



**STATEMENT BY THE HONORABLE G. WILLIAM MILLER
SECRETARY OF THE TREASURY
FOR THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS
APRIL 17, 1980, 2:00 P.M.**

Mr. Chairman, Members of the Committee:

I am pleased to be here with you to discuss the Department of the Treasury operating budget request for fiscal year 1981.

Mr. Chairman, I understand that this will be your final hearing on the Treasury Department before your retirement. I would like to express my appreciation to you, Mr. Chairman, for your many years of understanding and encouragement for Treasury programs. I know that your appropriation hearings have always been conducted on an open and fair minded basis. Your knowledge and support of key Treasury activities have been instrumental in many areas in insuring that these activities can be funded and carried out in a manner that serves the public effectively and efficiently. I know I speak for the many Treasury officials who appeared before you over the years in thanking you and wishing you all of the best in your retirement.

The Treasury bureau heads have already appeared before you to justify their individual requests. With your permission, Mr. Chairman, I would like to insert in the record a summary of the highlights of our budget justifications before your Committee.

We are requesting \$3.6 billion and 118,377 average positions for our regular operating appropriations for fiscal year 1981. This represents an increase of \$35 million and 568 positions over fiscal year 1980, primarily in the Internal Revenue Service. These amounts reflect the President's budget revisions.

Before discussing the Treasury Department's budget requests, I would like to comment briefly on our overall economic policy. As you know, on March 14, President Carter announced strong new measures to arrest inflation. The steps he proposed are bound to be very painful and difficult. But I believe the American people, the Congress and the Administration are now united in their determination to bring inflation under control and to regain control over our economic destiny. This new consensus is the strongest tool of all in the fight against inflation.

The new measures we must take against inflation were developed through one of the most extensive consultations with Congressional leaders in our history. We are greatly heartened by the spirit of cooperation and determination reflected in these discussions.

The new measures mark a substantial intensification of our on-going anti-inflation efforts on every front: restraint in Federal spending to close the budget deficit, restraint on credit expansion, efforts to reduce oil imports, and structural reforms to enhance economic efficiency. The fight against inflation is a dynamic process. It cannot be won by a single "package" of measures. What is required is consistency and persistence, coupled with a willingness to adapt particular policies to changing economic circumstances.

Economic circumstances have changed significantly since the time the FY 1981 budget was put together last fall. Through the end of last year, virtually all of the acceleration in inflation was accounted for by energy, and by the higher home financing costs associated with more stringent monetary policy. But in January and February, this inflationary acceleration began to spread into a broad range of goods and services, indicating a worsening of long-term inflationary expectations.

At the same time, increased international tensions gave rise to concerns that expanded defense spending would increase the budget. Fears developed that the 1981 deficit would expand beyond the \$16 billion represented by the President's proposals.

These forces also combined to generate serious disturbances in financial markets. Interest rates rose very rapidly on virtually all financial instruments and some financial markets virtually ceased to operate.

It was to respond forcefully to these changes in economic circumstances that the President announced new actions for combatting inflation, coupled with efforts to augment the programs already in place.

First: The balanced budget for FY 1981 that the Administration is submitting to the Congress will be the first balanced budget since 1969. We must recognize that prudent fiscal policy demands that the budget oscillate around a true balance over the business cycle. During the 1970's, we have had continuous deficits, in both good times and bad.

The new budget represents a powerful economic force. The swing toward fiscal restraint between FY 1980 and FY 1981 will be approximately \$50 billion, the largest ever in nominal terms and one of the largest ever as a percentage of GNP. And this increased fiscal stringency begins immediately: many of the budget cuts will affect FY 80 as well as 1981, and the gasoline conservation fee already imposed by the President will begin generating revenues this spring.

Because of this shift in fiscal policy, Treasury demands on private capital markets will be reduced substantially. Federal Borrowing from the public will be reduced by approximately \$5 billion in Fiscal year 1980 and by over \$30 billion in Fiscal 1981.

Balancing the Federal budget is the single most important step we can take to reduce inflationary expectations and return order to capital markets.

Second: By invoking the Credit Control Act of 1969, the President has given the Federal Reserve new tools to slow the growth of consumer and business borrowing.

Much of the strong growth in consumer spending over the last year was fueled by increased consumer debt, and an accompanying decline in the personal savings rate to the lowest level in 30 years. From January 1979 to January 1980, balances due by consumers on bankcards and other revolving credit increased by 17 percent, and consumer loans at finance companies increased by 25 percent. It is essential that consumer borrowing not add further to inflationary pressures, either by stimulating consumption at the expense of savings, or by encouraging consumers to buy now in anticipation of higher prices later.

We have also seen very strong growth in business credit over the last few months. From late December through mid-March, business borrowing from all short-term sources grew at one of the fastest rates ever recorded for a similar period, a development clearly inconsistent with reducing inflation.

Relying solely on the traditional tools of monetary policy to diminish credit growth would have placed unnecessary strains on the financial system. The new tools under the Credit Control Act will mitigate that stress. However, these actions imply no diminution in the Fed's commitment to deploy the conventional tools of monetary policy as an anti-inflationary weapon. The President invoked the Act in ways carefully designed to complement and make more effective the traditional methods of monetary control.

Third: The 10 cent per gallon gasoline conservation fee provides further impetus toward the vital objective of reducing our use of imported oil. Twice in the last 10 years, in 1974 and 1979, we experienced dramatic increases in the price of imported oil; both times inflation worsened seriously worldwide. In 1979 alone, the price of imported petroleum increased by about 100%. To regain control of our own economic destiny, we must reduce our dependence on imported oil.

We estimate the gasoline conservation fee will reduce oil imports by about 100,000 b/d in the short-run, and as much as 250,000 b/d over the longer-run. The fee is a transitional measure; the Administration will submit to the Congress a tax equivalent to an ad valorem tax on motor fuels. Once it becomes effective, the new equivalent ad valorem tax will replace both the present 4 cents a gallon tax and the conservation fee.

The steps the President took on March 14, in concert with the programs already in place, comprise a comprehensive attack on the major factors contributing to inflation. The program addresses the root causes of inflation, not merely the symptoms. We have endured a decade of persistent budget deficits, very high inflation, and soaring oil import bills. Reversing these trends will take firm and patient leadership. I believe, however, that we will succeed. What we are witnessing in Washington and throughout the nation is, in my judgment, the formation of a new and deep commitment to a process of economic renewal.

