

to know who did it if something happened." Karen recalls a few times when Daniel came to the defense of his brother Alex when he was teased by other boys.

Like the rest of his family, Daniel was also very committed to his church. One way they all contributed together was as a gospel band, the Wallace Family Band. Mom and dad sang. Their sons Charles and Brian played the guitar, Alex played the drums, and Daniel played bass guitar. The whole family got into the act.

After high school, Daniel went on to National College in Florence, where he took business classes. He was studying to be an accountant. "Danny liked numbers and he enjoyed math," says Karen.

In high school and college he had a couple of jobs, working at a car dealership and as an apprentice with a steel manufacturer. But just as his family raised him to serve others through his work at church, Daniel felt moved to serve his country through military service.

"He liked the Army one hundred percent," his mother Karen says. "You couldn't have budged him out of that. . . . I've never seen him happier in all my life than after he joined the National Guard."

In the Guard, Daniel trained to be a combat engineer. His dad recalls that after his training, he was named the 218th Regiment Honor Graduate. Part of his training included learning how to deactivate explosive devices—his mother Karen recalls that "on his evaluation, it said Danny likes to blow up things."

Daniel also inspired his brother Alex to join the National Guard, and Alex became a medic.

"I'm proud of my brother," Alex says. "I'm going to keep carrying on. I know he wants me to serve my full time, which is what I'm going to do."

Daniel joined the 201st Engineer Battalion of the Kentucky Army National Guard, based out of Cynthiana, and was deployed to Afghanistan. He wrote his mother letters telling of his experiences, especially of his work to renovate the chapel for the soldiers on base.

"Danny made a library [in the chapel]," Karen recalls. "We'd send him books for the library and Danny read all of them. They were redoing the chapel outside and inside . . . he was always working in the chapel."

Daniel's family shipped him his bass guitar, and he formed a band with his fellow soldiers in Afghanistan. Karen recalls how, before his posting in Afghanistan, Daniel had played with the Wallace Family Band one last time.

"Danny came in for 15 days of R&R, [and] we got one booking in the church," she says. "Everybody was there . . . daughter-in-law, the boys, everybody. God has blessed us with our family. I've always told people that."

The members of Daniel's loving family are in our prayers today as I share

with my colleagues just some of Daniel's story. We are thinking of his son, Cody George Mardis; his daughter, Abigail Rose Wallace; his parents, Kenneth and Karen; his brother Charles, Charles's wife Robin and their children; his brother Brian, Brian's wife Jennifer and their children; his brother Alex; his sister Kim; his grandfather, Arvis Sinclair; and many other beloved friends and family members.

Daniel once asked his mother to write more letters—not to him, but to other soldiers who didn't have moms like her writing to their sons and daughters in a war zone. After Daniel's death, Karen heard from her son's fellow soldiers about how Daniel carried himself, even in the face of great danger.

"The letters I've received from the guys shows me Danny was true to God. He had a true mission over there," Karen says. He'd always say, "Mom, don't worry—God's watching over me."

Nothing could ever take away the pain of this family's loss. But I hope Daniel's loved ones know there is one other thing they should never worry about: that our Nation could ever forget Daniel's great sacrifice.

And this U.S. Senate will forever honor Sergeant Daniel W. Wallace for his service to country.

I yield the floor.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Iowa is recognized.

#### PRIVATE DEBT COLLECTION AMENDMENT

Mr. GRASSLEY. Mr. President, I rise for the purpose of discussing an amendment that was filed yesterday that I hope I get an opportunity to offer. I am going to touch on these points, but I thought I would highlight a couple points about this amendment.

First of all, there is bipartisan agreement in this body there is a \$290 billion tax gap—"tax gap" meaning taxes that are owed but not collected. There is also an understanding that is not written that the IRS is not going to go after taxes unpaid, through their own employees, of under \$25,000 a year. There is a feeling by some people in the IRS there ought to be more employees hired to go after the tax gap, but even if those additional employees are hired, they still will not go after those under \$25,000.

