November 5, 2024

Submitted via pra.comments@irs.gov.

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Request for Comments on U.S. Tax-Exempt Income Tax Return, Form 990 Series

OMB Control Number: 1545-0047

To Whom It May Concern:

We thank the Department of the Treasury and the Internal Revenue Service (IRS) for this opportunity to submit comments on the Form 990 series. The comments that follow address ways to enhance the quality, utility, and clarity of 990 information and reduce the burdens faced by the public when accessing and using this important public dataset.

The groups and individuals submitting these comments are leading members of the tax-exempt community in the United States, working with the Nonprofit Open Data Collective convened by the Aspen Institute's Program on Philanthropy and Social Innovation.

These nonprofit organizations, donor groups, researchers, data scientists, and Form 990 platforms play a key role in taxpayer compliance by communicating with the public, particularly donors, through the provision and analysis of "open" 990 data, which includes critical information on tax-exempt activities, finances, and governance.

Signatories include: Candid; Charity Navigator; CitizenAudit.org; DataLake Nonprofit Research; Dorothy A. Johnson Center for Philanthropy at Grand Valley State University: GivingTuesday; and Independent Sector, as well as prominent scholars of tax-exempt activity, writing in their individual capacities.

Should you have any questions, please contact Cinthia Schuman Ottinger at the Aspen Institute's Program on Philanthropy and Social Innovation at cinthia.schuman@aspeninstitute.org.

Sincerely,

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SUMMARY OF RECOMMENDATIONS

We thank the Department of the Treasury and the Internal Revenue Service (IRS) for this opportunity to submit comments on the Form 990 series, focusing on ways to enhance the quality, utility, and clarity of the information to be collected and reduce the burdens associated with accessing and using this important public dataset. The groups and individuals submitting these comments are members of the Nonprofit Open Data Collective — convened by the Aspen Institute — which brings together a cross-section of the Form 990 user community, including tax-exempt organizations, private foundations, leading Form 990 platforms for donors, scholars, and state charity regulators.

In 2019, the Taxpayer First Act was signed into law and included provisions to advance the transparency, efficiency, and understanding of the tax-exempt sector. The law mandates electronic filing of tax-exempt returns and the timely release of this information by the IRS in a machine-readable format. As a result of the law, access to Form 990 data has become more efficient than ever before, creating a wealth of information for donors, nonprofit organizations, regulators, and the general public. Such information also has the potential to greatly improve compliance and oversight by providing the public and government officials with tools to more efficiently detect and locate irregularities, or errors.

The recommendations summarized and detailed below support the implementation of the Taxpayer First Act, strengthening the public's access to critical information on tax-exempt organizations and activities.

1, Address Missing Grants Data: Billions of Dollars in Grants by Foundations and Other Funders Are Missing from Forms 990-PF and 990 Files Posted by the IRS

Information on grants made by foundations and other funders is incomplete as posted on the IRS website. Research by Candid has found that billions of dollars in grants made by private foundations and other funders are missing from Forms 990-PF and 990 XML files *and* PDF files provided by the IRS.

We describe these findings in greater detail below and suggest steps to address them.

2. Further Improve 990 Data Access, Usability and Efficiency

The IRS has taken steps to improve the user experience through the Tax Exempt Organization Search (TEOS) Modernization Project in response to stakeholder feedback. This includes a new TEOS page with links to the public disclosure datasets, dataset guides, annotated forms, data dictionaries, schemas and FAQs. Such information is highly useful to the 990-user community.

Notwithstanding this, we recommend additional improvements that are necessary to reduce taxpayer burden further. Simple steps ― like providing an accurate listing of 990 postings ― can cut down on taxpayer work and expense, while enhancing public access to taxpayer information.

For example, now the public must download the *entire* 990 series on a regular basis (exceeding 1 terabyte of data) to discern which 990s have been most recently updated and to locate specific returns. This results in an extraordinary waste of time, resources, and bandwidth – and effectively limits access to the index file to only those with unlimited processing and storage capacity. Reverting to the indexing approach previously used by the IRS on Amazon Web Services (AWS) would significantly reduce taxpayer burden. See below for details on this and other related TEOS recommendations.