Let me return now to the Treasury Department's fiscal year 1981 budget.

Fiscal Year 1981 Treasury Overview

As I mentioned before, the estimates contained in the President's budget for fiscal year 1981 indicate that the Treasury will require a total of \$3.6 billion for operating accounts.

I would like to bring to the Committee's attention some of the highlights of the type and level of workload facing the Department in fiscal year 1981. For example:

- The Department will process over 139 million tax returns in fiscal year 1981, an increase of over 2 million from the previous year.
- We expect an increase of over 9 percent in delinquent tax accounts processed and secured.
- We estimate that 40.3 million taxpayers will come to us for assistance.
- We anticipate that 284 million persons will be arriving at U.S. borders -- 3 percent more than in 1980 -- and that we will be processing almost 5 million formal entries -- almost 7 percent more than 1980.
- We expect to manufacture approximately 15 billion coins in 1981.
- Over 153 million savings-type securities will be issued and almost 163 million retired.
- The Department will also issue 729 million checks, an increase of over 2 percent.

The \$3.6 billion request for 1981 represents a net increase of \$35 million and 568 average positions over 1980 levels. Of the total, \$34 million and 409 average positions are needed to handle additional workload generated outside the Department and is totally uncontrollable by us. The Internal Revenue Service will need \$22 million of this .

amount for processing and examining additional tax returns, collecting delinquent taxes and for legal services. \$10 million will be needed by the Bureau of the Public Debt for issuing and redeeming securities, while the remaining \$2 million is for other miscellaneous increases.

The major program expansion -- that is, an increase in the quality of our programs -- contained in our estimates involves \$36 million and 1,166 average positions. This program increase is made up of several major items and many small but necessary items scattered throughout the Department. The increases are shown below:

- \$20.9 million and 989 average positions to provide resources in the Internal Revenue Service for matching of information returns and follow-up collections -- with an estimated revenue return of \$375 million.
- \$5.1 million to provide for site preparation at several IRS Service Centers in support of the ADP Equipment Replacement Program.
- \$3.0 million and 135 average positions to provide additional resources in the IRS to collect unpaid accounts -- producing a revenue return of approximately \$55 million.
- \$6.9 million and 42 average position for other program increases spread across the other Treasury Bureaus.

These increases are offset by a net reduction of \$34.5 million and 1,007 average positions. This represents the cost of maintaining current operating levels on Treasury programs offset by one-time costs savings, management improvements, and productivity savings.

The operating accounts in the budget estimate reflect our continuing effort to strike a reasonable balance between the Department's program needs and the desire to stabilize the growth in Government spending. The increases in this budget do help offset the impact of inflation on the Department. It is my view that the budget estimate before you will assure that the revenue is protected, that income tax returns are processed, that customs declarations and duties are effeciently collected and deposited, and that alcohol and tobacco excise taxes are promptly collected. It provides adequate funding to secure necessary financing to pay the Government's bills and maintain the Government books in a businesslike manner.

In addition, the budget estimate provides for an even-handed law enforcement effort. While the significant responsibilities for law enforcement rest with the Department of Justice, the Treasury Department is responsible for that segment of law enforcement related to the protection of currency, the tax system, and the customs and excise taxes, as well as regulation and control of firearms, explosives, and smuggling.

I would like to insert Table 2 into the record to show the relationship between our average position and dollar requirements, as well as Table 3, which illustrates the detailed derivation of Treasury's "proposed authorized level for 1980."

Mr. Chairman, this concludes my prepared statement. I shall, of course, welcome the opportunity to answer any questions you may have. Thank you.

Table 1

THE DEPARTMENT OF THE TREASURY

Annual Appropriations for the FY 1980 and
Estimates Requirements for FY 1981

(In Millions of Dollars)

	1980 Proposed Authorized Level	Revised 1981 Budget Estimates	Increase (+) Decrease (-) Compared to 1980
<u>Regular Operating Appropriations:</u>			
Office of the Secretary	\$ 31.8	\$ 34.0	\$ +2.2
International Affairs	22.8	23.7	+ .9
Federal Law Enforcement Training Center	13.4	13.4	---
Bureau of Gov't Financial Oper: Salaries and Expenses	190.0	188.0	-2.0
Payments to Guam, V.I. and American Samoa	2.0	---	-2.0
Government Losses in Shipment	.2	---	-.2
Bureau of Alcohol, Tobacco and Firearms	143.7	144.8	+1.1
U.S. Customs Service	464.3	465.7	+1.4
Bureau of the Mint: Salaries and Expenses	59.4	61.0	+1.6
Bureau of the Public Debt	209.6	196.6	-13.0
Internal Revenue Service: Salaries and Expenses	150.0	157.8	+7.8
Taxpayer Ser. & Returns Proc.	802.7	811.7	+9.0
Examinations and Appeals	837.3	852.9	+15.6
Investigations and Collections	<u>501.4</u>	<u>536.7</u>	<u>+35.3</u>
Total, Internal Revenue Ser.	2,291.4	2,359.1	+67.7
Payment Where Energy Credit Exceeds Tax Liability	1.9	---	-1.9
U.S. Secret Service	<u>177.7</u>	<u>157.0</u>	<u>-20.7</u>
TOTAL, Regular Operating Appro.	\$3,608.2	\$3,643.3	\$+35.1

Table 2

THE DEPARTMENT OF THE TREASURY
Comparative Statement of Average Positions
Fiscal Year 1980 and 1981

(Direct Appropriations Only)

	1980 Authorized Level	Revised 1981 Budget Estimate	Increase (+) Decrease (-) Compared to 1980
<u>Regular Operating Appropriations:</u>			
Office of the Secretary	787	798	+11
International Affairs	487	458	-29
Federal Enforcement Training Center	253	256	+3
Bureau of Gov't Financial Oper.	2,750	2,696	-54
Bureau of Alcohol, Tobacco and Firearms	3,778	3,737	-41
U.S. Customs Service	13,643	13,529	-114
Bureau of the Mint	1,722	1,710	-12
Bureau of the Public Debt	2,679	2,640	-39
Internal Revenue Service:			
Salaries and Expenses	4,558	4,666	+108
Taxpayer Ser. & Returns Proc.	34,995	34,141	-854
Examinations and Appeals	30,367	30,292	-75
Investigations and Collections	<u>18,264</u>	<u>19,928</u>	<u>+1,664</u>
TOTAL, IRS	88,184	89,027	+843
U.S. Secret Service	<u>3,526</u>	<u>3,526</u>	<u>---</u>
TOTAL, Regular Operating Appro.	117,809	118,377	+568