Now, we have a program in place I wish to defend in my remarks. That program in place is the IRS contracting with private collection agencies to go after the money that is owed for those under \$25,000; and to make the point, that program is working. But the bill before us, the Omnibus appropriations bill, contains a provision that would essentially kill the IRS private debt collection program, which the Senate, working through the Senate Finance Committee I serve on, only authorized a short period of 4 years ago.

The IRS implemented that program only 2 years ago.

This program, which has never been fully operational in its brief 2-year period, allows the Internal Revenue Service to use private collection agencies to collect money owed to the Government. The program has many critics, and once again they are seeking to destroy the program before we have a chance to gauge how effective the program is.

Before I discuss the merits of the program, I wish to note that an appropriations bill is not the proper vehicle to nullify tax policy. The private debt collection program was created in a tax bill within the jurisdiction of our Finance Committee, and further legislation affecting the program should be done through the committee where the expertise is, the Finance Committee. Whether you would agree with the program, I think everyone could agree on the importance of the committee structure that we use in the Senate. In other words, a committee of jurisdiction where the expertise is ought to work to change a program if it needs to be changed or if it needs to be done away with, as basically the appropriations bill would do. I would assume members of the Appropriations Committee would not want—would not want—those of us on the Finance Committee making decisions against the expertise of the Appropriations Committee.

The IRS private debt collection program facilitates the collection of tax debts the IRS would not otherwise pursue. These liabilities amount to billions of dollars a year.

A Government Accountability Office report issued in June of 2008 reported the unpaid tax debt as of fiscal year 2007 to be about \$290 billion, of which almost \$185 billion was classified as nonpotentially collectible inventory and \$25.5 billion was deemed potentially collectible but not in active collection status. The private debt collection agencies are only permitted to pursue debts taxpayers have conceded they owe.

Opposition to this program is surprising, since the Internal Revenue Service program is intended to run like similar programs at other agencies. In other words, the Department of Education uses private collection agencies to pursue delinquent student loans. The Treasury Department, which houses the Internal Revenue Service, also houses the Financial Management Service, and, ironically, the Treasury Department uses private debt collection agencies to collect small business loans.

So if it is OK for one branch of the Treasury Department to do that, why isn't it OK for the Internal Revenue Service to go after taxes owed but not paid? The only reason I can think of that private debt collection is so controversial at the Internal Revenue Service is simply the opposition to the program from the National Treasury

Employees Union. The National Treasury Employees Union is comprised primarily of Internal Revenue Service employees, and according to that union's Web site, is the largest Federal sector union in the entire country.

The other Government agencies that use private debt collectors do not have as powerful a union fighting for more Government jobs. Yet this program does not threaten the jobs of revenue agents already working at the IRS. The tax debts the private collection agencies are targeting are debts the Internal Revenue Service is not even pursuing, and likely would not pursue even if additional revenue agents were hired.

In May 2007, Acting Commissioner Kevin Brown—now this is a Commissioner of the Internal Revenue Service—when testifying before a subcommittee of the House Ways and Means Committee, confirmed that the Internal Revenue Service would not otherwise pursue these debts, even if the IRS were given additional resources. So the bottom line is this: There are no IRS jobs on the line. Rather, the National Treasury Employees Union believes the IRS should be hiring more union employees to do collections work.

In contrast, I believe if the IRS is going to hire more workers, it should be agents to do more exams—work that private contractors cannot do. Former IRS Commissioner Mark Everson stated in a letter to me on April 11, 2007, that a full-time revenue agent auditing individual tax returns historically brings in nearly \$700,000 annually.

Mr. President, I ask unanimous consent that Commissioner Everson's letter be printed in the RECORD, as well as a followup letter I wrote to Treasury Secretary Paulson on this issue.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,  
INTERNAL REVENUE SERVICE,  
Washington, DC, April 11, 2007.

Hon. CHARLES E. GRASSLEY,  
Ranking Member, Committee on Finance,  
U.S. Senate, Washington, DC.

DEAR SENATOR GRASSLEY: This letter follows-up on a matter that has been an ongoing concern to both the Internal Revenue Service (IRS) and you for several years now, and that you raised in a meeting with IRS senior executives on January 30, 2007. Specifically, you asked for information on the use of official time by representatives of the National Treasury Employees Union (NTEU).

