

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON OVERSIGHT

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Boustany Announces Hearing on the Internal Revenue Service's Colleges and Universities Compliance Project

Congressman Charles W. Boustany, Jr., M.D., (R-LA), Chairman of the Subcommittee on Oversight of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on the Internal Revenue Service's ("IRS") Colleges and Universities Compliance Project Final Report. **The hearing will take place on Wednesday, May 8, 2013, in Room 1100 of the Longworth House Office Building, beginning at 2:00 P.M.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Subcommittee and for inclusion in the printed record of the hearing. A list of invited witnesses will follow.

BACKGROUND:

On April 25, 2013, the IRS released the final report of its Colleges and Universities Compliance Project. Based on responses to a questionnaire distributed to over 400 tax-exempt colleges and universities, the IRS audited a sample of 34 colleges and universities identified as at risk for noncompliance. The report focused on compliance rates among colleges and universities in the following areas: (1) unrelated business income tax ("UBIT"), (2) executive compensation, and (3) employment tax issues.

During its four-year investigation, the IRS found significant noncompliance and underreporting of UBIT by over 90 percent of the audited schools, with income adjustments of about \$90 million, and loss disallowances of over \$170 million. The primary increases to UBIT were: disallowed expenses that were not connected to unrelated business activities, errors in computation or substantiation of losses, and the misclassification of unrelated activities as exempt. With the colleges and universities compliance project completed, the Subcommittee will review these audit findings, with an eye toward reform. In its review of executive compensation and employment tax issues, the IRS found colleges and universities setting compensation in the upper bounds of what is permissible, and all of its employment tax examinations resulted in adjustments.

In announcing the hearing, Chairman Boustany said, “**Given the importance of nonprofit colleges and universities, it is critical that the Subcommittee continue its review of this segment of the tax-exempt sector. The IRS’s colleges and universities compliance project suggests widespread noncompliance. The Subcommittee has an obligation to explore the root of these alarming findings on the audit of our nation’s higher education providers. This hearing is an excellent opportunity to discuss the results of the compliance project and examine areas for improvement in oversight, with an eye toward comprehensive tax reform.**”

FOCUS OF THE HEARING:

The hearing will focus on the findings of the IRS’s Colleges and Universities Compliance Project final report and will examine the causes for the widespread noncompliance found through the audit among tax-exempt colleges and universities.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to submit, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Wednesday, May 22, 2013**. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-3625 or (202) 225-5522.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and **MUST NOT** exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit

material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov/>.