3. Continue to Maintain a Regular and Timely 990 Data Release Schedule

We appreciate that the Tax Exempt and Government Entities division's (TE/GE) is now regularly releasing 990 e-files via IRS.gov. Prior to May 2023, the pandemic and staffing shortages at the IRS - followed by a series of technical problems - caused unprecedented delays in the release of Form 990 data. During this period, many tax-exempt organizations dutifully filed their annual information returns with the IRS, but the returns were not shared with the public for months, or even years. As a result, affected nonprofits were unfairly suspected of being out of compliance, donors were potentially misinformed, and many state charity regulators were deprived of an essential tool for investigating fraud. (See 2022 Comments to the IRS from the National Association of State Charity Officials and the Nonprofit Open Data Collective).

Thankfully, the IRS has remedied these issues, but altogether, the tax-exempt field experienced almost three years of significant delays in the posting of 990 data. While such problems are behind us, we cannot stress enough the importance of maintaining a regular and timely 990 data release schedule. We appreciate that TE/GE has returned to regularly releasing files and trust that it will continue to post 990 data frequently and systematically.

4. Report Government Revenue on Form 990 and Include EINS of Grants on Form 990-PF

In addition, we highlight two ongoing problems with the Forms 990.

First, we demonstrate broad support for improving the reporting of government revenue on the Form 990 from both the nonprofit and accounting communities and describe the necessity of such information for compliance purposes. In fact, a bipartisan bill introduced to Congress, - the Nonprofit Stakeholders Engaging and Advancing Together (Nonprofit SEAT Act) - echoes this concern by calling for recommendations to change the way in which government grants, contracts, and reimbursements are reported on the Form 990.

The second issue concerns the reporting of grants information on the Form 990-PF, separate and apart from the missing grants data noted above. Currently, there is a disparity in the reporting of grants information by *public* foundations/grantmakers (which file the Form 990) versus *private* foundations (which file the Form 990-PF). Public foundations must report the name — and importantly, the EINs — of their grantees on Schedule I of Form 990. Thus, information on the

funder-grantee network for public foundations can be easily tracked through EINs. Constructing equivalent information for private foundations and their grantees is difficult because private foundations are *not* required to provide the EIN of their grantees on Part XIV(3)(a) and (3)(b) of Form 990-PF.

We suggest requiring the reporting of grantees' EINs on *both* Forms 990 and 990-PF, making the forms consistent in this regard. This would significantly enhance the ability of individual users to identify grantees, help track this information for compliance purposes, and further public understanding of private foundation grantmaking, totaling billions of dollars annually.

5, Continue to Make Essential SOI Data Publicly Available and Address 990-PF Gaps

Finally, we applaud the helpful role of the IRS Statistics of Income division concerning tax-exempt organizations. We hope the IRS will continue to make this valuable research available while addressing gaps in the extracts for specific forms, such as the Form 990-PF. Such summary tables are critical to the understanding of the breadth and scope of the tax-exempt sector.

RECOMMENDATIONS IN DETAIL

In sum, the IRS should continue to follow through on positive actions towards data timeliness, quality, and accessibility while reducing taxpayer and public burden. We urge it to take the following steps with respect to the Form 990 series.

1. Recommendation: Address Billions of Dollars in Missing Grants Data from Forms 990-PF and 990 Files Posted by the IRS

In comments submitted to the IRS in 2023, members of the Nonprofit Open Data Collective wrote that grantee information for at least 1,957 foundations representing over $5 billion in grants was missing from Form 990-PF XML files provided by the IRS for FY 2021.

This disturbing trend continues: Candid has found at least 500 cases in which grants data is completely missing from FY 2022 990 and 990-PF XML files.

The IRS suggested that even though such information was not available in an XML format, it should be available in PDF versions of this form. We would strongly argue that the provision of such information in a PDF format is not consistent with the Taxpayer First Act and is not a substitute for producing this information in a machine-readable format.

To examine the issue further, Candid researched independent, community, family, operating, and company-sponsored foundations that reported total giving of at least $500,000, but for which it was completely missing grants data.