Reducing the use of official time by NTEU representatives has been a significant point of negotiations between the IRS and NTEU for several years. Over time, the IRS has established greater controls over time granted to union officials to perform representational duties.

As illustrated by the enclosed chart, from 2002 through 2006, total annual NTEU time spent on union related activities has decreased approximately 14 percent, from 729,988 hours to 630,539 hours. Per your request at the January 30, 2007, meeting to quantify the data in terms of full time equivalents (FTEs), this represents a reduction from approximately 350 to 302 FTEs. To

further quantify this in terms of resource and revenue trade-offs, as you requested, historically a full-time SB/SE revenue agent auditing individual tax returns brings in nearly \$700,000 annually.

While progress has been made, the IRS recognizes that more needs to be done. The recent IRS-NTEU mid-term negotiations in 2006 produced a broad range of means for achieving operational efficiencies. These include simple time-efficiencies such as increasing the number of meetings conducted by phone and requiring stewards within the commuting area to attend in-person meetings. Other measures include establishing an annual cap of 850 hours of representational time for the vast majority of stewards, reducing the grievance procedure for performance appraisals and mass grievances from a multi-step to a one-step process, and streamlining NTEU's participation on various committees.

Reducing the amount of official time continues to be a priority and we will seek significant additional improvements in our upcoming contract negotiations. Please contact me should you require additional information or a member of your staff may call Robert Buggs, Chief Human Capital Officer, at 202-622-7676,

Sincerely,

MARK W. EVERSON.

U.S. SENATE,  
COMMITTEE ON FINANCE,  
Washington, DC, May 15, 2007.

Hon. HENRY PAULSON,  
Secretary,  
Department of Treasury,  
Washington, DC.

DEAR MR. SECRETARY: I am writing to you regarding an ongoing concern that I have with respect to the amount of official Internal Revenue Service (IRS) time used by representatives of the National Treasury Employees Union (NTEU). As you are aware, I have been a strong advocate of using IRS resources in the most productive manner possible.

Based on information former Commissioner Everson provided to me in a letter dated April 11, 2007, total NTEU time spent on union related activities for 2006 equated to 302 full time equivalents (FTEs). In terms of resource and revenue trade-offs, the letter referenced a historical figure of a full-time SR/SE revenue agent auditing individual tax returns bringing in nearly \$700,000 annually. Thus, according to IRS figures, total NTEU time for 2006 represents approximately \$211,400,000 additional direct revenue that could have potentially been brought into the United States Treasury. This figure does not account for any increase in revenue that would be gained indirectly through the increased audit activity. At a time when this Committee is increasingly looking at new methods of closing the tax gap, it is imperative that we first ensure that the IRS is effectively using its existing resources.

At the Senate Finance Committee's tax gap hearing on April 18, 2007, former Commissioner Everson stated that the IRS was in the process of trying to renegotiate the NTEU agreement, which would include a renegotiation of union activity time. Former Commissioner Everson also stated that the amount of time devoted to union activities is proportionately higher at the IRS than it is in comparison to other departments and agencies within the government. Without getting into whether taxpayers should even be funding union activity, please provide me with an analysis of IRS union activity time versus union time for other governmental departments and agencies. Please also quantify this analysis in terms of FTEs and the number of agency or department employees

who are represented by the union. What is being done in the renegotiation process to bring the IRS-NTEU agreement at least more in line with practices elsewhere in the government?

Thank you for your time and attention to this matter. I would appreciate your response by May 25, 2007.

Cordially yours,

CHARLES E. GRASSLEY,  
Ranking Member.

Mr. GRASSLEY. For me, this proves the IRS would be better off hiring more examination agencies than debt collectors. In addition to the National Treasury Employees Union's failure to discuss the success of private debt collection programs at other Federal agencies—I mentioned them, Education and one other branch of the Treasury Department—the National Treasury Employees Union also conveniently fails to mention that the private collection agencies hired by the IRS have consistently scored customer satisfaction ratings above 95 percent, while the IRS collection employees appear to be scoring at less than 65 percent.

