

Update on Fiscal Year 2017 SOI Operations

To date, SOI has had a busy FY17. In addition to completing its regular file deliveries, data releases, and publications, SOI has made progress on a number of initiatives, including many outlined in its FY17 Tactical Plan. Additionally, SOI has worked to fill staffing positions left vacant through retirement and attrition. Finally, the Division undertook an organizational redesign that consolidated some functions and introduced new subject-matter and technical groups. A brief summary of SOI's Fiscal Year 2017 activities, to date, follows.

Fiscal Year 2017 Accomplishments:

- *Joint Statistical Research Program*—SOI continued to support tax administration research through its Joint Statistical Research Program. On November 8, SOI issued a public call for research proposals. RAAS selected 18 projects from the 85 proposals received for the 2016 program. Six of these projects will be conducted exclusively by SOI, with the remaining 12 to be led by other RAAS divisions, with SOI support or collaboration. SOI staff presented data from the paper "New Estimates of Intergenerational Economic Mobility Using Administrative Data" at the 2017 American Economic Association Annual Meeting; another paper, "Using Panel Tax Data to Examine the Transition to Retirement," was published on Tax Stats. Both papers were developed under the program.
- *Tax Stats Survey Results*— Earlier this year, SOI received results from its first-ever public Tax Stats survey. The results, which were presented to SOI staff, provided new information on the composition of SOI's web customers and their interests. SOI is using the survey results to inform the structure and content of its web pages.
- *Communication Plan and Tax Stats Upgrades*— SOI continued to implement its comprehensive plan to modernize its public communications efforts. Completed initiatives include social media outreach and redesigned Tax Stats web pages. This year, SOI redesigned its Individual Tax Stats webpages to better align with customer needs and interests. Additionally, SOI has developed new Web pages to assist customers in finding data related to Excise Taxes and the Affordable Care Act.
- *Upgrades to Individual Tax Products*—The Division released the Tax Year 2014 Individual Income Tax Percentile tables and tabulations for the Tax Year Individual Top 400 Individual Income Tax Returns reporting the largest Adjusted Gross Income. For Tax Year 2014 the percentile tables included a new classification at the .001 percentile level and greatly expanded the number of data items included in the table. This is a more analytically useful classification compared to the Top 400 tabulation in that it provides a longitudinally consistent data point relative to the entire percentile distribution. Going forward, these improved data will replace the Top 400 tabulation.
- *Forecasting Publications*—Through the RAAS reorganization in FY17, staff and products associated with the IRS Projections and Forecasting Program were realigned to SOI from the prior Office of Research. This program prepares objective projections of major IRS tax return volumes using relevant statistical forecasting techniques. One of this program's responsibilities is to produce annual or semiannual updates of five IRS Publications providing official long-term forecasts of the number of tax returns to be filed, the number of refund returns, and the number of information documents to be filed. In FY17, SOI modernized each forecasting publication to more closely mirror existing SOI publications. In addition, SOI incorporated these publications

into the 2017 SOI deliverable calendar and has been releasing them on schedule throughout the year.