Candid also investigated several large public grantmaking charities with the same issue. In total, Candid found over 500 cases in which there was no grants data in the Form 990 and 990-PF XML files for FY 2022. The goal was to confirm whether grants data that was missing from the

IRS 990 and 990-PF XML files was available in the 990 and 990-PF PDF versions of the forms on the IRS' website.

Candid's research found that in a large number of cases grants data was not available in a PDF format either. This means that, in many circumstances, the IRS is not providing vital grants information to the public, at all. Candid also found that, for more recent years, the PDF version of the return was often not yet available on the IRS website.[1]

As the table below shows, Candid reviewed 521 Forms 990 from FY 2022 in which there was no grants listing in the 990 and 990-PF XML files. In 212, or 41%, of those cases, there was also no grants listing in the PDF files. The missing grants data accounted for nearly $4.3 billion in funding.

Missing Grants Listings from Forms 990 & 990-PF (FY22) on IRS.gov				
Missing XML Grants Listings but Found in PDF Format		Missing Grants Listings in Both XML & PDF Formats		Total Missing Grants Listings in XML Format
Count	*Percentage*	*Count*	*Percentage*	***Count***
309	59%	212	41%	**521**
Dollar Amount for Missing Grants Data (Grants not reported in either XML or PDF formats):		~ $4.3 billion in funding		

Furthermore, the table only partially captures the issue of missing grants data for FY 2022 and other years. It primarily reflects research on organizations for which Candid had <u>no</u> grants data.

Yet, as we indicated in our November 2023 comments to the IRS, we have found at least two other patterns of missing grants data:

- **Filings with <u>partial</u> grants lists**: In these cases, funders provide information for a few grants in the appropriate section but point to an attachment for the rest.

- **Filings with a <u>single grant</u> to a "recipient"** such as "See attachment," "Schedule available," "See Line 3A statement," etc.

Based on past research where we were unable to find the referenced attachments, we suspect that investigations into these two additional categories would likely yield many more cases in which grants listings are neither available in XML nor PDF formats.

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[1] Since Candid originally conducted its research, additional PDF returns have been posted, some of which included the missing grants data. The chart above reflects the posting of these additional PDF files, as of October 2024.

This situation is untenable given the critical importance of grants data released by the IRS to the public. As we've noted in the past, IRS 990 filings are often the *only* source of information about charitable grantmaking. This is because the majority of foundations in the United States do not have websites. In the case of private foundations, which hold over $1 trillion in assets, such grantmaking is considerable.

Data on grants is not only crucial for determining legal compliance. If information on grantmaking is missing, the public lacks the transparency needed to track billions of charitable dollars, leaving donors, lawmakers, tax-exempt organizations, state charity regulators, scholars and others in the dark about how tax-exempt money is being used for the public good.

As you know, in its 2022 report, the IRS Advisory Council (IRSAC) examined issues that practitioners face when obtaining 990 data from the IRS website. IRSAC raised concerns that speak to the lack of timely, consistent, and *complete* Form 990 data posted by the IRS. The Council specifically calls on the IRS to "identify operational improvements to ensure all available data is uploaded and available on the website in a timely and consistent manner and information posted is a complete representation of filed documents."

Furthermore, the Taxpayer First Act mandates that electronically filed returns be made available to the public in a machine-readable format as soon as practicable. Releasing grants data via PDF files involves manual work that is burdensome, time-consuming, and expensive to users. Releasing grants data via PDF files is not an acceptable alternative to posting complete grants data via XML files, nor is it consistent with the Taxpayer First Act.

We once again urge the IRS to investigate this matter and take steps to ensure that the 990 and 990-PF filings it receives and makes available to the public are complete and machine-readable. This includes ensuring that grants attachments require grant recipient addresses and EINs (see Recommendation 4c below) – without an address or EIN, it can be impossible to determine the actual recipient of grant funding.

If the problem concerning missing XML grants data is related to the attachments themselves, the IRS may need to improve IRS XML data transmission and validation standards to require 990 software providers to upload grant listings and other detailed attachments/schedules in standardized, machine-readable formats.

