

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE INTERNAL REVENUE
SERVICE (IRS) Research, Applied Analytics, and
Statistics and
U.S. DEPARTMENT of LABOR (DOL)
Wage and Hour Division**

1. TERM OF AGREEMENT

This Memorandum of Understanding (MOU) shall be effective upon signature of the authorized representatives of the IRS Research, Applied Analytics, and Statistics (RAAS) and the US Department of Labor (DOL) Wage and Hour Division (WHD) (collectively, the "parties") and shall remain in effect until April 30, 2024, or until terminated in accordance with the terms of this MOU.

2. AUTHORITY

- A. This MOU is entered into between the IRS and DOL pursuant to the authority vested in the Commissioner of the IRS to enforce and administer the internal revenue laws. DOL enters into this MOU under the authority provided by 29 U.S.C. § 211(a), which allows the Administrator to “gather data” about wages, hours, and other conditions and practices of employment.
- B. Section 6103 of the Internal Revenue Code (IRC) imposes restrictions on disclosure by IRS of tax information obtained under the authority of the IRC. The terms of this MOU do not provide for the exchange of federal tax information.

3. INTRODUCTION AND PURPOSE

- A. The Knowledge Development & Application (KDA) business function within IRS Research, Applied Analytics & Statistics (RAAS) Division applies domain expertise in tax administration, economics, behavioral research and statistical methodology to advise IRS senior Leadership and agency stakeholders in the development, analysis and implementation of associated policies and procedures. KDA is also responsible for the development of baseline compliance risk models including the Discriminant Function score (a formula used by the IRS to select returns for review) and conducting focused compliance studies supporting key IRS initiatives. KDA’s Compliance Modeling Lab estimates the nature and extent of noncompliance including the tax gap and the voluntary filing rate while its National Research Program (NRP) serves as an examination lab to identify additional cases to work and the best way to work those cases to support compliance risk detection and examination process innovations. KDA also has a Taxpayer Behavior Lab that es on understanding taxpayer needs and behavior through surveys, pilots, and behavioral research. The lab develops models of needs and behavior with an aim to supporting program planning and evaluation. Specific focus areas include compliance costs and behavioral insight pilots.

C. The DOL WHD is responsible for administering and enforcing a wide range of labor laws, including the Fair Labor Standards Act, the Family and Medical Leave Act, the Migrant and Seasonal Agricultural Worker Protection Act, worker protections provided in several temporary visa programs, and the prevailing wage requirements of the Davis-Bacon and Related Acts and the Service Contract Act. Nothing in this agreement limits the WHD's enforcement of these and other statutes. In order to plan and implement data-driven, evidence-based approaches to improve compliance, WHD uses federal statistical data and administrative data to detect patterns and trends in priority industries. DOL WHD's efforts to build capacity around data analytics are consistent with the government-wide federal data strategy.

4. ROLES AND RESPONSIBILITIES

A. IRS Director KDA IRS Project Representative

(PR) Name: Peter Rose

Address: Internal Revenue Service

77 K Street, NE

Washington, DC 20002

Phone: (202) 803-9524

B. DOL Wage and Hour Division Project Manager (PM)

Name: Brandon Brown

Address: US Department of Labor

200 Constitution Ave., NW

Washington, DC 20210

PHONE: 202-693-0271

C. The PR and PM shall be responsible for technical oversight of the specified product or service as set forth in this MOU. In carrying out these responsibilities, they will operate within the scope of applicable regulations, current authorities, and the program authorities of the MOU. IRS and DOL or their designees have the authority to make changes, extend the MOU or terminate the MOU.

D. DOL WHD will use the IRS research tabulations for internal strategic planning, enforcement planning and research purposes. IRS RAAS will share the research tabulations, through an interactive, consultative process, with DOL WHD. Categories of tabulations may include:

1) IRS research business tabulations

2) IRS research analysis tabulations

3) IRS research trend analysis tabulations

5. CONTACTS

A. Contacts for this MOU will be the IRS Business Operating Division designee, the IRS Governmental Liaison designee, and the DOL WHD designee (see Exhibit A, include name, title, email address and phone number).

B. Succession of Authority- The IRS and DOL anticipate that there may be changes to the titles and or responsibilities of officers and employees designated within this agreement. In the event of such changes, any actions that may be taken under this

agreement by said officers or employees, may be taken by any officer(s) or employee(s) the IRS and DOL determine to have succeeded to the relevant portions of said officers or employees' authorities or responsibilities.