The National Treasury Employees Union also fails to mention the amount of employee time devoted to union activities is proportionately higher at the Internal Revenue Service than it is in comparison to other Federal Departments and agencies. Commissioner Everson testified to this at the Senate Finance Committee tax gap hearing held on April 18, 2007. Just think, then, of the additional revenue IRS could be collecting if union employees were actually doing the job they were paid to do instead of spending taxpayers' dollars to lobby Congress to do away with a program that is collecting money owed under \$25,000 a year that would not otherwise be collected. Of course, they do not like that program.

Since the omnibus provision prohibiting the IRS from using 2009 appropriations to fund the program office may actually kill the program, I have this amendment before the Senate. I mean, at least it is filed. It is not before us yet. I would not support a government program that is unsuccessful, and this private debt collection program is no different. However, we do not have enough information to know whether this program is effective, and, given the success of such programs at other agencies, I believe it can be successful at the Internal Revenue Service. It surely is successful at the Education Department.

Last week, I, along with Senator HARKIN, my colleague from Iowa, and Mr. SCHUMER, the senior Senator from New York—the three of us—sent a letter to Treasury Secretary Geithner and IRS Commissioner Shulman asking for more information so we can actually make an informed decision on the effectiveness of the private debt collection program.

The letter asks for, among other things, additional information to measure the cost-effectiveness of the program, information to gauge the results of the collection agencies, and more information on the use of collection

agencies by other Government agencies. So all my colleagues are able to read the letter, I ask unanimous consent that letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,

Washington, DC, February 26, 2009.

Hon. TIMOTHY F. GEITHNER,  
Secretary of the Treasury,  
Washington, DC.

Hon. DOUGLAS H. SHULMAN,  
Commissioner of Internal Revenue,  
Washington, DC.

DEAR SECRETARY GEITHNER AND COMMISSIONER SHULMAN: We are writing regarding the private debt collection program (PDC) that is being implemented by the Internal Revenue Service (IRS) and has been in place since 2006. We are aware that many critics believe that the program does not operate effectively, and they lead an annual effort to strip the IRS of all authority to implement it. But we do not believe that the necessary data has been collected and disseminated that would allow an informed decision to be made about the program's long-term effectiveness.

Make no mistake: If the program is genuinely unsuccessful, we would be among the first to concur that it should be terminated. However, we remain very concerned that IRS will terminate the PDC program before a complete and thorough accounting of the program is conducted. For example, while some are critical of the effectiveness and efficiency of the PDC program, we have yet to see solid, reliable numbers. Criticism of the program's return on investment do not account for its start-up or investment costs, and ignore the fact that the program has not been fully operational for any of its two years.

We appreciate that the IRS has decided to use an independent third party to study the effectiveness of the program, and its report may be issued as early as next week. But it is not clear that the new study will discuss ways to increase the efficiency and effectiveness of the PDC program or explain why similar programs at other federal agencies appear to be successful. For example, the Department of Education uses PCAs to collect student loan debt, and the Department of Treasury Financial Management Service uses them to collect small business loans, farm loans, and other similar debt owed to the federal government, and these programs appear to work well with little controversy.

Given the amount of uncollected tax debt, a program that was allowed to operate at full capacity would have the potential to be successful, yet the current program has only operated in fits and starts. In fact, during the past fifteen years, the Government Accountability Office (GAO) and the Treasury Inspector General for Tax Administration (TIGTA) have issued numerous reports discussing the IRS's problems in collecting delinquent debt. A list of these reports is attached. Some of the key findings include:

In its May 1993 report, *New Delinquent Tax Collection Methods for IRS*, the GAO highlighted the complexity of the IRS's collection process. GAO presented a number of options to improve the IRS's delinquent debt process, including establishing early telephone contact with debtors and utilizing private collection agencies. So there is a long track record indicating that a well-run PDC program could be successful.