We have also noted additional gaps outside of grants data. For example, there are many filings that either have missing attachments detailing individual trustee/staff and their compensation in Part VII, or a mismatch between what is reported for total compensation in Part I and what is reported in the trustee/staff compensation in Part VIII.

All of this points to the need for further investigation and technical solutions by the IRS. Members of the Nonprofit Open Data Collective would be happy to organize a technical working group of stakeholders to discuss these issues further.

2. Recommendation: Further Improve 990 Data Access, Usability and Efficiency

We greatly appreciate that the IRS has taken steps to improve the user experience through the Tax Exempt Organization Search (TEOS) Modernization Project, in response to stakeholder feedback. This includes a new TEOS page with links to the public disclosure datasets, dataset guides, annotated forms, data dictionaries, schemas and FAQs. Such information is highly useful to the 990-user community.

Notwithstanding this, we recommend additional necessary improvements to Form 990 data releases and the TEOS improvement pages in order to reduce taxpayer burden further.

2a. Clearly organize and label 990 XML data releases to improve access and efficiency.

Because 990 data is released in "waves" or "batches," at least one version of the bulk download page should be organized by chronological batch release date instead of tax year. Once a zipped batch file is released, <u>its contents should not be changed in the future.</u>

Each zipped batch file would best be accompanied by a listing and description of the file contents, i.e. an index, with key information (form type, tax year, etc.*).* This approach was used by the IRS for years, thus demonstrating that this would not be an administrative problem.

<u>As a result, the public must now download the *entire* 990 series on a regular basis (exceeding 1 terabyte of data) to discern which 990s have been most recently updated and to locate specific returns. This results in an extraordinary waste of time, resources, and bandwidth – and effectively limits access to the index file to only those with unlimited processing and storage capacity</u>.

We strongly urge that the IRS return to the previous, more efficient method of organizing/labeling information to reduce taxpayer burden.

2b. In addition to including a listing of the filings for each release, links to the schema used for that filing should be provided.

After reviewing and analyzing the new TEOS webpages, GivingTuesday found that links to the schema would solve two problems at once:

- Inability to **confidently track information** across years.
- Inability to **discern what new data is relevant** to the user.

Schema play an essential role in 990 data: they are a guide to the field names and structure of the document. Sometimes these names or structures change from one year to the next. Being able to map those changes is crucial for consistent analysis of data across years and would save immense time and effort.

GivingTuesday notes that if the relevant version of the schema were to be provided in an index for each new 990 data release, economies of effort would be multiplied. **Thus, we urge the IRS to provide a new, immutable listing of filings for each new data release, with key information (form type, tax year, etc.) <u>and</u> a link to the schema used for that filing.** This

would ensure that a user can easily and economically leverage newly released data, and have a clear means of tracking the location of information from one year to the next.

2c. Ensure that schemas are complete and release historical versions.

We commend the IRS for the release of the schema; however, given how essential schema are for comprehending the underlying 990 data, we hope that the IRS will release *complete* schemas. Users are aware, for example, that 2022 had many more schemas than just versions 4 through version 7. Thus, the schemas provided on the new TEOS page are incomplete. We hope that, going forward, the IRS will provide schemas systematically and backfill the complete schemas for other years, as well. Posting of historical versions of the schemas would go a long way towards reducing barriers to utilizing 990 data.

2d. Make the new TEOS assets easier to find.

In its analysis, GivingTuesday noticed that the only way an uninitiated user of the Tax Exempt Organization Search site can access the useful TEOS Improvements assets is through a link that reads, "Find more information on TEOS Improvements." We suggest that you pull the links on the TEOS Improvements page onto the main page and help orient users toward these tools (e.g. "To access dataset guides, data dictionaries, schemas and more, see TEOS Improvements.").

2e. Provide an index to the URLs of 990 PDFs currently accessible via Tax Exempt Organization Search (TEOS) and continue to upload PDF images.

We are grateful that the IRS provides public access to scanned and printable 990s free of charge through its website. Currently, these PDF files can be downloaded individually (through TEOS) or in bulk (through a separate page on the IRS website). There is no way, however, to link directly to the individual PDF files hosted by the IRS. The availability of an index file that links EIN and tax period to a URL, as it exists for XML filings, will facilitate the use of the files. A similar index for the PDF files would likewise broaden access to these essential public records.

