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How Will Large Reductions in the Internal Revenue Service's Funding and Staffing Affect Taxpayers?

Housekeeping

- Event is being recorded and the recording will be posted online after.
- The speaker biographies are available online.
- All participants are muted, but you can submit your questions into the Q&A box at any time.



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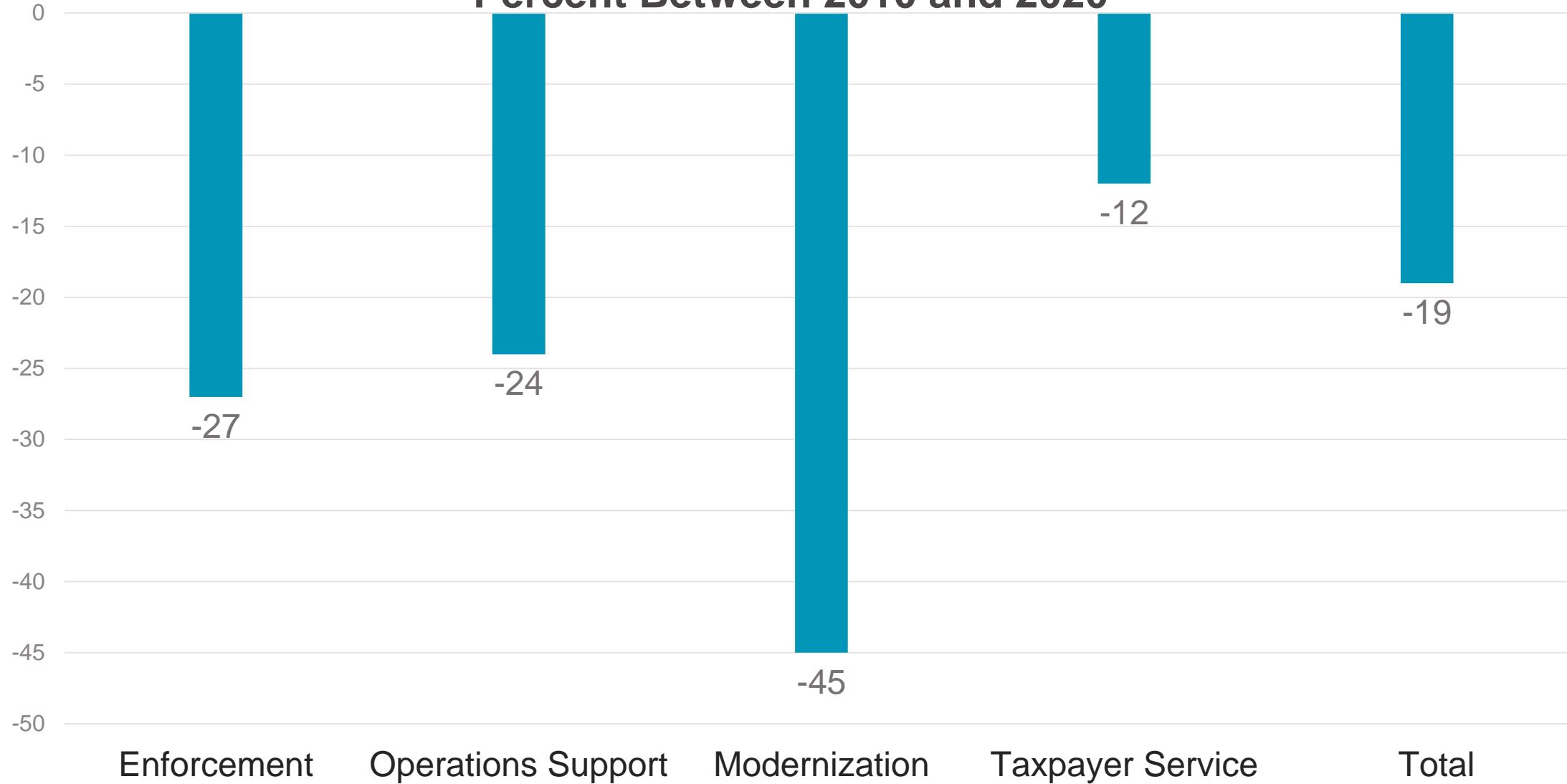
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Internal Revenue Service: Funding and Staffing Since 2010

