



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

February 25, 2014

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and Government Reform
United States House of Representatives
Washington, DC 20515

Dear Mr. Cummings:

Thank you for your letter of February 7, 2014, regarding the IRS resources devoted to responding to on-going investigations related to 501(c)(4) issues.

There are several possible approaches to calculating the costs associated with responding to these investigations. We have taken a conservative approach. The enclosed data represents employee time and resources directly related to these on-going investigations, as reflected in reporting and coding structures set up in the IRS time/attendance and financial systems to track such costs. The IRS also incurred ancillary support costs in functions that are not reflected in the attachment. Examples of such overhead offices are Legislative Affairs, Public Affairs, The Executive Secretariat, and the Human Capital Office. Such indirect costs not specific to these investigations are not included in these figures.

In order to properly protect taxpayer information while efficiently processing voluminous materials for production, IRS needed to add capacity to our information technology systems. The IRS spent an additional \$6 to \$8 million to optimize existing information technology systems and ensure a stable infrastructure.

I also have provided this same information to Mr. Levin.

If I can be of further assistance, please contact me, or a member of your staff may contact Leonard Oursler, Director of Legislative Affairs, at (202) 317-7070.

Sincerely,

John Koskinen

Enclosure

Direct Cost of Congressional Investigations

Category	Cost	Hours	# of People
Salaries and Benefits	7,732,270	97,542	255
Other including travel	256,849		
Total	\$ 7,989,119	97,542	255