THE DEPARTMENT OF THE TREASURY
Derivation of "Proposed Authorized Level for 1980"
(In Thousands of Dollars)

Table 3

1980 Appropriation.....\$3,435,622

Proposed Supplementals:

1. Pay Increase:

a. Classified.....	\$132,284	
b. Wage Board.....	229	+132,513

2. Program:

a. <u>Government Financial Operations</u> (Payments to Virgin Islands) - This proposed supplemental appropriation would provide funds to reimburse the Government of Virgin Islands for losses incurred under the Tax Reduction and Simplification Act of 1977.....	\$2,000	
b. <u>Internal Revenue Service</u> (Payment Where Energy Credit Exceeds Tax Liability) - Provides for additional payments to businesses when the solar wind credit due them exceeds the amount of tax liability owed.....	\$1,000	
c. <u>Public Debt</u> - Provides for increase workload occurring in savings bond redemptions, Treasury bill book-entry accounts, and other Bureau operations.....	\$23,558	
d. <u>Secret Service</u> - Provides for the increase cost of protective travel, Presidential candidate and nominee protection (10,800) and reimbursements to State and Local governments for protection of foreign diplomatic missions under extraordinary circumstances (2,750)...	\$13,550	+40,108

Proposed Appropriation Transfer:

1. Office of the Secretary (transfer of Anti-Dumping and Countervailing Duty Program to Commerce)	-329	
2. International Affairs (transfer to Special Trade Representative)	-88	
3. U.S. Customs Service (transfer of Anti-Dumping and Countervailing Duty Program to Commerce)	-5,271	
4. U.S. Secret Service (transfer from Mint construction account to fund pay increase requirements)	+5,730	+42

Proposed Authorized Level for 1980.....\$3,608,285

THE DEPARTMENT OF THE TREASURY
HIGHLIGHTS OF THE PRESIDENT'S FY 1981 BUDGET

The President's Budget for the Department of the Treasury Requests \$79,001,042,000 for FY 1981 -- a decrease of \$16,333,208,000 compared to 1980. This represents an increase of \$6,300,000,000 for interest on the public debt, an increase of \$75,118,000 for operating accounts (\$35,070,000 under Treasury-Post Office Subcommittee, \$40,246,000 under Hud-Independent Agencies Subcommittee and a decrease of \$198,000 under the State, Judiciary and Commerce Subcommittee), and a decrease of \$22,708,326,000 in all other accounts, such as trust funds and revolving accounts, receipts, energy security corporation, and indefinite accounts. Funds for the Department's operating programs total \$3,741,365,000 an increase of \$75,118,000 over 1980. These operating programs are the ones that receive the most scrutiny by our Congressional Appropriations Committees.

Relative to the Department's employment, the budget provides for a 1981 level of 118,555 average positions (118,377 under Treasury-Post Office Subcommittee, and 158 under HUD-Independent Agencies Subcommittee and 20 under the State, Judiciary and Commerce Subcommittee) for the operating accounts, an increase of 576 (568 under Treasury-Post Office Subcommittee and 8 under the State, Judiciary and Commerce Subcommittee) compared to 1980.

Budget Authority Increases for Treasury Subcommittee Operating Accounts -- Net \$35,070,000

- + 33,799,000 -- to meet workload increases, for the following items: \$8.2 million for processing tax returns, \$4.1 million for examination of tax returns, \$7.0 million for collection of delinquent taxes, \$3.0 million for legal services, \$1.2 million for check issuance, \$9.7 million for issuing and redeeming securities, \$0.3 million for Office of the Secretary workload, and \$0.3 million for other increases.
- + 20,869,000 -- to provide additional resources in the Internal Revenue Service for matching of information returns and follow-up collections.
- + 5,081,000 -- to provide for site preparation of several IRS Service Centers in support of the ADP equipment replacement program.

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Increases - Operating Accounts (continued)

- + 2,980,000 -- to provide additional resources in the IRS to collect unpaid accounts.
- + 600,000 -- for repairs and improvements to the Treasury Annex elevators.
- + 2,937,000 -- to provide for acquisition of equipment in several Treasury bureaus.
- + 350,000 -- to provide additional resources in the Secret Service for technical security.
- + 700,000 -- for the Salary Equalization Program, Asian Development Bank.
- + 2,292,000 -- for other program increases.
- + 90,179,000 -- to maintain current levels of operation -- within-grade promotions, grade to grade promotion, space rental, FTS costs, printing costs, health benefits, etc.
- 124,717,000 -- for non-recurring equipment, one-time costs, and savings and certain program reductions.

Employment - Increase of 568 Average Positions

- + 409 -- average positions of new employees to meet workload increases for the following items: 397 for collection of delinquent taxes, 10 for manufacturing of coins in Mint, 2 for the Office of the Secretary and Government Financial Operations.
- + 989 -- average positions to provide additional resources in IRS for matching of information returns and follow-up collections.
- + 135 -- average positions to provide additional resources in IRS to collect delinquent unpaid accounts.
- + 10 -- average positions for the check payment and reconciliation program in GFO.
- + 32 -- average positions for other program increases.
- + 34 -- average positions to provide full-year cost in 1981 for programs authorized for part of 1980.
- 1,041 -- average positions for non-recurring savings, program reductions, and productivity savings.

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Assumptions

The estimates are based on the assumptions that:

- All possible efforts will be made to hold Government expenditures to a minimum particularly in this budget year when most workload increases have been offset by productivity savings and program reductions.
- Pay increases for classified employees under Executive Order 12165 will be provided in 1980 supplemental appropriations.
- Increased productivity and management savings will be applied to the maximum extent.
- Demands for Treasury services will continue to increase and must be met:
 - * Government checks issued and paid.
 - * Bond and security records maintained.
 - * Coins, currency and stamps produced for nation's commerce.
 - * Internal Revenue master file maintained in a current manner and tax returns processed.
 - * Check claims cases settled promptly.
 - * Cargo and persons entering our borders should be processed equitably and efficiently.
 - * Smuggling of all contraband should be identified and halted where possible.

