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Debt Deal Cuts \$21 Billion Of IRS \$80 Billion, 87,000 New IRS Agents Stay



It is good that President [Biden and Speaker McCarthy reached a US debt ceiling deal](#). If a compromise involves both sides being disappointed, this one appears to be successful. Some conservative Republicans are expressing frustration that the cuts were not much deeper, and there have been similar reactions coming from some Democrats. Speaker McCarthy announced

success [here](#), including stopping new tax proposals, slashing spending, and cutting some of the massive \$80 billion that the Inflation Reduction Act had promised in new funding to the IRS. There are even new work [requirements](#) being added for welfare recipients, as Speaker McCarthy explained in a news [conference](#).

The bill that strikes the needed debt ceiling compromise is called the Fiscal Responsibility Act of 2023. And McCarthy said at only around 150 pages, it would not be necessary to pass it to see what was in it. But apart from such one-liners, there is likely to be confusion for some time to come about the IRS. When it comes to the IRS, it will rescind \$1.39 billion in IRS funds that were passed as part of the Inflation Reduction Act.

That is not much of a cut, but an additional \$20 billion in appropriations funding to the IRS is supposed to be *reallocated* during 2024 and 2025. That makes the total cuts to IRS funding north of \$21 billion. McCarthy has been criticized by his own party for initially commenting that he expected to cut \$1.8 billion in IRS funding, which conservative Republicans had wanted to slash much more deeply.

Numerous one-liners about the coming army of 87,000 new IRS agents have resurfaced, with some conservative Republicans calling on McCarthy To block their hiring. Faced with the necessity of compromising with the White House, Speaker McCarthy has said that his deal would prevent more than \$1 billion from being “wasted on hiring Biden’s new army of IRS agents.” The Republicans’ unrealistic Limit, Save, Grow Act of 2023 (H.R. 2811) tried to [repeal funding of 87,000 new IRS agents](#). That bill would have gotten back \$71 billion out of \$79 billion in special funding the IRS was expecting.

The [Inflation Reduction Act](#) past last year, gave [the IRS billions to go into what the Wall Street Journal at the time called “beast mode.”](#) That law was doling out about \$80 billion to the IRS for increased enforcement, operational improvements, customer service, and systems modernization. That stands at more than six times the 2022 annual IRS budget of \$12.6 billion. Of the \$80 billion, a whopping \$45.6 billion was for enforcement. Earlier reports had suggested that the IRS would hire 87,000 new agents. Unfortunately, the ‘87,000 new IRS agents’ line because a rallying cry for some groups, and some of those lines may resurface again now.

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