



American Statistical Association

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April 27, 2009

The Honorable Timothy Geithner
Secretary of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Secretary Geithner,

As President of the American Statistical Association, I write to express our concern about the ramifications information technology (IT) centralization within the Internal Revenue Service would have on the ability on the Statistics of Income (SOI) Division at IRS to carry out its work effectively and efficiently. SOI presently has control over its IT functions and personnel and therefore exclusive control of its data as well as its ability to provide timely responses to data analysis requests. Should SOI lose this control, the line between the collection, analysis, and use of data by SOI for statistical purposes and that by the IRS for tax administration purposes will be blurred, thereby undermining SOI's credibility with its data providers and data users, including the Office of Tax Analysis.

We understand and appreciate the security issues driving IT centralization, as well as the mandates of the *Federal Information Security Management Act of 2002* (FISMA). Just as important, we understand the confidentiality issues, the safeguards for which are set forth in the *Confidential Information Protection and Statistical Efficiency Act of 2002* (CIPSEA) and *CIPSEA Implementation Guidance* (2007). The balance needed in implementing these two statutes is evident in the fact that they are each separate titles in the same act, the E-Government Act of 2002. We emphasize that the respect for confidentiality, in reality and perception, is of paramount importance to federal statistical agencies and programs.

We ask you to carefully consider the mission of SOI and confidentiality requirements as your department makes and implements decisions about IT centralization. CIPSEA, in short, requires that data, collected under a pledge of confidentiality and for exclusively statistical purposes, be used for statistical purposes only. The relationship of confidentiality to control over IT resources is emphasized in the National Academy of Sciences' *Principles and Practices for a Federal Statistical Agency* (fourth edition, 2009), in the discussion of the Independence Principle:

- i) "Other characteristics related to independence are that a statistical agency has the following: ... Authority to control information technology systems for data processing and analysis in order to securely maintain the integrity and confidentiality of data and reliably support timely and accurate production of key statistics." (p. 23)

- ii) “[The trust of its data providers and data users] is fostered when a statistical agency has control over its information technology resources and there is no opportunity or perception that policy, program, or regulatory agencies could gain access to records of individual respondents.” (p. 23).

We fear IT centralization could jeopardize any CIPSEA pledges SOI makes, as well as significantly degrade its autonomy and ability to provide timely responses to support both routine and special data analyses, both of which are vital to SOI’s effectiveness and the analytical value of the functions it supports. We ask that the following questions be considered:

How can a statistical unit guarantee that the data in its stewardship will be used exclusively for authorized statistical purposes if that unit does not retain control of the access to and use of its confidential data?

How would potential respondents react to data requests by a statistical agency that cannot make the confidentiality pledge?

If a statistical agency loses control of access to its data, does the department assuming control of those data have the necessary safeguards in place to honor the CIPSEA pledge?

Would the statistical unit be violating its past pledges of confidentiality to respondents if it were to lose control of its access to the IT organization of its host department?

As you know, SOI has been recognized for decades by the Office of Management and Budget (OMB) as one of the major statistical units in the federal system. Although this recognition culminated in the passage of CIPSEA and its guidance, it also predates CIPSEA. For example, the Federal Statistical Confidentiality Order, issued June 27, 1997, by the administrator of OMB’s Office of Information and Regulatory Affairs (OIRA), makes clear that SOI’s purpose was officially designated as statistical.

In summary, I urge you to allow the Statistics of Income Division to maintain authority over its IT functions and personnel so it can continue to perform its work effectively and efficiently. Thank you for your consideration.

Sincerely,



Sally C. Morton, Ph.D.

Cc: James B. Mackie III, Director, Office of Tax Analysis, Department of Treasury

(An identical version of this letter was sent to IRS Commissioner Douglas Shulman and National Economic Council Director Lawrence Summers.)