In its June 2007 report, *Tax Debt Collection: IRS Has a Complex Process to Attempt to Collect Billions of Dollars in Unpaid*

*Taxes*, the GAO description of the IRS's collection process indicates that IRS has not experienced significant improvement in its collection function since 1993. The report also states that the total unpaid tax debt as of fiscal year 2007 was \$290.1 billion, of which \$184.8 billion was classified as non-potentially collectible inventory and \$25.5 billion was deemed potentially collectible, but not in active collection status. This would seem to be further justification for a viable PDC program.

In its December 2008 report, *Tax Administration: IRS's 2008 Filing Season Generally Successful Despite Challenges*, Although IRS Could Expand Enforcement During Returns Processing, the GAO notes that, because collections staff was reassigned to answer telephone calls regarding stimulus payments, the IRS reported \$655 million in forgone revenue through August 2008 alone, which means that the number for the whole calendar year will likely be greater. If the IRS viewed the PDC program as part of its larger collection program, rather than a stand-alone program, PCAs may have been able to complete the work of the collections staff that had been temporarily reassigned.

It is important for critics of the program to recognize that the IRS's PDC program is designed to go after tax debts that have been conceded by taxpayers, but not paid. What's more, even if the IRS enforcement budget were significantly increased, the accounts turned over to PDC are those that would still likely be ignored by IRS collection agents. In his May 2007 testimony before the Committee on Ways and Means, Subcommittee on Oversight, Acting Commissioner Kevin Brown, confirmed that IRS would not otherwise pursue these debts even if IRS were given additional resources.

We remain cautiously optimistic that a PDC program could be successful in helping to close the tax gap, but only if it is allowed to operate at full capacity. Only after that point could a determination be made about whether the program is meeting its objectives. We are hopeful that the report being prepared will provide answers to the following questions. If not, we hope that you will take the time to let us know the following key information before the IRS makes any final decision about the PDC program:

The primary argument for terminating the IRS PDC program is that it is not cost effective. In order to better understand the program's revenues and costs, we would like a monthly accounting of all funds expended on the program since its inception, including a breakdown of all costs for IRS personnel involved in administering the program (salary levels, positions descriptions, etc.), as well as costs associated with technology and travel.

We would also like to know the number of cases placed with the private agencies since the program began, including the number of cases for which the amount was collected in full, the number of resulting installment agreements, and the number of cases recalled and reasons for recall. We would also like an accounting of the commissions earned by the PCAs since the program started.

Some taxpayers choose to ignore the IRS's many letters and respond to the IRS only after it notifies them that their cases will be referred to a PCA. In these cases, where the IRS benefits from the use of the PCA's names, we would like to know why the PCAs are not compensated when those taxpayers settle those debts.

We would also like for you to describe how IRS's collection process and procedure differs from the process and procedure used by PCAs in collecting IRS debts, including the IRS's ability to make outbound phone calls,

negotiate or settle tax debts, and impose liens and levies.

Another criticism of the program is that the IRS has run out of cases that can be assigned to the current PCAs, which is why other PCAs have not been added. However, the exclusion list, which was not determined by statute but by the IRS, appears fairly extensive. In addition, as noted above, the GAO's June 2008 report indicates that, as of fiscal year 2007, there was at least \$25.5 of potentially collectible inventory that IRS was not actively pursuing. We would like to know how each of the exclusion criteria was determined.

Tables 5, 6 and 7 of the GAO's June 2008 provide a breakdown of the total delinquent debt for fiscal years 2002 through 2007. Please update these tables to add numbers for fiscal year 2008 and provide a breakdown of this amount by the exclusion criteria. We would also like to know why all potentially collectible inventory is not in active collection status and cannot be assigned to PCAs.

We would also like to know whether Treasury or any other agency has studied the cost effectiveness of the use of PCAs by Treasury or other federal agencies. If such studies are available, we would like to see them.

Finally, you may be aware that there are almost 200 jobs in both Iowa and New York that will be lost if the IRS PDC program is terminated prematurely. Given the current economic crisis, such job losses should not be forced to occur before a full accounting of the program's success is made available and/or the program is allowed to operate as originally intended. The recently enacted Economic Recovery Act, which will further strain IRS resources, is an additional reason why the PCAs should be allowed to operate until the success or failure of the program can be definitively determined.