- *2016 IRS Data Book*—SOI released the *2016 IRS Data Book*. This edition included improvements to many of the data series. It also incorporated changes to table structures that help convey a more accurate picture of IRS activities.
- *Additional Tax Stats Releases*— In FY17, SOI released more than 200 additional tables containing detailed information on a wide range of topics, including sole proprietorships, estates, tax-exempt organizations and bonds, and international taxpayers and entities.
- *Statistical Services Branch Papers*--Several members of SOI's Statistical Services Branch have submitted papers for publication in the quarterly journal of the International Association for Official Statistics. Kim Henry and Tracy Haines co-authored a paper Comparing Design-based Methods to Improve Zip code-level Estimates from Tax Administration Data in order to obtain quality income information from smaller subsets of the filing population. Yan Liu co-authored a paper Applying Weight Calibration on Panel Data to Produce Cross-Sectional Estimates that compares Sales of Capital Assets (SOCA) estimates based on the Individual return panel sample to those based on the cross-sectional SOCA sample. This research provides information on the balance between a larger yearly refreshment sample and the associated efficiency gain in SOCA estimates.
- *Country-by-Country Reporting/IRS Form 8975 & Form 8975, Schedule A* – The International Returns Analysis section has led SOI's work in preparing for a future study based on taxpayer information provided through a new IRS Form 8975, and its related attachment, Schedule A. More information on this topic, including a cross-national comparison with a representative from Canada Revenue Agency, will be presented at the September 8 Consultant's Panel Meeting, through a Panel Discussion moderated by Tom Neubig.
- *Ongoing Work Supporting Creation of New Table Layouts for the Compliance Data Warehouse*— The SOI Corporation, Partnership, and International (CPI) branch has been active in providing support to the RAAS Data Management Division in their efforts to create an improved user experience for corporate, partnership, and international data residing in CDW.
- *CPI Branch Publications Redesign*--As presented in a detailed pre-read and presentation with the Consultant's Panel in May 2017, the CPI Branch has taken on a comprehensive review of its publications during FY17. During a morning session at the September 8 meeting, SOI plans to announce publication of preliminary 2014 data and reflect on feedback received through a series of customer meetings.
- *Server Replacement Strategy*—The Information Management and Dissemination branch initiated a SOI server replacement strategy to replace existing server hardware by identifying and purchasing new Hewlett Packard servers; with the first deployment in the Ogden Data Center. This will be a multiyear project. Additionally, SOI just completed a Windows Server Operating System upgrade for all existing servers at each data center location.
- *IT Infrastructure Redesign*—SOI staff worked with the MITRE Corporation on a redesign of SOI's IT infrastructure to move from three to two computing centers in Martinsburg, WV and Ogden, UT.
- *Storage Area Network (SAN) Replacement*—The Information Management and Dissemination branch deployed a complete replacement of its SAN equipment supporting all SOI host systems. The new SAN solution was purchased in FY16 and should meet SOI's storage needs for the next 5-7 years.

- *.NET Transition*—In FY17, SOI successfully completed the transition all its statistical data editing applications and programs from an Oracle Forms-based environment to a Microsoft Visual Studio .Net-based solution.

Fiscal Year 2017 Resource Updates:

Continuing budget constraints, including staffing shortages, affected SOI's FY17 operations. At the beginning of FY17, SOI identified six staff vacancies due to attrition or retirement over the previous year, and in the following 12 months, five additional employees left the Division. Despite continuing budget issues throughout the IRS, SOI filled 3 senior manager and frontline manager positions, promoted 4 economists and 2 computer specialists to GS-13s, and hired its first new to the Service economist employee in 5 years. SOI hopes to announce several entry-level external vacancies including 2 economists, 2 computer specialists, and a mathematical statistician, as well as provide additional promotional opportunities in the economist, visual information specialist, computer specialist and mathematical statistician series before the end of the calendar year. SOI was also able to provide several temporary promotions through rotating details and temporary assignments, including bringing in staff from outside SOI to provide specialized assistance, and has leveraged contractors and researchers working under Intergovernmental Personnel Mobility Assignments to advance priorities.

SOI Reorganization:

To reflect emerging customer needs, changes in technology, and Division-wide priorities, SOI undertook a reorganization effort in FY17. Prior to the creation of the RAAS Data Management Division (DMD), SOI comprised four branches—Individual Statistics, Corporate Statistics, Special Studies, and Statistical Computing. When DMD stood up, the Statistical Computing Branch was dissolved, and its responsibilities were consolidated under the 3 remaining senior managers, moving critical division-wide functions, such as statistical support, IT maintenance, and database management to the subject-specific branches. The resulting structure created arbitrary functional barriers between studies of interrelated filing populations, such as domestic and internal businesses.

New Structure

To address these barriers, the Division transitioned back to a four-branch structure, this time realigning its branches into a more synergistic, balanced configuration. The changes included:

- Realigning subject-matter work performed by the Special Studies branch into the Individual and Corporate Statistics branches,
- Creating a Statistical Services branch, and
- Consolidating the IT systems administration and applications development sections into a single branch.

About the New Branches

The combined *Individual and Tax-Exempt* branch combines the Individual Statistics branch programs with the estate and gift tax, tax-exempt organization, and trust programs. The new structure strengthens existing program interdependencies and better supports development of more holistic products, such as regular tabulations relating income and wealth and national estimates of charitable giving.

