



## Indiana University Office of Government Relations

Federal Relations Report – July 14, 2015

### Introduction

Starting with this report, the Indiana University Office of Government Relations will distribute periodic updates on federal issues and legislation affecting IU. Through these reports, you will be able to get a sense of what items are of interest to the University and how we are engaging in the political process.

As you receive these reports, please share with your colleagues and staff as appropriate. Should you have any questions or concerns, please contact Brad Boswell at the Office of Government Relations via phone at 317-231-2111 or via email at [bsboswel@iu.edu](mailto:bsboswel@iu.edu).

### Financial Literacy and Student Debt Reduction Efforts

Efforts and accomplishments of IU's Office of Financial Literacy, launched in 2012, have been widely reported upon and [nationally recognized](#). The office offers many programs that aim to help students make better financial decisions. One such example began during the 2012-2013 school year when the University started sending each student a letter explaining their current student loan debt obligation. The idea is to help students make more informed decisions about the appropriate amount of student loan obligations they should assume given their specific circumstances. In the first year, this initiative helped students reduce borrowing by \$31 million. The model proved so successful that during the recently completed 2015 Indiana General Assembly Session, [HEA 1042](#) was passed and signed by Governor Pence, making this a standard practice for any higher education institution that receives state student financial aid.

At the federal level, Senator Joe Donnelly has taken up the cause by introducing the

[Empowering Student Borrowers Act](#), which would require the Secretary of Education to establish and maintain best practices for colleges and universities to use in helping build financial literacy skills and reduce student borrowing. IU's debt letter initiative was cited as an example in Senator Donnelly's [press release](#) announcing the introduction of the legislation.

Due to IU's increased leadership in this area, on June 3, Associate Vice President of University Student Services and Systems, Jim Kennedy, [testified](#) before the U.S. Senate Committee on Health, Education, Labor and Pensions, where he explained how IU's financial literacy efforts have led to approximately \$41 million in total debt savings, representing a nearly 16 percent reduction in student borrowing since the inception of the Office of Financial literacy.

### Overcoming IRS Form 1098-T Compliance Penalties

On May 21, Senator Dan Coats introduced S.1413, the [Higher Education Tax Benefit Compliance Improvement Act](#). This bill would require students seeking tax credits and deductions based on tuition expenses to have a valid Form 1098-T. The bill would relieve higher education institutions from any IRS penalties associated with incomplete 1098-Ts if the institutions made a good faith effort to collect required information from students.

This IRS Form 1098-T serves as an annual statement showing the amount an individual student has paid in tuition and fees during the year. Universities provide the completed form to each student and file a copy with the IRS assuming all required student data is made available.

Under current federal law, the burden of compliance falls to colleges and universities to

complete the form and provide to the students and the IRS. However, their ability to fully do so is dependent upon students supplying personal information such as their social security numbers or tax identification numbers. If a student fails to provide this information, a proper form cannot be produced. This can be a challenge for higher education institutions in Indiana, where state law protects individuals (i.e. – students) from being required to provide such personal information.

Over the past couple years, the IRS began assessing fines to higher education institutions for noncompliance when they did not submit required student information. This resulted in a total of \$1.5 million in fines for Indiana University.

In response, IU, along with other universities and the National Association of College and University Business Officers (NACUBO), lobbied to have these penalties reversed and the law changed to relieve higher education institutions from the burden of compliance if they made a good faith effort to collect such information from students.

On June 11, the House of Representatives approved an [amendment](#) to the Trade Preferences Act (President Obama’s Fast Track Trade Authority) that included Senator Coats’s bill relieving higher education institutions from noncompliance penalties if they have made a good faith effort at obtaining necessary personal information (Section 605 of the amendment).

The Trade Preferences Act was signed into law on June 29 and included the Senator Coats’s language, making this the law of the land and saving IU from future IRS penalties.

### **NIH Reauthorization, 21st Century Cures, and a Meeting with Chairman Fred Upton**

IU, like many universities, receives a considerable amount of research funding from the National Institutes of Health (NIH). H.R. 6, the [21st Century Cures Act](#) was introduced in the House in May by House Committee on Energy and Commerce Chairman Fred Upton.

This bill reauthorizes the NIH for another 3 years with a corresponding annual \$1.5 billion funding increase.

This is a significant piece of legislation for IU and the state of Indiana. In FY 2013 alone, Indiana received \$187 million in NIH funding with \$177 million of that going to the state’s research universities via 560 individual grants.

On June 8, Chairman Upton visited Indianapolis with Indiana delegation members Congressman Larry Buschon and Congresswoman Susan Brooks where he heard from various stakeholders on what NIH reauthorization would mean to them. IU School of Medicine representatives attended this meeting and conveyed to Chairman Upton their long tradition of producing important research via NIH funding, highlighting past successes such as cutting costs of treating patients with dementia by 30 percent and developing the first successful treatment for the tumors caused by neurofibromatosis type 1 disease.

H.R. 6 also contains an additional \$1.75 billion per year appropriation for supporting precision medicine, which is a more systematic way of prescribing personalized medical treatment based on the past success of treatment on other individuals that have the same demographic and biological characteristics and the same diagnosis. This also aligns with President Obama’s announced [Precision Medicine Initiative](#).

IU is uniquely suited to further advance the underlying research needed to bring about full-scale use of precision medicine. The technical aspects of this are already underway at the IU School of Medicine and IU affiliated organizations via the [Indiana Center for Precision Medicine](#), the [Indiana Clinical and Translational Sciences Institute \(CTSI\)](#), and the [Regenstrief Institute](#).

On July 10, H.R. 6 passed the House of Representatives 344-77. As this bill continues through the legislative process, IU will continue to seek opportunities to advocate for NIH reauthorization and also look for ways to

become increasingly involved in the precision medicine discussions.

### **Conclusion**

Indiana University is actively engage in looking out for the best interest of the University and those that it serves. These reports will provide you with a snapshot into how we are conducting this important work.

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