Janet Holtzblatt

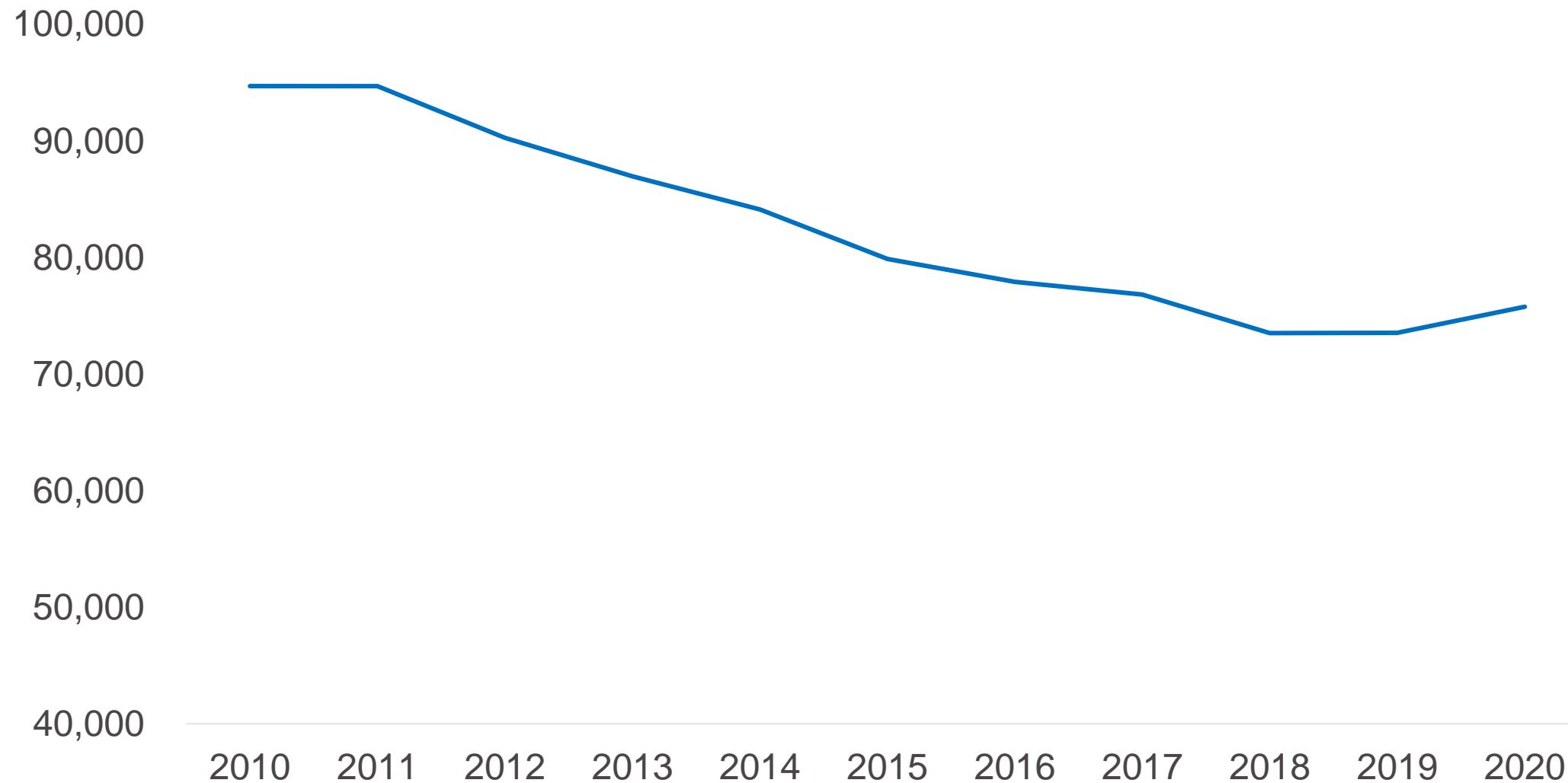
April 15, 2025

Adjusted for Inflation, IRS Annual Appropriations Fell by 19 Percent Between 2010 and 2020



The percent changes do not reflect the additional funding that was provided for administering Covid assistance in 2020.

Number of Full-Time Equivalent IRS Employees Fell by 20 Percent Between 2010 and 2020



Inflation Reduction Act (IRA) Boosted IRS Budget by \$79 Billion Over Decade

(\$ Billions, 2022-2031)

Budget Category	Inflation Reduction Act
Enforcement	45.6
Operations Support	25.3
Modernization	4.8
Taxpayer Services	3.2
Total	78.9

Under 2023 Debt Limit Agreement, IRA Enforcement Funding Cut by \$21.6 Billion

(\$ Billions, 2022-2031)

Budget Category	Inflation Reduction Act	After Recissions in 2023- 2024
Enforcement	45.6	24.0
Operations Support	25.3	25.3
Modernization	4.8	4.8
Taxpayer Services	3.2	3.2
Total	78.9	57.3

IRS Planned to Use IRA Funds To Hire Nearly 24,000 FTEs by 2025

Budget Category	FY 2023 Actual	FY 2025 Plan
Enforcement	495	7,239
Operations Support	2,317	3,808
Modernization	327	300
Taxpayer Services	10,518	12,562
Total FTEs	13,657	23,909

Source: IRS, 2024 Annual Update to the Strategic Operating Plan Supplement Report

Under 2025 Debt Limit Agreement, IRA Funding for Enforcement Cut by Additional \$20 Billion

(\$ Billions, 2022-2031)

