

*Tom Petska retired May 1 after 36 years of distinguished service in the federal statistical system, most recently as director of the Statistics of Income (SOI) Division of IRS. The following is adapted from a two-part column Petska wrote for the SOI Newsletter. In distributing Part I, he comments that he wasn't sure if his career in the federal statistical system "was more of Disney's 'Mr. Toad's Wild Ride' or the Grateful Dead's 'Long Strange Journey.'" We will let the reader decide.*

## Saying Goodbye to SOI

Tom Petska, Former Director of Statistics of Income Division of IRS



Petska

Now that my SOI career has ended, I'd like to say a final farewell and offer a few parting thoughts. It's been an interesting and exciting 28 years, and a lot has changed. As I write this, I'm thinking about what I'll most miss. As the lyrics from the Joni Mitchell song "Big Yellow Taxi" say, "Don't it always seem to go that you don't know what you've got 'til it's gone." I know I will miss working on the important studies with many bright and talented people who have a "can do" attitude and dedication to our mission. I will also miss our many customers who appreciate the challenges and difficulties of our work and are supportive and understanding.

The years since coming over from the Social Security Administration (SSA) in late 1980 have been interesting and exciting. Ronald Reagan had just been elected president, promising a government-wide hiring freeze to get government finances under control. One rumor was that attempts were under way to make the hiring freeze retroactive to the election so that my resignation from the SSA would be accepted, but my job offer to join SOI could be rescinded.

Fortunately, that didn't happen, and I came over as a GS-12 economist, assigned to the Wealth and Tax Exempt Section (that looked a lot like the Special Studies Special Projects Section

of today). I knew I had a lot to learn about SOI and its computer systems, as well as the subject areas for SOI's statistical studies, and my first assignment was to finish consistency test and table specifications on the 1979 Private Foundation Study. When I began, I didn't know what a foundation was. I finished the specifications and later flew to the Detroit Data Center to conduct editing training. I think I may have been the first person in SOI whose initial exposure to a data editing training class was to teach all of it, but the editors were engaged and helpful, and the class went well.

In under three years in the section, I authored the first SOI Bulletin article on private foundations; wrote and presented three American Statistical Association papers; and took over all responsibility for subject-matter work on private foundations, charitable and split-interest trusts, some residual work on farmers' cooperatives, the Estate Income Collation study, and SOI's first-time involvement in the Federal Reserve Board's Survey of Consumer Finances (SCF). I even designed the high-wealth sample supplement for the 1983 SCF. To say that I quickly had a lot put on my plate was an understatement, but I loved every minute of it.

In 1983, I applied to the new Management Careers Program and, along with Dave Paris, became certified as a front-line

manager candidate for several SOI section chief positions. When an opening came available for chief of the Corporation Special Projects Section, I was offered the position and gladly accepted. That job had responsibilities similar to the section today, plus a number of record linkage studies, particularly partnerships and S corporations matched to Schedules K-1 and individual returns, and corporation, partnerships, and proprietorships linkages to Forms 941 and 943, employment and payroll schedules. To say that I again needed a lot of rapid learning is an understatement, since this was a period in which partnerships were creatively used as vehicles for tax shelters.

Later on, I authored and coauthored some ASA papers and [SOI] Bulletin articles on partnerships, partners, and tax shelters with Treasury's Susie Nelson, and even had the opportunity to present the results to then Commissioner Goldberg, who was seeking evidence that the 1986 Tax Reform Act had turned the corner on tax shelters.

In 1988, I was selected for a senior manager position, chief of the Coordination and Publications staff. In addition to those two teams, the responsibilities included senior management of an administrative team, a newly formed Mathematical Statistics Section, the Statistical

Support Section, plus the Tech and DPS teams. Eventually, the staff grew so large that it was split in two and Mike Leszcz became senior manager for C&P II.

SOI Director Fritz Scheuren left SOI in 1993 and was later replaced by Dan Skelly, previously head of the Foreign Statistics Branch that consisted of today's Special Studies Returns Analysis, Special Projects, and Operations sections. At that time, I was asked to manage a new special studies and publications branch that consisted of these three sections plus the Statistical Data Section. It was once again an exciting time, heading a new organization and, in addition to management duties, I was able to initiate a series of studies on business organizational choice, which were the forerunners of today's integrated business data.

In 1998, I began additional analytical work on individual income and tax distributions with Mike Strudler and my son, Ryan Petska, that continue to this day. Some of the research highlights in both areas include several papers we presented at conferences of the ASA, American Economic Association (AEA), and National Tax Association, as well as local meetings of the Tax Economist Forum and Washington Statistical Society.