2f. Appoint a 990 technical liaison within the IRS.

Finally, the public would benefit from an IRS point person, or mechanism, for handling questions regarding the e-filed Form 990 data on IRS.gov. Currently, there is no procedure or contact for addressing questions regarding the data as they arise, separate from the Customer Account Services line, which addresses filing concerns. This is not only inefficient and frustrating for tax-exempt stakeholders, but it deprives the Service of feedback that could be used to make upgrades and corrections that are particularly important during the relatively early stages of the new e-filing/data release mandate.

3. Recommendation: Maintain a regular 990 release schedule.

Recent releases of e-filed 990 XML data have provided a wealth of information, and we are grateful that the IRS is now releasing 990 XML data regularly. As described in the summary above, delays leave tax-exempt stakeholders in the dark, harming nonprofits, donors, and the

public, all of whom rely upon this information to make funding, operational, and other general decisions, including those related to compliance.

Maintaining a 990 data release schedule allows the public to plan and use this data more efficiently. In addition to a release schedule that is consistently followed, the IRS should consider employing a format like the Exempt Organizations Business Master File page on the IRS website pertaining to the e-filed 990s. This page would recap release specifics, such as record counts and posting dates, provide contact information for questions, and serve other communications functions

4. Recommendation: Improve the Reporting of Government Revenue through Modifications to Part VIII of the Form 990 and Include EINS of Grants on Form 990-PF

The government is one of the largest funders of nonprofit activity in the United States. In the current environment, information on government funding of the nonprofit sector is particularly relevant, both from a compliance and policymaking standpoint. In addition to tracking sources of revenue for individual nonprofits, it is vitally important to have a complete picture of the overall scope of government funding of the nonprofit sector, how this support has varied over the years, and what types of nonprofits and areas of the country are experiencing changes in this form of government support. Unfortunately, today, it is impossible to determine the extent and details of government revenue due to modifications made to the Form 990 in 2008.

Many prominent voices, including members of Congress, have expressed concern and a need for this information. As noted above, a bipartisan federal bill was introduced that would increase the clarity and utility of government revenue information on the Form 990. Independent Sector, a national membership organization of nonprofits, foundations, and corporate giving programs of every size and type, has endorsed this, and so has the National Council of Nonprofits. The American Institute of Certified Public Accountants (AICPA) also addressed the need for change in Part VIII of the Form 990 (see pg. 5 of AICPA comments) in 2011, stating that "the reporting requirements with respect to governmental funding should be changed." This statement was made in response to an IRS request for comments on reporting revenue from governmental units (See IRS Announcement 2011-36). Despite the calls for change, however, the Form 990 Part VIII Statement of Revenue continues to lack clarity with respect to the reporting of government revenue, confusing form users and likely resulting in inaccurate reporting.

In particular, two of the largest sources of government support to the nonprofit sector — voucher-type reimbursements such as Medicare and Medicaid, and government contracts — are combined with private payments for services. This is because, since 2008, the IRS has not required nonprofits to separately report Medicare, Medicaid, and other reimbursement payments from their revenue. These payments, which reach a broad array of nonprofits beyond hospitals, are now generally aggregated with other "program service revenue," obscuring the largest form of government support to the nonprofit sector.

We understand that Medicare and Medicaid are captured for hospitals on Schedule H, Part III. However, this schedule is only for hospitals, and Medicare and particularly Medicaid are available to many other health and human service providers. As Congress considers prospective

changes in government programs such as Medicare and Medicaid, transparent and proper reporting of how government funds are distributed and utilized across the nonprofit sector becomes more important.

Similarly, although government contracts are a major and common source of nonprofit revenue, they are not separated on the Form 990. This leads to additional confusion, particularly because contracts may fall either under Part VIII, line 1(e) (government grants) if they benefit the public, or within Part VIII, section 2 (program service revenue) if the contract primarily benefits a government agency (see recommendation 4b). Nowhere on the form is the totality of government support reported. Nor can this totality be computed from elements of it that are reported, since some of the most sizable elements are buried. To avoid these problems, government revenue should be more clearly labeled and distinguished in the Form 990, as noted in the following proposed changes to the form.