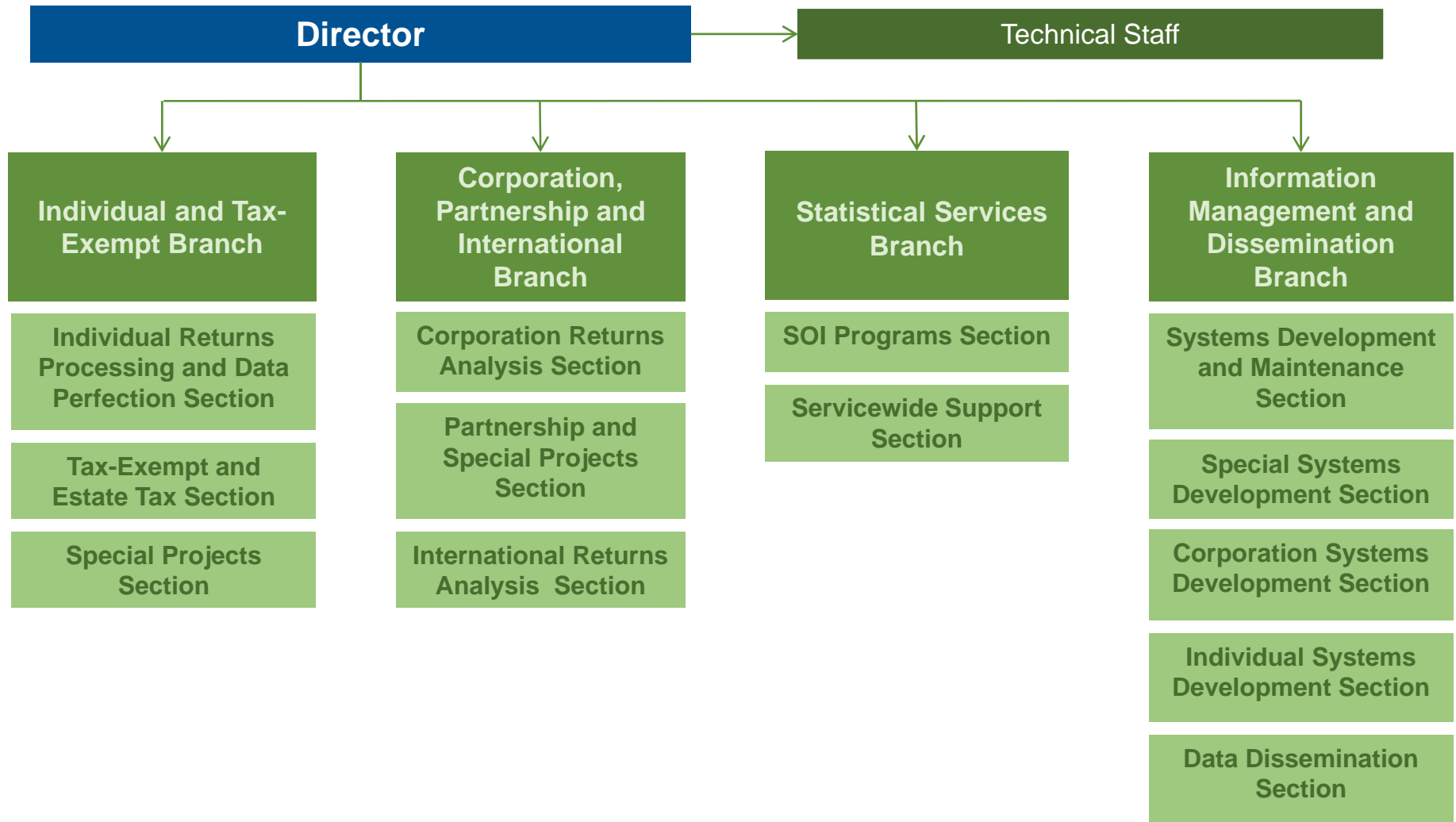
The *Corporation, Partnership, and International* branch retained the Corporation Statistics branch programs and gained the Special Studies branch international studies. This change recognizes the

increased globalization of business activities and facilitates requests from key customers for more integrated products, such as an integrated business data series.

The *Information Management and Dissemination* branch consolidates all SOI IT functions and is charged with designing and maintaining all SOI IT applications and hardware. The new branch also includes the Data Dissemination section, recognizing that the shift from paper to online data dissemination has made IT considerations a primary responsibility of this team.

Finally, the new *Statistical Services* branch provides foundational support to all aspects of SOI's mission – data collection, estimation, and release -- as well as statistical consulting. As a new, co-equal branch within the Division, Statistical Services will be better placed to participate in designing future statistical products that embrace new methods and data sources.

Ultimately, these changes will allow SOI to use its resources more effectively, develop holistic products more quickly, improve service to its customers, advance cybersecurity and FISMA compliance goals, and improve its ability to provide data, analytics, and statistical support to its customers.



New Organization Structure