



Committee On Finance

Max Baucus, Ranking Member

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Statement of U.S. Senator Max Baucus Nomination Hearing of Timothy Bitsberger, J. Russell George, Paul Jones, and Patrick O'Carroll

“This morning, we meet to consider four nominees: Timothy Bitsberger, for Assistant Secretary for Financial Markets, Patrick O’Carroll for Social Security Administration Inspector General, J. Russell George for Treasury Inspector General for Tax Administration, and Paul Jones for the IRS Oversight Board.

These are important positions. They are responsible for ensuring the security and efficient management of some of our government’s most important programs including the Financial Markets, the Social Security Program, and the voluntary tax system.

The Assistant Secretary for Financial Markets is responsible for the development and sale of U.S. Government securities that are traded in financial markets. He or she also advises the Treasury Secretary on a broad array of matters regarding Federal, state, and local finance. In addition, he or she leads the Treasury's participation in the financing of the District of Columbia. The Assistant Secretary also advises on Federal Government credit policies, and lending and privatizing activities. And the Assistant Secretary serves as the senior member of the Treasury Financing Group and the President's Working Group on financial markets.

This is a full plate. Moreover, I am going to ask and I think that Mr. Bitsberger is going to tell us about our need to raise the debt subject to limit soon. Last year, and the year before that, avoiding default by the U.S. Treasury was extremely stressful for the Treasury Department. Mr. Bitsberger may have quite a task ahead of him.

The Social Security Administration plays an essential role getting Social Security benefits to seniors, widows and widowers, children who have lost a parent, and people with disabilities. Making sure that the Social Security program runs properly is no small task. But it can mean the difference between life and death for a Social Security recipient. It can mean the difference between eating or not eating – between taking needed prescription drugs or not taking them. It’s that important.

The Social Security Inspector General plays an essential role in making sure that Social Security gets the job done right. The Social Security Inspector General protects the Social Security system against waste, fraud, and abuse by conducting independent and objective audits, evaluations, and investigations. The documents and reports that the Inspector General provides have been very helpful to me. And I hope to learn more today about the projects that the Inspector General has planned. Mr. O’Carroll has a strong record of public service and an

extensive background in law enforcement. I am confident that he will do a fine job as the Social Security Inspector General.

The Treasury Inspector General for Tax Administration -- known as TIGTA -- is also an important position. Congress established the TIGTA position to oversee the IRS and tax administration functions by others in the Executive Branch. The office includes more than 900 employees.

When Congress designed the Treasury Inspector General for Tax Administration office in 1998, we maintained the requirements of all other Inspector Generals -- that the nominee should be appointed without regard to political affiliation and solely on the basis of such appointee's integrity and ability. Congress also recognized the enormity of the job of overseeing tax administration. So, we required that the Treasury Inspector General for Tax Administration have experience running a large organization.

The next Inspector General for Tax Administration faces a daunting task. The IRS tells us there is an annual tax gap of more than \$300 billion every year. That's \$300 billion in taxes that are owed, but not collected, every year. The Treasury Inspector General for Tax Administration will be charged with identifying where the IRS's collection efforts have fallen short and making recommendations as to how to ensure a more efficient and effective IRS.

Needless to say, experience in tax policy and tax administration is important. I understand that Mr. George does not have this type of experience. I urge him, therefore, to pay heed to the many capable career employees in the Office of the TIGTA. While I have concerns about Mr. George's nomination, I have an open mind about his ability to succeed in this job. I look forward to hearing from Mr. George about how he plans to take the hard steps necessary to help reform the IRS.

Mr. George, this may take butting some heads. And it will not always make you popular with the Administration, the IRS or the political branches -- but it will make you effective. The integrity of our voluntary tax system depends on your diligence.

Finally, we have a nominee to the IRS oversight board -- Paul Jones. The IRS Oversight Board serves a very important function. The Board oversees the Service in its administration, execution, and application of the tax laws.

Mr. Jones comes to the Board with experience in the information technology arena. Mr. Jones is coming into a position that is critical to our voluntary tax system. The IRS has spent billions -- that is, billions -- of dollars trying to modernize their 1960s technology. Congress is frustrated with the IRS's lack of progress. And the American taxpayer deserves to see improved service. I urge Mr. Jones take charge of this area. No more excuses. It is time for us to see some real results."

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