If you have any questions regarding the above, please do not hesitate to contact our staff. We also ask that you brief our staff on the forthcoming study before the study is finalized and made public.

Sincerely,

CHUCK GRASSLEY,  
U.S. Senator.

CHARLES E. SCHUMER,  
U.S. Senator.

TOM HARKIN,  
U.S. Senator.

#### REPORTS & TESTIMONIES RELATING TO IRS COLLECTION ACTIVITIES

Ways & Means Committee, May 2007 Hearing, <http://waysandmeans.house.gov/hearings.asp?formmode=detail&hearing=562>.

GAO

May 1993, GAO/GGD-93-97, *New Delinquent Tax Collection Method for IRS*, <http://archive.gao.gov/t2pbat5/149340.pdf>.

April 1996, GAO/TT-GGD-96-1, *W&M Oversight Testimony Tax Administration: IRS Tax Debt Collection Practices*, <http://www.gao.gov/archive/1996/gg96112t.pdf>.

May 2004, GAO-04-492, *IRS Is Addressing Critical Factors for Success for Contracting Out but Will Need to Study Best Use of Resources*.

September 2006, GAO-06-1065, *IRS Needs to Complete Steps to Help Ensure Contracting Out Achieves Desired Results and Best Use of Federal Resources*.

June 2008, GAO-08-728, *IRS Has a Complex Process to Attempt to Collect Billions of Dollars in Unpaid Tax Debts*.

December 2008, GAO-09-146, *Tax Administration: IRS's 2008 Filing Season Generally Successful Despite Challenges*, although IRS Could Expand Enforcement During Returns Processing.

TIGTA

March 2007, 2007-30-066, *The Private Debt Collection Program Was Effectively Developed and Implemented, but Some Follow-up Actions Are Still Necessary*.

December 2007, 2008-10-054, Invoice Audit of Fees Paid Under the Private Debt Collection Initiative.

March 2008, 2008-20-078, Private Collection Agencies Adequately Protected Taxpayer Data.

April 2008, 2008-30-095, Trends in Compliance Activities Through Fiscal Year 2007.

Mr. GRASSLEY. It boils down to the fact that we should have a chance to obtain and review this information before killing a program that is going after money owed—\$25,000 or less—from people who have said they acknowledge they owe it, that IRS employees would not go after. This affects jobs in a couple States, and I wish to say that when we are having a program—as the stimulus bill did—to keep people from being laid off and to have people being hired, you would at least think we would not think about eliminating jobs in a couple States. I was a supporter of this program before any contracts were awarded. As I said, I will not support the program if it does not prove effective.

Given the propensity to spend the Government seems to be afflicted with, there is going to be a hunger for new sources of revenue which is going to be controversial. What should not be controversial is that we need to collect taxes currently owed in the most effective and most efficient way possible and particularly not ignore a policy of not going after money under \$25,000. Since the private debt collection program will accomplish that, I urge support for this amendment when it comes up.

I yield the floor.

#### RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

The Senator from Illinois is recognized.

#### AUTHORIZATION TO APPOINT ESCORT COMMITTEE

Mr. DURBIN. Mr. President, before responding to the Senator from Iowa, I ask unanimous consent that the President of the Senate be authorized to appoint a committee on the part of the Senate to join with a like committee on the part of the House of Representatives to escort the Honorable Gordon Brown, Prime Minister of the United Kingdom, into the House Chamber for the joint meeting.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

#### OMNIBUS APPROPRIATIONS ACT, 2009

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of H.R. 1105, which the clerk will report by title.

The assistant legislative clerk read as follows:

A bill (H.R. 1105) making omnibus appropriations for the fiscal year ending September 30, 2009, and for other purposes.

#### Pending:

Coburn amendment No. 596, to require the use of competitive procedures to award contracts, grants, and cooperative agreements funded under this act.

Coburn amendment No. 608, to provide for the Emmett Till Unsolved Civil Rights Crime Act from funds already provided for the Weed and Seed Program.