I helped organize a session at the January 1996 AEA meetings that included my business organizational choice work, which was scheduled for the Sunday afternoon when the "Blizzard of '96" hit the East Coast, leaving me stranded in San Francisco for a few days (at government expense). I also organized an income and wealth distribution session for AEA in New York City in 1999, presenting our latest income distribution data. The session was in memory of my late SSA colleague Dan Radner.

I have summarized some of my SOI highlights, not to "blow my

horn," but simply to say that SOI provided me with an abundance of what I most sought in my professional career—important and interesting work, challenges, training and upward mobility, and the opportunity to fulfill my career aspirations to become—to some degree—an expert in some areas of taxation.

In my nearly eight years at the Bureau of Economic Analysis (BEA) and SSA, I was afforded the opportunity to do research and innovation, but I wasn't given the opportunity to publish findings—other than estimates I made. However, at SOI, writing research papers was not only allowed, it was encouraged. Among the ways I personally ensured that I would conduct research—and to push my self development—was to commit to authoring applied statistics papers. I did so some 60+ times, and that, as much as anything else, was the 'icing on the cake' in terms of my job satisfaction.

Writing and presenting papers at professional meetings may not be what gets you up in the morning, but—as I have said on many occasions—I hope all of SOI's current staff can find something in their work that is fun, exciting, and even inspirational, because SOI needs a core of multidisciplinary, team-oriented visionaries to ensure we stay ahead of the curve and adapt to future challenges to stay effective, efficient, and relevant.

My 28 years at SOI, and particularly my eight years in the director's office, could be appropriately described as something akin to Disney's "Mister Toad's Wild Ride" or the Grateful Dead's album "What a Long, Strange Trip It's Been." But, in all seriousness, my approach to leading SOI has been dominated by seeking the big picture, maintaining a historical perspective, and striving

to make continual improvements in everything we do.

Whether it was my love for macroeconomics (studying the economy as a whole) or my first position as an economist at the BEA, I have always tried to maintain a 'big picture' perspective. This perspective helped in many ways, such as understanding our customers' uses of data and briefing foreign government officials, as documented in several SOI overview papers that I coauthored with Scheuren and later published in the *Journal of Official Statistics*, *Business Economics*, and the Proceedings of the National Tax Association. In this work, we described what we did at SOI, how we did it, and why we did it. We underscored the importance of SOI in the federal statistical system, as well as in tax policy and economic and demographic research.

I feel strongly that SOI must understand its important roles in the federal statistics community and the research community, in general. Administrative data from tax and information returns are too valuable a resource for SOI and a limited number of key customers to monopolize access to, so continued efforts need to be made to assist additional users, as well as to explore means to legally expand access.

A big picture perspective has also been helpful as we have frequently revisited our vision, mission, and goals and developed a strategic plan for the future, SOI 2016. The initial iteration of the plan was a vision of SOI in 2016, which we followed with three-year operational plans.

A historical perspective is something I also believe is important. Although today's SOI was created by the 16th Amendment to the Constitution in 1916, my detailed knowledge goes back to just the 1960s and 1970s, and much of that earlier history is

## **ASA Past President Fritz Scheuren recited the following during Petska's retirement party**

### **Notes on Tom's Retirement**

I will speak from my personal knowledge of Tom. In a way, though, I am a stand-in for many others sitting here or wishing they were. What a man.

Tom and I have been professional colleagues for at least 25 years (at SSA and IRS and after). He is a role model for the rest of us. I count him [as] a friend.

We share most of the same values. Tom, even before I knew him, was working on income distribution statistics. This may have begun about the time I was working at the OEO, on poverty and related income estimates, an interest we both continue [to be] committed to.

Tom has a gift for listening that I have seldom seen in others in high positions. You always know he cares. He should not play poker!

Tom is a scholar, too, and has the gifts of a great communicator. His SOI News "letters" have been a treasure for all of us. I hope these will be collected and edited for posterity.

Tom understands the difference between leadership and managership. I am writing a book right now on statistical leadership and will be including Tom among those interviewed (if he will let me). After all, those who did not know him have much to learn, too.

It is time for others to speak, so let me summarize. I talked about Tom as a friend, a scholar, a role model, a communicator, yet a listener, too, a leader and not the hated manager that Deming always railed against, who "thinged" people, rather than inspired them.