Summary Analysis of FY 1981 Estimates
for Operating Bureaus and Offices

Office of the Secretary - \$33,995,000

- Net increase is \$2,241,000 and 11 average positions of employment.
- \$344,000 and 8 average positions are needed for increased workload.
- \$600,000 is requested for repairs and improvements to the Treasury Annex elevators.
- \$325,000 and 10 average positions are included for the new insurance office.

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Office of the Secretary (continued)

- \$1,477,000 and 2 average position are needed to maintain current levels of operations -- within-grade promotions, annualization of pay increases, space rental costs, etc.
- A reduction of \$505,000 and 9 average positions are principally for non-recurring and one-time costs and productivity savings.

International Affairs - \$23,671,000

- Net increase is \$834,000 and a decrease of 29 average positions of employment.
- \$700,000 is required for the Salary Equalization Program, Asian Development Bank.
- \$1,558,000 is provided to maintain current levels of operation -- within-grade promotions, price increases, annualization of pay increases, etc.
- A reduction of \$1,424,000 and 29 average positions is for productivity savings and non-recurring one-time costs.

Federal Law Enforcement Training Center - \$13,400,000 for Salaries and Expenses

- Net decrease for Salaries and Expenses of \$2,000 and an increase of 3 average positions of employment.
- An increase of \$753,000 and 3 average positions are for the costs related to maintaining current levels of operations -- within-grade promotions, annualization of pay increases, price increases, etc.
- A reduction of \$755,000 is for productivity savings, program reductions, and non-recurring one-time costs.

Bureau of Government Financial Operations

Salaries and Expenses - \$188,012,000

- Net decreases are \$2,027,000 and 54 average positions of employment.
- \$1,193,000 and a decrease of 6 average positions are for workload in the check issuance area.
- \$490,000 is to provide for ADP and capital equipment acquisitions.

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GFO, Salaries and Expenses (continued)

- \$486,000 and 10 average positions are for the check payment and reconciliation program.
- \$229,000 and 5 average positions are for other program increases.
- \$1,539,000 is required to maintain current staff levels -- within-grades, space rental, annualization of postage increases and full-year costs of programs authorized for part of 1980.
- Reductions of \$5,964,000 and 63 average positions for management savings, non-recurring one-time costs and program reductions.

Payments to Guam, Virgin Islands and American Samoa - \$-2,000,000

- A net reduction of \$2,000,000 for one-time payments occurring in 1980.

Government Losses in Shipment - \$-200,000.

- A net reduction of \$200,000 for one-time payment occurring in 1980.

Bureau of Alcohol, Tobacco and Firearms - \$144,844,000

- A net increase of \$1,142,000 and a reduction of 41 average positions of employment.
- \$997,000 is required for additional equipment.
- \$3,666,000 is for costs to maintain current levels of operations which include such items as within-grade promotions, grade to grade promotions, and increased printing, postage, and space costs.
- A reduction of \$3,521,000 and 41 average positions for program reductions and non-recurring costs and savings.

U.S. Customs Service - \$465,700,000

- Net increase of \$1,361,000 and a reduction of 114 average positions of employment.
- \$1,450,000 is for additional vehicles and enforcement equipment.
- \$386,000 and 8 average positions are for the regulatory audit program.

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U.S. Customs Service (continued)

- \$525,000 and 9 average positions are for safety and health programs.
- An increase of \$11,467,000 and 29 average positions are to maintain current levels of operation -- within-grade promotions, grade to grade promotions, price increases, annualization of pay increases, space increases, etc.
- A reduction of \$12,467,000 and 160 average positions are for non-recurring costs and savings, productivity savings, and program reductions.

Bureau of the Mint

Salaries and Expenses - \$60,956,000

- Net increase for Salaries and Expenses, \$1,599,000 and a decrease of 12 average positions.
- \$205,000 and 10 average positions are for increased workload.
- \$4,323,000 is required to maintain current levels of operation -- within-grade promotions, annualization of pay increases, FTS costs, etc.
- A reduction of \$2,929,000 and 22 average positions is for non-recurring costs and savings and program reductions.

Bureau of the Public Debt - \$196,625,000

- A reduction of \$13,015,000 and a reduction of 39 average positions of employment.
- \$9,671,000 is for compensation of issuing and paying agents for redemption and sale of savings bonds and reimbursement to Federal Reserve Banks for services.
- \$341,000 is for other program increases.
- \$2,418,000 to maintain current levels of operations, including such major items as within-grade promotions, annualization of pay increases, space rental costs, annualization of postage, etc.
- A reduction of \$25,445,000 and 39 average positions for non-recurring costs, and management savings.

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Internal Revenue Service - \$2,359,111,000

Salaries and Expenses - \$157,762,000

- A net increase of \$7,782,000 and 108 average positions of employment.
- \$3,152,000 and 63 average positions are for increased workload.
- \$6,678,000 and 60 average positions are to maintain current levels of operations -- within-grade promotions, annualization of pay increases, space rental costs, etc.
- A reduction of \$2,048,000 and 15 average positions covering non-recurring costs and savings and program reductions.

Taxpayer Service and Returns Processing - \$811,744,000

- Net increase of \$8,996,000 and a decrease of 854 average positions of employment.
- \$8,202,000 and 4 average positions for processing additional tax returns.
- \$5,750,000 and 302 average positions are for matching additional information returns and related follow-up collections.
- \$5,081,000 is for site preparation at several service centers in support of the ADP Equipment Replacement Program.
- An increase of \$13,856,000 and a reduction of 812 average positions is to maintain current levels of operations including such items as within-grade promotions, grade-to-grade promotions, annualization of pay raises, etc.
- A reduction of \$23,893,000 and 348 average positions is for non-recurring costs and savings and program reductions.

Examinations and Appeals - \$852,925,000

- A net increase of \$15,609,000 and a decrease of 75 average positions of employment.
- An increase of \$4,069,000 for examination of additional tax returns.
- An increase of \$4,527,000 and 233 average positions for examinations of tax returns derived from the information returns program.

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IRS, Examinations and Appeals (continued)

- An increase of \$19,103,000 and a reduction of 63 average positions are to maintain current levels of operations including such items as within-grade promotions, grade-to-grade promotions, annualization of pay increases, etc.
- A reduction of \$12,090,000 and 245 average positions is for non-recurring costs and savings and productivity savings.

