-114, Mar. 31, 1998) and *Tax Administration: IRS' 2000 Tax Filing Season and Fiscal Year 2001 Budget Request* (GAO/T-GGD/AIMD-00-133, Mar. 28, 2000).

Table 3: Allocation of Dollars in IRS' Fiscal Year 2002 Budget Request by Organizational Unit

Dollars in thousands

Budget activity	Total	**W&I**	**SB/SE**	**LMSB**	**TE/GE**	**Subtotal**	**Other**
Pre-filing Services	590,676	378,045	50,248	30,969	60,009	519,271	71,405
Filing and Account Services	1,531,801	996,938	516,477	6,767	9,565	1,529,747	2,054
Compliance Services	3,442,725	245,694	1,671,802	586,198	104,773	2,608,467	834,258
Earned Income Tax Credit	146,000	73,691	31,072	0	0	104,763	41,237
General Management & Administration	642,626	16,146	57,254	15,123	19,919	108,442	534,184
Research and Statistics of Income	90,473	5,579	14,361	5,612	422	25,974	64,499
Shared Support Services	1,018,244	206	0	0	0	206	1,018,038
Information Services	1,523,389	4,640	2,262	2,288	436	9,626	1,513,763
Improvement Programs	39,860	0	0	0	0	0	39,860
Information Technology	396,593	0	0	0	0	0	396,593
Total	9,422,387	**1,720,939**	**2,343,476**	**646,957**	**195,124**	**4,906,496**	**4,515,891**

Source: IRS.

Table 4: Allocation of FTEs in IRS' Fiscal Year 2002 Budget Request by Organizational Unit

	FTEs						
Budget activity	Total	**W&I**	**SB/SE**	**LMSB**	**TE/GE**	**Subtotal**	**Other**
Pre-filing Services	4,429	1,642	861	297	965	3,765	664
Filing and Account Services	31,601	20,569	10,786	52	177	31,584	17
Compliance Services	46,174	4,812	25,262	6,084	1,116	37,274	8,900
Earned Income Tax Credit	2,236	1,044	703	0	0	1,747	489
General Management & Administration	3,800	207	606	139	119	1,071	2,729
Research and Statistics of Income	908	65	140	65	5	275	633
Shared Support Services	4,626	0	0	0	0	0	4,626
Information Services	7,578	33	10	36	5	84	7,494
Improvement Programs	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0
Total	**101,352**	**28,372**	**38,368**	**6,673**	**2,387**	**75,800**	**25,552**

Source: IRS.

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