Budget Category	Inflation Reduction Act	After Recissions in 2023- 2024	After Recission in 2025
Enforcement	45.6	24.0	3.8
Operations Support	25.3	25.3	25.3
Modernization	4.8	4.8	4.8
Taxpayer Services	3.2	3.2	3.2
Total	78.9	57.3	37.1

As of September, IRS Spent \$9 Billion on IRA Projects

(\$ Billions, 2022-2031)

Budget Category	Inflation Reduction Act	Minus Recissions	Minus Expenditures
Enforcement	45.6	3.8	2.2
Operations Support	25.3	25.3	21.3
Modernization	4.8	4.8	2.7
Taxpayer Services	3.2	3.2	1.9
Total	78.9	37.1	28.1

Source: Expenditure data from Treasury Inspector General for Tax Administration, *Quarterly Snapshot: The IRS's Inflation Reduction Act Spending Through September 30, 2024*, March 2025

More recent data on spending are not available.

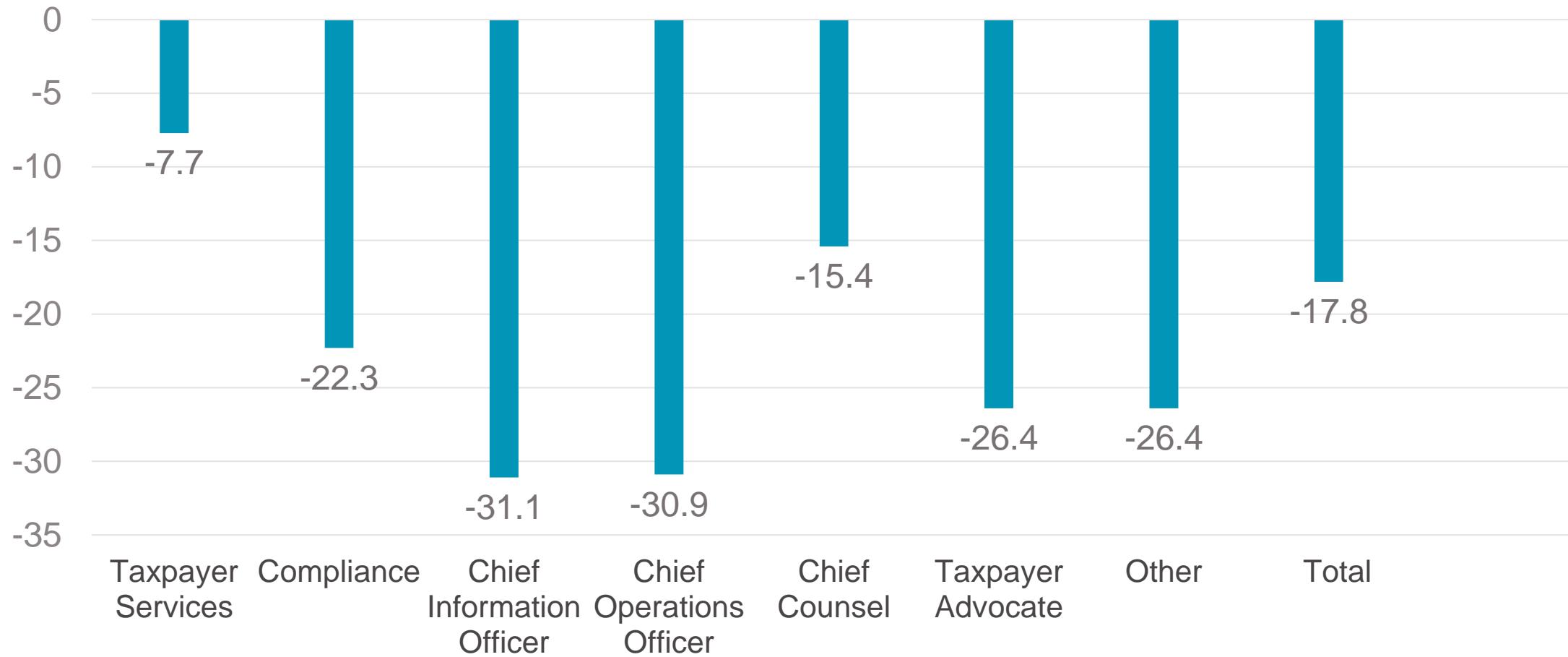
Since IRA, IRS's Most Regular Annual Appropriations Frozen, But Funds for Modernization Zeroed Out

(Nominal; \$ Billions)

Budget Category	FY 2022	FY 2023	FY 2024	FY 2025
Enforcement	5.44	5.44	5.44	5.44
Operations Support	4.10	4.10	4.10	4.10
Modernization	.28	0	0	0
Taxpayer Services	2.78	2.78	2.78	2.78
Total	12.60	12.32	12.32	12.32

IRS used \$2 billion of IRA funds to pay for regular IRS expenses to offset effects of appropriations freeze.

Washington Post Reported IRS Staff Would Be Reduced By 18 Percent Between February and May 2025



Source: Washington Post, *Trump Administration Plans a 25 Percent Staff Cut at IRS Taxpayer Help Office*, March 18, 2025.



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