Investigations and Collections - \$536,680,000

- A net increase of \$35,259,000 and 1,664 average positions of employment.
- \$6,963,000 and 330 average positions are for collection of delinquent taxes related to additional workload.
- \$10,592,000 and 454 average positions are for follow-up investigations derived from the information returns program.
- \$2,980,000 and 135 average positions are for an increased effort to collect unpaid accounts.
- \$21,002,000 and 815 average positions to maintain current levels of operation -- within-grade promotions, grade-to-grade promotions, space rental costs, annualization of pay increases and programs authorized for part of FY 1980 etc.
- A reduction of \$6,278,000 and 70 average positions covering non-recurring costs and savings and program reductions.

Payment where Energy Credit Exceeds Tax Liability - \$-1,900,000

- Net decrease of \$1,900,000 for one-time non-recurring costs in 1980 (this account is proposed as an indefinite in 1981).

U.S. Secret Service - \$157,041,000

- Net decrease is \$20,609,000 with no change proposed in average positions.
- \$350,000 is for technical security equipment.
- \$2,339,000 is for those costs required to maintain current levels of operation -- within-grade promotions, grade-to-grade promotions, annualization of pay, space rental, etc.
- A reduction of \$23,298,000 is for non-recurring equipment costs and program reductions primarily related to the candidate and nominee protection program in the 1980 budget.

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SECRETARY OF THE TREASURY
FOR THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS
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Mr. Chairman, Members of the Committee:

I am pleased to be here with you to discuss the Department of the Treasury operating budget request for fiscal year 1981.

Mr. Chairman, I understand that this will be your final hearing on the Treasury Department before your retirement. I would like to express my appreciation to you, Mr. Chairman, for your many years of understanding and encouragement for Treasury programs. I know that your appropriation hearings have always been conducted on an open and fair minded basis. Your knowledge and support of key Treasury activities have been instrumental in many areas in insuring that these activities can be funded and carried out in a manner that serves the public effectively and efficiently. I know I speak for the many Treasury officials who appeared before you over the years in thanking you and wishing you all of the best in your retirement.

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First: The balanced budget for FY 1981 that the Administration is submitting to the Congress will be the first balanced budget since 1969. We must recognize that prudent fiscal policy demands that the budget oscillate around a true balance over the business cycle. During the 1970's, we have had continuous deficits, in both good times and bad.

The new budget represents a powerful economic force. The swing toward fiscal restraint between FY 1980 and FY 1981 will be approximately \$50 billion, the largest ever in nominal terms and one of the largest ever as a percentage of GNP. And this increased fiscal stringency begins immediately: many of the budget cuts will affect FY 80 as well as 1981, and the gasoline conservation fee already imposed by the President will begin generating revenues this spring.

Because of this shift in fiscal policy, Treasury demands on private capital markets will be reduced substantially. Federal Borrowing from the public will be reduced by approximately \$5 billion in Fiscal year 1980 and by over \$30 billion in Fiscal 1981.

Balancing the Federal budget is the single most important step we can take to reduce inflationary expectations and return order to capital markets.

Second: By invoking the Credit Control Act of 1969, the President has given the Federal Reserve new tools to slow the growth of consumer and business borrowing.

Much of the strong growth in consumer spending over the last year was fueled by increased consumer debt, and an accompanying decline in the personal savings rate to the lowest level in 30 years. From January 1979 to January 1980, balances due by consumers on bankcards and other revolving credit increased by 17 percent, and consumer loans at finance companies increased by 25 percent. It is essential that consumer borrowing not add further to inflationary pressures, either by stimulating consumption at the expense of savings, or by encouraging consumers to buy now in anticipation of higher prices later.

We have also seen very strong growth in business credit over the last few months. From late December through mid-March, business borrowing from all short-term sources grew at one of the fastest rates ever recorded for a similar period, a development clearly inconsistent with reducing inflation.

Relying solely on the traditional tools of monetary policy to diminish credit growth would have placed unnecessary strains on the financial system. The new tools under the Credit Control Act will mitigate that stress. However, these actions imply no diminution in the Fed's commitment to deploy the conventional tools of monetary policy as an anti-inflationary weapon. The President invoked the Act in ways carefully designed to complement and make more effective the traditional methods of monetary control.

Third: The 10 cent per gallon gasoline conservation fee provides further impetus toward the vital objective of reducing our use of imported oil. Twice in the last 10 years, in 1974 and 1979, we experienced dramatic increases in the price of imported oil; both times inflation worsened seriously worldwide. In 1979 alone, the price of imported petroleum increased by about 100%. To regain control of our own economic destiny, we must reduce our dependence on imported oil.

We estimate the gasoline conservation fee will reduce oil imports by about 100,000 b/d in the short-run, and as much as 250,000 b/d over the longer-run. The fee is a transitional measure; the Administration will submit to the Congress a tax equivalent to an ad valorem tax on motor fuels. Once it becomes effective, the new equivalent ad valorem tax will replace both the present 4 cents a gallon tax and the conservation fee.

The steps the President took on March 14, in concert with the programs already in place, comprise a comprehensive attack on the major factors contributing to inflation. The program addresses the root causes of inflation, not merely the symptoms. We have endured a decade of persistent budget deficits, very high inflation, and soaring oil import bills. Reversing these trends will take firm and patient leadership. I believe, however, that we will succeed. What we are witnessing in Washington and throughout the nation is, in my judgment, the formation of a new and deep commitment to a process of economic renewal.

Let me return now to the Treasury Department's fiscal year 1981 budget.

Fiscal Year 1981 Treasury Overview

As I mentioned before, the estimates contained in the President's budget for fiscal year 1981 indicate that the Treasury will require a total of \$3.6 billion for operating accounts.

I would like to bring to the Committee's attention some of the highlights of the type and level of workload facing the Department in fiscal year 1981. For example:

- The Department will process over 139 million tax returns in fiscal year 1981, an increase of over 2 million from the previous year.
- We expect an increase of over 9 percent in delinquent tax accounts processed and secured.
- We estimate that 40.3 million taxpayers will come to us for assistance.
- We anticipate that 284 million persons will be arriving at U.S. borders -- 3 percent more than in 1980 -- and that we will be processing almost 5 million formal entries -- almost 7 percent more than 1980.
- We expect to manufacture approximately 15 billion coins in 1981.
- Over 153 million savings-type securities will be issued and almost 163 million retired.
- The Department will also issue 729 million checks, an increase of over 2 percent.