Coburn modified amendment No. 623, to prohibit taxpayer dollars from being earmarked to 14 clients of a lobbying firm under Federal investigation for making campaign donations in exchange for political favors for the group's clients.

Coburn amendment No. 610, to prohibit funding for congressional earmarks for wasteful and parochial pork projects.

Wicker amendment No. 607, to require that amounts appropriated for the United Nations Population Fund are not used by organizations which support coercive abortion or involuntary sterilization.

Thune amendment No. 635, to provide funding for the Emergency Fund for Indian Safety and Health, with an offset.

Murkowski amendment No. 599, to modify a provision relating to the repromulgation of final rules by the Secretary of the Interior and the Secretary of Commerce.

Mr. DURBIN. Mr. President, Senator GRASSLEY and I do not see eye to eye on this issue, and I wish to state for the record why this section was included in the appropriations bill.

First, it is hard for me to follow his argument that because the Finance Committee created a permissive arrangement where the Internal Revenue Service could enter into contracts with private companies to collect IRS debts, it somehow takes away the authority of the Appropriations Committee to even address this issue. It is a permissive statute. It does not require the IRS to sign up a private company. When the IRS does exercise the right under that statute, it involves Federal expenditures, appropriations.

My provision in this bill is not tax language. My provision in this bill says: None of the funds in this bill may be used to enter into, renew, extend, administer, implement, enforce or provide oversight of such a contract. We go directly to the spending aspects. There is no committee violation here. This is our jurisdiction.

Senator GRASSLEY's committee, the Finance Committee, does not pay for these agencies. The appropriations process does. So we are exercising our authority—no violation of committee jurisdiction, which, of course, means little to those following this debate but means a lot to those of us who serve in this Chamber.

Let me tell you what this is about. This is about collecting debts owed to the Federal Government, specifically the Internal Revenue Service, and the Finance Committee said: Let's see, if we let private collection agencies do it, whether they can save us money and do it more effectively. That is a legitimate inquiry. It is one I would be open to. I think it is reasonable to see if that might happen.

Well, let me tell you what has happened. After the Federal Government spent \$71 million in start-up costs to allow two companies, one in Iowa and one in New York, to move forward on this first phase of outsourcing programs, they started operations in September 2006. Presently, the IRS has contracts with two companies—one in Senator GRASSLEY's State of Iowa and one in the State of New York—for the collection of unpaid Federal income tax liabilities. The IRS is currently in the process of determining whether to exercise the option to extend these contracts for a 1-year period. That is why our language came in and said: Stop, don't do it. And I will explain why. There are a host of reasons.

The collection of Federal taxes, of course, is a core Government function, but I am not going to argue with the premise that we should see if we can do it with more cost efficiency by using private collectors. It is true that the information we are talking about here is sensitive information. So the IRS, of course, has access to more information about the debtors than the private collection agencies, and we want to always make certain we protect the confidentiality of certain information all American citizens share with their Government and don't believe it is going to be broadcast to any private company. So there is a natural tension here between the efforts of a private business making money collecting back taxes and the Internal Revenue Service, which has more information at their disposal in making evaluations but also a higher responsibility and duty in protecting the privacy of taxpayers with the information they provide our Government.

Let's get down to the bottom line. Using private companies to collect taxes is far more costly than having qualified, trained IRS employees do the work. I couldn't say that without evidence to back it up. Since the inception of this private collection program, the Internal Revenue Service has spent approximately \$80 million to set it up and administer it and we have received back as taxpayers \$60 million in net revenue, after paying these private companies in Iowa and New York \$13 million in commissions—\$13 million to receive back \$60 million. According to the IRS, private collection agencies were originally projected to bring in \$65 million in fiscal year 2007 and up to \$127 million in fiscal year 2008. So what happened? Instead, they raised \$32 million in 2007—less than half of what we expected—and only \$37 million in gross revenue in fiscal year 2008, about a fourth of what we expected. So their performance was dramatically less than promised, dramatically less than the IRS anticipated when they entered into these contracts.

The IRS has not identified any best practices from these private tax collectors, which was one of the stated intentions of the program. These private companies were supposed to show us