

SOI Approaches First Century in the Twenty-First

by James Dalton

As we celebrate our 90th year of doing business and meeting the needs of our many customers, we would like to take a look back at the exceptional trailblazers who have made our products and services possible.

Dr. Edward White was the George Washington of Statistics of Income. He arrived in 1918 at an annual salary that today is less than one biweekly paycheck for a journeyman mathematical statistician at SOI—\$2,000. Naturally, as the premier head of a new organization, his resume is a list of firsts:

- first SOI report on personal and corporate income tax returns (for 1916 in 1918)
- first data on sole proprietorships (for 1917 in 1919)
- first data on estate tax returns (for 1916-1922 in 1925)
- first complete income statements for corporations (for 1922 in 1925)
- first gift tax return statistics (for 1925 in 1926)
- first *Source Book* of corporation tax data (for 1926 in 1928)
- first separate individual and corporation reports (for 1934 in 1936)
- first fiduciary income statistics (for 1937 in 1940) and
- first detailed partnership statistics (for 1939 in 1945).

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Dr. White took SOI from nonelectric comptometers to punch cards and machine tabulation around 1928. Sampling of individual income tax returns was introduced under his leadership, and, later in his tenure, stratified systematic samples of individual returns were also implemented. It is safe to say that his 29-year tenure (1918-1946) will probably never be surpassed.

James Turner replaced Dr. White in 1946. Turner was an IRS employee. But possibly no one could replace Dr. White, for his successor had the shortest tenure of any SOI Director to date. He served 3 years (1946-1949).

Turner's elevation to Director was perhaps IRS recognition of his greatest achievement, as he is credited with development of the standard deduction. In IRS annals, this is quite an achievement. Today, all Americans facing their tax responsibilities can say a collective "thank you, Jim Turner" for the relief offered from their burden through the deduction.

Bryce Bratt took the SOI helm in 1949. He was the second IRS employee to do so. His 4-year tenure (1949-1953) was hampered by a tremendous backlog of statistical reporting that could not be processed, finalized, or delivered due to World War II. Bratt extended the use of sampling, previously limited to individual returns, to corporation returns and then to returns for other SOI programs. For the corporate study, he achieved a sampling rate of 41.5 percent, handling 285,000 returns out of a total population of 687,000.

Perhaps the task was overwhelming. Within 5 years, he was gone, and a new era was about to dawn, not only for SOI but also for the Internal Revenue Service itself.

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Ernest Enquist, the fourth Director of SOI, arrived in 1953 and brought our entire agency into the computer age. In 1954, his second year as Director, he funded half of the cost of a Remington Rand UNIVAC 1 purchased with the Census Bureau, where he had been a statistician. The UNIVAC was IRS's and, of course, SOI's first computer. To achieve his vision, he doubled SOI staffing and reassigned manual statistical processing to the field, a transition that involved establishing the first SOI quality control program to maintain the integrity of data.

This streamlining also enabled his organization to focus on specialized areas like partnership returns, taxpayer usage studies, advance tabulations of individual data, capital gains, corporate foreign tax credit, sales of capital assets, depletion, and depreciation. In 1962, Enquist saw to the implementing of Public Law 87-870, which allowed SOI to conduct special studies for reimbursement. His 11-year tenure (1953-1964) laid the groundwork for most of what SOI now delivers. For his computer innovations alone, he is well-remembered.