The \$3.6 billion request for 1981 represents a net increase of \$35 million and 568 average positions over 1980 levels. Of the total, \$34 million and 409 average positions are needed to handle additional workload generated outside the Department and is totally uncontrollable by us. The Internal Revenue Service will need \$22 million of this .

amount for processing and examining additional tax returns, collecting delinquent taxes and for legal services. \$10 million will be needed by the Bureau of the Public Debt for issuing and redeeming securities, while the remaining \$2 million is for other miscellaneous increases.

The major program expansion -- that is, an increase in the quality of our programs -- contained in our estimates involves \$36 million and 1,166 average positions. This program increase is made up of several major items and many small but necessary items scattered throughout the Department. The increases are shown below:

- \$20.9 million and 989 average positions to provide resources in the Internal Revenue Service for matching of information returns and follow-up collections -- with an estimated revenue return of \$375 million.
- \$5.1 million to provide for site preparation at several IRS Service Centers in support of the ADP Equipment Replacement Program.
- \$3.0 million and 135 average positions to provide additional resources in the IRS to collect unpaid accounts -- producing a revenue return of approximately \$55 million.
- \$6.9 million and 42 average position for other program increases spread across the other Treasury Bureaus.

These increases are offset by a net reduction of \$34.5 million and 1,007 average positions. This represents the cost of maintaining current operating levels on Treasury programs offset by one-time costs savings, management improvements, and productivity savings.

The operating accounts in the budget estimate reflect our continuing effort to strike a reasonable balance between the Department's program needs and the desire to stabilize the growth in Government spending. The increases in this budget do help offset the impact of inflation on the Department. It is my view that the budget estimate before you will assure that the revenue is protected, that income tax returns are processed, that customs declarations and duties are effeciently collected and deposited, and that alcohol and tobacco excise taxes are promptly collected. It provides adequate funding to secure necessary financing to pay the Government's bills and maintain the Government books in a businesslike manner.

In addition, the budget estimate provides for an even-handed law enforcement effort. While the significant responsibilities for law enforcement rest with the Department of Justice, the Treasury Department is responsible for that segment of law enforcement related to the protection of currency, the tax system, and the customs and excise taxes, as well as regulation and control of firearms, explosives, and smuggling.

I would like to insert Table 2 into the record to show the relationship between our average position and dollar requirements, as well as Table 3, which illustrates the detailed derivation of Treasury's "proposed authorized level for 1980."

Mr. Chairman, this concludes my prepared statement. I shall, of course, welcome the opportunity to answer any questions you may have. Thank you.

Table 1

THE DEPARTMENT OF THE TREASURY

Annual Appropriations for the FY 1980 and
Estimates Requirements for FY 1981

(In Millions of Dollars)

	1980 Proposed Authorized Level	Revised 1981 Budget Estimates	Increase (+) Decrease (-) Compared to 1980
<u>Regular Operating Appropriations:</u>			
Office of the Secretary	\$ 31.8	\$ 34.0	\$ +2.2
International Affairs	22.8	23.7	+ .9
Federal Law Enforcement Training Center	13.4	13.4	---
Bureau of Gov't Financial Oper:			
Salaries and Expenses	190.0	188.0	-2.0
Payments to Guam, V.I. and American Somoa	2.0	---	-2.0
Government Losses in Shipment	.2	---	-.2
Bureau of Alcohol, Tobacco and Firearms	143.7	144.8	+1.1
U.S. Customs Service	464.3	465.7	+1.4
Bureau of the Mint:			
Salaries and Expenses	59.4	61.0	+1.6
Bureau of the Public Debt	209.6	196.6	-13.0
Internal Revenue Service:			
Salaries and Expenses	150.0	157.8	+7.8
Taxpayer Ser. & Returns Proc.	802.7	811.7	+9.0
Examinations and Appeals	837.3	852.9	+15.6
Investigations and Collections	<u>501.4</u>	<u>536.7</u>	<u>+35.3</u>
Total, Internal Revenue Ser.	2,291.4	2,359.1	+67.7
Payment Where Energy Credit Exceeds Tax Liability	1.9	---	-1.9
U.S. Secret Service	<u>177.7</u>	<u>157.0</u>	<u>-20.7</u>
TOTAL, Regular Operating Appro.	\$3,608.2	\$3,643.3	\$+35.1

Table 2

THE DEPARTMENT OF THE TREASURY
Comparative Statement of Average Positions
Fiscal Year 1980 and 1981

(Direct Appropriations Only)

	1980 Authorized Level	Revised 1981 Budget Estimate	Increase (+) Decrease (-) Compared to 1980
<u>Regular Operating Appropriations:</u>			
Office of the Secretary	787	798	+11
International Affairs	487	458	-29
Federal Enforcement Training Center	253	256	+3
Bureau of Gov't Financial Oper.	2,750	2,696	-54
Bureau of Alcohol, Tobacco and Firearms	3,778	3,737	-41
U.S. Customs Service	13,643	13,529	-114
Bureau of the Mint	1,722	1,710	-12
Bureau of the Public Debt	2,679	2,640	-39
Internal Revenue Service:			
Salaries and Expenses	4,558	4,666	+108
Taxpayer Ser. & Returns Proc.	34,995	34,141	-854
Examinations and Appeals	30,367	30,292	-75
Investigations and Collections	<u>18,264</u>	<u>19,928</u>	<u>+1,664</u>
TOTAL, IRS	88,184	89,027	+843
U.S. Secret Service	<u>3,526</u>	<u>3,526</u>	---
TOTAL, Regular Operating Appro.	117,809	118,377	+568

THE DEPARTMENT OF THE TREASURY
Derivation of "Proposed Authorized Level for 1980"
(In Thousands of Dollars)

Table 3

1980 Appropriation.....\$3,435,622

Proposed Supplementals:

1. Pay Increase:

a. Classified.....	\$132,284	
b. Wage Board.....	229	+132,513

2. Program:

a. <u>Government Financial Operations</u> (Payments to Virgin Islands) - This proposed supplemental appropriation would provide funds to reimburse the Government of Virgin Islands for losses incurred under the Tax Reduction and Simplification Act of 1977.....	\$2,000	
b. <u>Internal Revenue Service</u> (Payment Where Energy Credit Exceeds Tax Liability) - Provides for additional payments to businesses when the solar wind credit due them exceeds the amount of tax liability owed.....	\$1,000	
c. <u>Public Debt</u> - Provides for increase workload occurring in savings bond redemptions, Treasury bill book-entry accounts, and other Bureau operations.....	\$23,558	
d. <u>Secret Service</u> - Provides for the increase cost of protective travel, Presidential candidate and nominee protection (10,800) and reimbursements to State and Local governments for protection of foreign diplomatic missions under extraordinary circumstances (2,750)...	\$13,550	+40,108