4a. Create a dedicated line for government reimbursements (e.g., Medicare/Medicaid and Contracts) in Part VIII, line 2(a).

As noted above, Medicare and Medicaid payments and other government reimbursements represent the largest source of government revenue to the nonprofit sector. However, the extent of these payments is now obscured due to changes to the Form 990 in 2008. <u>Accounting for Medicaid and Medicare payments and other government reimbursements can be done without adding further lines to the form.</u>

Recommendation 4a: Clearly Label Government Revenue & Modify Instructions
Insert "Government Reimbursements (e.g. Medicare/Medicaid/ and Contracts)" on existing line 2(a) of Part VIII of the current Form 990. **Note: This change could be made without adding any further lines to the form since five (5) blank lines are already included on the existing form for organizations to list their "program service revenue."**
The first sentence of the Form 990 Instructions, Part VIII, line 2, could be replaced with the following sentences: If applicable, on line 2a enter any revenue received from government reimbursement programs such as Medicare or Medicaid, fees and contracts from government agencies that primarily benefit the agencies, and any other similar government payments. On lines 2b through 2e, enter the organization's four other largest sources of program service revenue.

4b. Clarify the distinction between grants and contracts that benefit the public versus those payments that serve the needs of a governmental unit.

Many in the nonprofit sector have difficulty distinguishing between grants and contracts that benefit the public versus those payments that serve the needs of a governmental unit. The 2015 Advisory Committee on Tax Exempt and Government Entities (ACT) report highlighted this problem, finding that it can result in "inconsistent reporting among seemingly comparable organizations" as well as errors in the computation of some organizations' public support tests on Schedule A (see pgs.136–137 of report). The AICPA also discusses the "inherent ambiguity" of this section in its 2011 comments. Given the significance of government revenue to the nonprofit sector, it is important that the IRS take steps to address this.

Recommendation 4b: Clarify the Distinction Between Grants and Contracts that Benefit the Public Versus Those Payments that Serve the Needs of a Governmental Unit

Clear up confusion regarding what constitutes government grants/contracts that are treated as contributions in line 1(e) by providing additional useful examples ― beyond those listed in the current instructions to lines 1 and 2 ― drawn from nonprofit experiences. Our organizations are happy to confer with nonprofits (such as Independent Sector, the National Council on Nonprofits, and state-level nonprofit associations, as well as associations of accountants) to determine typical use cases that would be most helpful to add to the instructions. In the meantime, possible examples might include:

- **Example 1:** A state department of social services enters a contract with a child welfare agency to provide a variety of services to children in need within the state. Since the contract benefits the public, not the government agency, it is considered a contribution and is reported on line 1e.
- **Example 2:** A government housing agency enters a contract with a nonprofit community development organization to construct moderate-income housing. The housing is for local residents, not government employees, so the funding should be noted as a contribution in line1e.
- **Example 3:** A city council contracts with a nonprofit organization for services related to proper wastewater management at a city office building. Since the direct benefit of the funding is for the local government, not the public, it does not count as a contribution.
- **Example 4:** In a city, there are thousands of vacant government-held lots. The government provides a grant to a nonprofit to transform several of the vacant lots into community gardens. The grant should be considered a contribution on line 1e because the beneficiaries are community members who will use the garden.

4c. Improve the Reporting of Grants Information by Adding EINs of Grantees to 990-PFs

Philanthropy is a cornerstone of the U.S. tax-exempt sector. Beyond having detailed data on individual foundations and grantees (via Forms 990-PF and 990), the public would benefit greatly from having complete data on the entire funder-grantee network — including from private as well as public grantmakers. Such data advances compliance efforts and ensures public understanding of the flow of billions of dollars throughout the U.S. tax-exempt sector.

Currently, there is a disparity in the reporting of information by *public* foundations/grantmakers versus *private* foundations. Public foundations are required to report the names (and, importantly, the EINs) of their grantees on Schedule I of Form 990. The funder-grantee network for public foundations and their grantees can thus be easily discerned.