6. INFORMATION SECURITY:

IRS and DOL will comply with the requirements of the Federal Information Security Management Act (FISMA), 44 USC Chapter 35, Subchapter II, as amended by the Federal Information Security Modernization Act of 2014 (Pub. L. 113-283); related Office of Management and Budget (OMB) circulars and memoranda, such as Circular A-130, Management of Federal Information as a strategic Resource (July 28, 2016), and Memorandum M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information (January 3, 2017); National Institute of Standards and Technology (NIST) directives; and the Federal Acquisition Regulations, including amendments published after the effective date of this agreement. These laws, directives, and regulations include requirements for safeguarding Federal information systems and Personally Identifiable Information (PII) used in Federal agency business processes, as well as related reporting requirements. Both agencies recognize, and will implement, the laws, regulations, NIST standards, and OMB directives, including those published subsequent to the effective date of this agreement.

FISMA requirements apply to all Federal contractors, organizations, or entities that possess or use Federal information, or that operate, use, or have access to Federal information systems on behalf of an agency. Both agencies are responsible for oversight and compliance of their contractors and agents.

A. Incident Reporting

If either DOL or IRS experiences an incident involving the loss or breach of PII provided by IRS under the terms of this agreement, they will follow the incident reporting guidelines issued by OMB. In the event of a reportable incident under OMB guidance involving PII, the agency experiencing the incident is responsible for following its established procedures, including notification to proper organizations (e.g., United States Computer Emergency Readiness Team and the agency's privacy office). Immediately upon discovery of a possible incident involving IRS-provided PII, DOL will contact IRS IT Security Operations: cybersolutions@irs.gov; 844-377-6109.

B. Breach Notification

DOL and IRS will follow PII breach notification policies and related procedures as required by OMB Memorandum M-17-12 (January 3, 2017). The agency that experienced the breach determines that risk of harm requires notification to affected individuals and/or other remedies, that agency will carry out these remedies without cost to the other agency.

7. TRANSMITTAL PROCEDURES

A. IRS shall transmit the IRS research and trend analysis information to the DOL via an e-mail message with password-protected encrypted attachment or through authorized IRS Information Technology approved secure email program.

- B. IRS shall provide the password to the DOL via a separate e-mail message or by telephone.

8. LIABILITY

- A. Each party to this MOU shall be liable for the acts and omissions of its own employees.
- B. The IRS shall not be liable for any injury to another party's personnel or damage to another party's property unless such injury or damage is compensable under the Federal Tort Claims Act [28 U.S.C. 1346(b)], or pursuant to other Federal statutory authority. Similarly, DOL shall not be liable for any injury to another party's personnel or damage to another party's property unless such injury or damage is compensable under applicable Federal Tort Claims Act [28 U.S.C. 1346(b)], or pursuant to other Federal statutory authority.

9. THIRD PARTY RIGHTS

This MOU does not confer any rights or benefits on any third party.

10. PRIVACY

The IRS and the DOL will assure the integrity and accuracy of personal and financial data. The IRS and the DOL will perform their duties in a manner that recognizes and enhances individuals' rights of privacy and will make certain that their activities are consistent with law, regulations, and good administrative practices.

11. EFFECTIVE DATE

The effective date of this MOU is the date it has been signed by all parties to the Agreement.

12. AMENDMENT OF MOU

This MOU may be amended by deletion or modification of any provisions, provided that such amendment is in writing and is signed by all parties to the MOU.

13. LIMITATIONS

Any provision of this MOU which conflicts with federal law will be null and void. The provisions of section 8 (re: Liabilities) will continue until all potential liabilities have lapsed. Nothing in this MOU shall be construed to impair or affect the IRS's authority under the authority of Delegation Order 150-10, 26 U.S.C. §§ 7801 and 7803, which authorize the Commissioner of the IRS to enforce and administer the internal revenue laws.

14. EVALUATION OF AGREEMENT

The IRS and the DOL will review this MOU annually to evaluate the existing data exchange, examine the continuing needs for and uses of the exchanged data, and determine whether the provisions of this agreement require amendment. The method of review (conference call, meeting, email) will be jointly determined by the IRS Governmental Liaison, Business Operating Divisions, and the DOL Liaison.

15. TERMINATION OF MOU

This MOU will remain in effect until April 30, 2024, unless it is terminated as provided in this MOU or amended in writing by a subsequent agreement executed by the parties' authorized representatives. This MOU may be cancelled upon 30 calendar days written notice by either the IRS or the DOL.

16. SUPERSESION:

This FD016 RAAS Research Data MOU supersedes, at the time of its execution, any and all other FD016 RAAS Research Data MOUs between the parties that predate this one.

APPROVALS:

INTERNAL REVENUE SERVICE

Signature

Date

Melanie R Krause
Chief Data and Analytics Officer
Research, Applied Analytics &
Statistics

DEPARTMENT OF LABOR

Signature

Date

Brandon Brown
Associate Administrator
for Enterprise Data and Analytics
Wage and Hour Division