Proposed Appropriation Transfer:

1. Office of the Secretary (transfer of Anti-Dumping and Countervailing Duty Program to Commerce)	-329	
2. International Affairs (transfer to Special Trade Representative)	-88	
3. U.S. Customs Service (transfer of Anti-Dumping and Countervailing Duty Program to Commerce)	-5,271	
4. U.S. Secret Service (transfer from Mint construction account to fund pay increase requirements)	+5,730	+42

Proposed Authorized Level for 1980.....\$3,608,285

THE DEPARTMENT OF THE TREASURY
HIGHLIGHTS OF THE PRESIDENT'S FY 1981 BUDGET

The President's Budget for the Department of the Treasury Requests \$79,001,042,000 for FY 1981 -- a decrease of \$16,333,208,000 compared to 1980. This represents an increase of \$6,300,000,000 for interest on the public debt, an increase of \$75,118,000 for operating accounts (\$35,070,000 under Treasury-Post Office Subcommittee, \$40,246,000 under Hud-Independent Agencies Subcommittee and a decrease of \$198,000 under the State, Judiciary and Commerce Subcommittee), and a decrease of \$22,708,326,000 in all other accounts, such as trust funds and revolving accounts, receipts, energy security corporation, and indefinite accounts. Funds for the Department's operating programs total \$3,741,365,000 an increase of \$75,118,000 over 1980. These operating programs are the ones that receive the most scrutiny by our Congressional Appropriations Committees.

Relative to the Department's employment, the budget provides for a 1981 level of 118,555 average positions (118,377 under Treasury-Post Office Subcommittee, and 158 under HUD-Independent Agencies Subcommittee and 20 under the State, Judiciary and Commerce Subcommittee) for the operating accounts, an increase of 576 (568 under Treasury-Post Office Subcommittee and 8 under the State, Judiciary and Commerce Subcommittee) compared to 1980.

Budget Authority Increases for Treasury Subcommittee Operating Accounts -- Net \$35,070,000

- + 33,799,000 -- to meet workload increases, for the following items: \$8.2 million for processing tax returns, \$4.1 million for examination of tax returns, \$7.0 million for collection of delinquent taxes, \$3.0 million for legal services, \$1.2 million for check issuance, \$9.7 million for issuing and redeeming securities, \$0.3 million for Office of the Secretary workload, and \$0.3 million for other increases.
- + 20,869,000 -- to provide additional resources in the Internal Revenue Service for matching of information returns and follow-up collections.
- + 5,081,000 -- to provide for site preparation of several IRS Service Centers in support of the ADP equipment replacement program.

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Increases - Operating Accounts (continued)

- + 2,980,000 -- to provide additional resources in the IRS to collect unpaid accounts.
- + 600,000 -- for repairs and improvements to the Treasury Annex elevators.
- + 2,937,000 -- to provide for acquisition of equipment in several Treasury bureaus.
- + 350,000 -- to provide additional resources in the Secret Service for technical security.
- + 700,000 -- for the Salary Equalization Program, Asian Development Bank.
- + 2,292,000 -- for other program increases.
- + 90,179,000 -- to maintain current levels of operation -- within-grade promotions, grade to grade promotion, space rental, FTS costs, printing costs, health benefits, etc.
- 124,717,000 -- for non-recurring equipment, one-time costs, and savings and certain program reductions.

Employment - Increase of 568 Average Positions

- + 409 -- average positions of new employees to meet workload increases for the following items: 397 for collection of delinquent taxes, 10 for manufacturing of coins in Mint, 2 for the Office of the Secretary and Government Financial Operations.
- + 989 -- average positions to provide additional resources in IRS for matching of information returns and follow-up collections.
- + 135 -- average positions to provide additional resources in IRS to collect delinquent unpaid accounts.
- + 10 -- average positions for the check payment and reconciliation program in GFO.
- + 32 -- average positions for other program increases.
- + 34 -- average positions to provide full-year cost in 1981 for programs authorized for part of 1980.
- 1,041 -- average positions for non-recurring savings, program reductions, and productivity savings.

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Assumptions

The estimates are based on the assumptions that:

- All possible efforts will be made to hold Government expenditures to a minimum particularly in this budget year when most workload increases have been offset by productivity savings and program reductions.
- Pay increases for classified employees under Executive Order 12165 will be provided in 1980 supplemental appropriations.
- Increased productivity and management savings will be applied to the maximum extent.
- Demands for Treasury services will continue to increase and must be met:
 - * Government checks issued and paid.
 - * Bond and security records maintained.
 - * Coins, currency and stamps produced for nation's commerce.
 - * Internal Revenue master file maintained in a current manner and tax returns processed.
 - * Check claims cases settled promptly.
 - * Cargo and persons entering our borders should be processed equitably and efficiently.
 - * Smuggling of all contraband should be identified and halted where possible.

Summary Analysis of FY 1981 Estimates
for Operating Bureaus and Offices

Office of the Secretary - \$33,995,000

- Net increase is \$2,241,000 and 11 average positions of employment.
- \$344,000 and 8 average positions are needed for increased workload.
- \$600,000 is requested for repairs and improvements to the Treasury Annex elevators.
- \$325,000 and 10 average positions are included for the new insurance office.

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Office of the Secretary (continued)

- \$1,477,000 and 2 average position are needed to maintain current levels of operations - within-grade promotions, annualization of pay increases, space rental costs, etc.
- A reduction of \$505,000 and 9 average positions are principally for non-recurring and one-time costs and productivity savings.

International Affairs - \$23,671,000

- Net increase is \$834,000 and a decrease of 29 average positions of employment.
- \$700,000 is required for the Salary Equalization Program, Asian Development Bank.
- \$1,558,000 is provided to maintain current levels of operation -- within-grade promotions, price increases, annualization of pay increases, etc.
- A reduction of \$1,424,000 and 29 average positions is for productivity savings and non-recurring one-time costs.

