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House of Representatives

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Opening Statement

Rep. Elijah E. Cummings, Ranking Member

Hearing on "Examining the IRS Response to the Targeting Scandal"

March 26, 2014

Commissioner Koskinen, thank you for being here.

Nearly one year ago, the Treasury Inspector General for Tax Administration, Russell George, issued a report concluding that IRS employees used "inappropriate criteria" to identify tax-exempt applications for review. I want to revisit the findings of that report.

The IG found that there was "ineffective management" at the IRS. The first line of the "Results" section of the report said this began with employees in the Determinations Unit of the IRS office in Cincinnati. The IG said these employees "developed and used inappropriate criteria to identify applications from organizations with the words Tea Party in their names." The IG also said these employees "developed and implemented inappropriate criteria in part due to insufficient oversight provided by management."

The IG reported that former IRS official Lois Lerner did not discover the use of these inappropriate criteria until 2011—a year after it began. Although she "immediately" ordered the practice to stop, the IG stated that employees began again using different inappropriate criteria "without management knowledge."

In contrast, the Inspector General never found any evidence to support the central Republican accusations in this investigation—that this was political collusion directed by, or on behalf of, the White House.

Before our Committee received a single document or interviewed one witness, Chairman Issa went on national television and said: "This was the targeting of the President's political enemies effectively and lies about it during the election year."

Similarly, Rep. Hal Rogers, the Chairman of the Committee on Appropriations, stated on national television: "the enemies list out of the White House that IRS was engaged in shutting down or trying to shut down the conservative political viewpoint across the country—an enemies list that rivals that of another president some time ago."

Rep. Dave Camp, Chairman of the Ways and Means Committee, said "this appears to be just the latest example of a culture of coverups and political intimidation in this administration."

The Inspector General identified no evidence to support these wild political accusations. The IG reported that, according to the interviews they conducted, the inappropriate criteria “were not influenced by any individual or organization outside the IRS.” The IG testified before this Committee that his own chief investigator reviewed more than 5,500 emails and found no evidence of any political motivation in the actions of IRS employees.

Rather than continuing this partisan search for nonexistent connections to the White House, I believe the Committee should focus squarely on the recommendations made by the Inspector General. The IG made nine recommendations in his report last May. As of February of this year, the IRS now reports that it has completed all nine.

For example, the IG recommended that the IRS change its screening and approval process for tax-exempt applications. In response, the IRS ended the use of so-called Be On the Lookout Lists and developed new guidance and training.

The IG also recommended that the IRS ensure that applicants “are approved or denied expeditiously.” In response, the IRS made significant progress on its backlog over the past year, closing 87% of these cases.

As I close, I want to thank the Commissioner and his predecessor, Danny Werfel, for their extraordinary cooperation with Congress. I completely disagree with the Chairman’s letter yesterday complaining about the agency’s so-called “failure” to produce documents and its “noncompliance” with Committee requests.

Nothing could be further from the truth. More than 250 IRS employees have spent nearly 100,000 hours responding to Congressional requests, they have delivered more than 420,000 pages of documents to this Committee, and they have spent at least \$14 million in doing so.

The Chairman’s statements simply disregard these facts. They are also at odds with Chairman Camp of the Ways and Means Committee, who issued a press release just this month praising the IRS for its cooperation with document requests as a “significant step forward.”

Commissioner Koskinen, thank you for your efforts during this investigation and for your exceptional cooperation with this Committee.

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