However, constructing equivalent information for private foundations and their grantees is difficult because private foundations are not required to provide the EIN of their grantees on Part XIV(3)(a) and (3)(b) of Form 990-PF.

We suggest requiring the reporting of grantees' EINs on *both* Forms 990 and 990-PF, making the forms consistent in this regard. Form 990-PF currently asks private foundations to provide the name and address of their grant recipient in Parts XIV(3)(a) and (3)(b). We propose making this section equivalent to the Form 990 by asking private foundations to provide the EIN of their grant recipients in this section, as well.

5. Recommendation: Continue the Valuable Work of Statistics of Income (SOI) Division with Respect to Tax-Exempt Organization Data Files, Including Publishing Revenue Transaction Files for 990-PFs 2017 -2019 and 2022

As the IRS states on its website, the Revenue Act of 1916 mandated the annual publication of statistics related to "the operations of the internal revenue laws" as they affect:

• Individuals
• All forms of businesses
• Estates
• Nonprofit organizations
• Trusts
• Investments abroad and foreign investments in the United States

The IRS Statistics of Income (SOI) division fulfills this function by collecting and processing data and sharing this information with other governmental bodies and the public.

The work of SOI is extremely valuable with respect to nonprofit data and research. For decades, SOI has collected microdata from a sample of filed Forms 990, 990-PF, and 990-EZ. The returns in the sample are subject to extensive cleaning, testing, research, and reallocation. The microdata files, which pull in several thousand data fields from Forms 990 and 990-PF, include the largest

charities and private foundations. These files are made available to the public, at no cost, on the IRS website. In addition to downloading microdata files, users can access the SOI Bulletin, annual and time-series tables based on the Form 990-series, and other research publications.

The SOI tax-exempt data files remain an indispensable source of high-quality nonprofit data. While the release of e-filed Form 990 data under the Taxpayer First Act is of tremendous benefit to the public, there is still a need for the high-quality information that SOI researchers gather, analyze, and publish. We, therefore, express our support and appreciation for SOI's work and hope that the IRS will continue its support of the production and release of SOI's tax-exempt organization files.

5a. *Regularly publish revenue transaction files (RTFs) and provide missing RTFs of Form 990-PF returns processed in 2017, 2018, and 2019.*

Notwithstanding our strong support for the work of SOI, we wish to raise concerns regarding the annual Revenue Transaction File (RTF) extracts of Forms 990, 990-EZ, and 990-PF. This information has not only been critical for the basis of the New Consumer Classification System "Core Files," but it also has served, in the past, as the only available open source of data for 501(c) organizations that file by mail — the so-called "paper filers."

The annual RTFs represent every 990, 990EZ, and 990-PF return processed by the IRS during the year. SOI-weighted samples normally lag RTF data by a full year and are based on a small number of organizations selected by size alone. SOI samples are mainly useful for national estimates but do not sufficiently account for different types of organizations or for regional, state, or local variations. Annual RTF extracts have become increasingly important to policy and research communities. Consequently, the reinstatement and consistent release of 990-PF RTFs is imperative to understanding a critical source of nonprofit funding representing $1 trillion in assets.

We applaud the SOI division's publication of Forms 990, 990-EZ, and 990-PF returns processed during 2020, 2021, 2022 and 2023. SOI's stated commitment to finally publish Form 990-PF returns processed during the *prior* three calendar years remains unfulfilled. We strongly support and urge all efforts to close this gap of missing RTF extracts of Form 990-PF returns processed in 2017, 2018, and 2019. We cannot overstate the importance of these data to public understanding and oversight.

Conclusion

The recommendations above reflect the thinking of noted tax-exempt organizations and practitioners, data experts and scholars on ways to enhance the quality, utility, and clarity of 990 information and reduce the burdens associated with accessing and using this important public dataset. We urge the Internal Revenue Service to address these important concerns.

Thank you for your consideration. Should you have any questions, please contact Cinthia Schuman Ottinger at cinthia.schuman@aspeninstitute.org.

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