Federal Law Enforcement Training Center - \$13,400,000 for Salaries and Expenses

- Net decrease for Salaries and Expenses of \$2,000 and an increase of 3 average positions of employment.
- An increase of \$753,000 and 3 average positions are for the costs related to maintaining current levels of operations -- within-grade promotions, annualization of pay increases, price increases, etc.
- A reduction of \$755,000 is for productivity savings, program reductions, and non-recurring one-time costs.

Bureau of Government Financial Operations

Salaries and Expenses - \$188,012,000

- Net decreases are \$2,027,000 and 54 average positions of employment.
- \$1,193,000 and a decrease of 6 average positions are for workload in the check issuance area.
- \$490,000 is to provide for ADP and capital equipment acquisitions.

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GFO, Salaries and Expenses (continued)

- \$486,000 and 10 average positions are for the check payment and reconciliation program.
- \$229,000 and 5 average positions are for other program increases.
- \$1,539,000 is required to maintain current staff levels -- within-grades, space rental, annualization of postage increases and full-year costs of programs authorized for part of 1980.
- Reductions of \$5,964,000 and 63 average positions for management savings, non-recurring one-time costs and program reductions.

Payments to Guam, Virgin Islands and American Samoa - \$-2,000,000

- A net reduction of \$2,000,000 for one-time payments occurring in 1980.

Government Losses in Shipment - \$-200,000.

- A net reduction of \$200,000 for one-time payment occurring in 1980.

Bureau of Alcohol, Tobacco and Firearms - \$144,844,000

- A net increase of \$1,142,000 and a reduction of 41 average positions of employment.
- \$997,000 is required for additional equipment.
- \$3,666,000 is for costs to maintain current levels of operations which include such items as within-grade promotions, grade to grade promotions, and increased printing, postage, and space costs.
- A reduction of \$3,521,000 and 41 average positions for program reductions and non-recurring costs and savings.

U.S. Customs Service - \$465,700,000

- Net increase of \$1,361,000 and a reduction of 114 average positions of employment.
- \$1,450,000 is for additional vehicles and enforcement equipment.
- \$386,000 and 8 average positions are for the regulatory audit program.

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U.S. Customs Service (continued)

- \$525,000 and 9 average positions are for safety and health programs.
- An increase of \$11,467,000 and 29 average positions are to maintain current levels of operation -- within-grade promotions, grade to grade promotions, price increases, annualization of pay increases, space increases, etc.
- A reduction of \$12,467,000 and 160 average positions are for non-recurring costs and savings, productivity savings, and program reductions.

Bureau of the Mint

Salaries and Expenses - \$60,956,000

- Net increase for Salaries and Expenses, \$1,599,000 and a decrease of 12 average positions.
- \$205,000 and 10 average positions are for increased workload.
- \$4,323,000 is required to maintain current levels of operation -- within-grade promotions, annualization of pay increases, FTS costs, etc.
- A reduction of \$2,929,000 and 22 average positions is for non-recurring costs and savings and program reductions.

Bureau of the Public Debt - \$196,625,000

- A reduction of \$13,015,000 and a reduction of 39 average positions of employment.
- \$9,671,000 is for compensation of issuing and paying agents for redemption and sale of savings bonds and reimbursement to Federal Reserve Banks for services.
- \$341,000 is for other program increases.
- \$2,418,000 to maintain current levels of operations, including such major items as within-grade promotions, annualization of pay increases, space rental costs, annualization of postage, etc.
- A reduction of \$25,445,000 and 39 average positions for non-recurring costs, and management savings.

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Internal Revenue Service - \$2,359,111,000

Salaries and Expenses - \$157,762,000

- A net increase of \$7,782,000 and 108 average positions of employment.
- \$3,152,000 and 63 average positions are for increased workload.
- \$6,678,000 and 60 average positions are to maintain current levels of operations -- within-grade promotions, annualization of pay increases, space rental costs, etc.
- A reduction of \$2,048,000 and 15 average positions covering non-recurring costs and savings and program reductions.

Taxpayer Service and Returns Processing - \$811,744,000

- Net increase of \$8,996,000 and a decrease of 854 average positions of employment.
- \$8,202,000 and 4 average positions for processing additional tax returns.
- \$5,750,000 and 302 average positions are for matching additional information returns and related follow-up collections.
- \$5,081,000 is for site preparation at several service centers in support of the ADP Equipment Replacement Program.
- An increase of \$13,856,000 and a reduction of 812 average positions is to maintain current levels of operations including such items as within-grade promotions, grade-to-grade promotions, annualization of pay raises, etc.
- A reduction of \$23,893,000 and 348 average positions is for non-recurring costs and savings and program reductions.

Examinations and Appeals - \$852,925,000

- A net increase of \$15,609,000 and a decrease of 75 average positions of employment.
- An increase of \$4,069,000 for examination of additional tax returns.
- An increase of \$4,527,000 and 233 average positions for examinations of tax returns derived from the information returns program.

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IRS, Examinations and Appeals (continued)

- An increase of \$19,103,000 and a reduction of 63 average positions are to maintain current levels of operations including such items as within-grade promotions, grade-to-grade promotions, annualization of pay increases, etc.
- A reduction of \$12,090,000 and 245 average positions is for non-recurring costs and savings and productivity savings.

Investigations and Collections - \$536,680,000

- A net increase of \$35,259,000 and 1,664 average positions of employment.
- \$6,963,000 and 330 average positions are for collection of delinquent taxes related to additional workload.
- \$10,592,000 and 454 average positions are for follow-up investigations derived from the information returns program.
- \$2,980,000 and 135 average positions are for an increased effort to collect unpaid accounts.
- \$21,002,000 and 815 average positions to maintain current levels of operation -- within-grade promotions, grade-to-grade promotions, space rental costs, annualization of pay increases and programs authorized for part of FY 1980 etc.
- A reduction of \$6,278,000 and 70 average positions covering non-recurring costs and savings and program reductions.

Payment where Energy Credit Exceeds Tax Liability - \$-1,900,000

- Net decrease of \$1,900,000 for one-time non-recurring costs in 1980 (this account is proposed as an indefinite in 1981).

U.S. Secret Service - \$157,041,000

- Net decrease is \$20,609,000 with no change proposed in average positions.
- \$350,000 is for technical security equipment.
- \$2,339,000 is for those costs required to maintain current levels of operation -- within-grade promotions, grade-to-grade promotions, annualization of pay, space rental, etc.
- A reduction of \$23,298,000 is for non-recurring equipment costs and program reductions primarily related to the candidate and nominee protection program in the 1980 budget.

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