Last point, and also number eight, since Tom was the eighth SOI director. For those of you who are Chinese here, I need not remind you that eight is lucky, but not nearly lucky enough. I pray that SOI will continue long after this week and eventually that there will be at least 88 directors (double happiness), though none of us here will live to that day. So Carpe Diem—let's celebrate this day and this man, this Mensch.

Thank you, Tom, and God bless you Barbara, Ryan, and all the Petskas, both here today or coming soon.

And may God bless all the rest of you here, too!

based on oral history from current and former staff. What I have learned is that, despite SOI's proud history, our success has ebbed and flowed over time.

For example, in the 1960s, the majority of SOI's IT staff was moved to an IRS-centralized group in Detroit, and, over time, the level of support began to decline. Since the mid-1980s, under the joint leadership of Scheuren and Mike Leszcz, we were able to procure hardware and software and rebuild our internal IT capabilities, the results of which are evident today in increased timeliness and quality of SOI studies. Clearly, SOI is performing at a higher level than ever in our 90+-year history, and having our own IT function has definitely been, and is, a significant factor.

Over these eight years, we have had many challenges and successes on the technical side and, often, on "people issues." On the technical side, SOI is a complex program, largely because we piggyback on IRS compliance operations and have to deal with a decentralized system. Imagine, for a moment, redesigning an SOI program in which statistics were a high IRS priority so that all work flow could be streamlined to improve statistical processing operations? For people at SOI, it is virtually impossible to imagine this because the history of SOI has been to develop rigorous and systematic statistical information with minimal disruption to the IRS tax return pipeline. Then, given our complicated logistics, we deploy and improve sampling, editing, and disseminating capabilities; implement software conversions; develop new products and services; and adapt to the new program for mandated e-filing. The world of SOI really is complex; but despite these complications, we do a good job.

When I became director, I became more removed from the

technical work and more focused on human capital issues. In fact, one of the initiatives of which I am most proud—that of delegating responsibility and creating cross-functional teams—was largely based on my faith in people's good judgment and willingness to seek more involvement and responsibility, as well as my belief that no one has a monopoly on vision and that I simply needed to address those areas in SOI for which no one had responsibility. I called this my "white space" initiative because it was about addressing and managing the white space on our organizational chart—the areas for which there were important issues to address but no one (other than me) had the responsibility of addressing them.

Some of the white space initiatives that were most successful were cross-functional teams that addressed our publications and web site, improved our public-use files, facilitated our software conversions, and adapted programs to efficiently assimilate electronically filed tax return data. In each of these initiatives, visionary staff came together in cross-functional teams to develop optimal solutions to significant challenges.

Although the white space initiatives often worked well, I still spent many hours addressing other human capital challenges. For example, since over time we lost many talented people, devoting more time to recruiting, hiring, developing, and promoting became a major priority. I benefited by having an extraordinary one-person human capital advisor in Denise Herbert. In addition to replenishing the ranks with talented people, we had many other human capital challenges, including the government-wide initiative to increase use of private contracts, limitations on promotions and upward mobility, dealing with an "NIH" (not invented here) mentality, and, most recently, addressing an

initiative to centralize all IRS IT resources. For the most part, we succeeded in stepping up to these challenges, but not without some pain and anguish.

It is important that people work well together so that SOI is 'firing on all cylinders.' However, in any work environment, that doesn't always happen, so sometimes I had to intervene. In addition, since people are SOI's most valuable asset, I faced the big trade-off of wanting to reward them, to the extent possible, while maintaining high standards. However, I have found that promoting more people creates a cycle of rising expectations. But, as President Harry Truman once said, "The buck stops here." I found that it was imperative to stand up for high standards while

also trying to communicate this to staff who may have to face career setbacks.

As I leave SOI, we are once again facing a scenario similar to the 1960s. The IRS is seeking to centralize all IT functions, which could be devastating to the efficiencies, nimbleness, and resourcefulness that permeate SOI today. If we don't learn from history, maybe it will, in fact, be repeated.

Ultimately, my goal as director was to do whatever I could to get the entire organization working together effectively and to leave SOI in the best possible condition. Today's SOI produces its highest-quality data, more timely studies, and more data products and research than ever done in a highly complex and ever-changing environment. I am

proud to have been a part of that. However, the continued threat of IT centralization reminds us that what many have built over time can be quickly dismantled if good judgment doesn't prevail.

In conclusion, I have been honored to have been the SOI director for these many years. I leave SOI knowing that, while there will always be challenges, we have many talented people who will ensure we successfully address them. I thank everyone who shares my view that this is a special place because of the important and challenging work and the many multi-talented people. In the future, I will do whatever I can to ensure successful continuity of operations and transition to future leadership. ■



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