

## Hannibal-LaGrange University Compensation/Salary Policy for Admissions Representatives

Hannibal-LaGrange University (HLGU) is a member of the National Association for College Admission Counseling (NACAC). As members of the NACAC we are aware of and in agreement with the association's "Statement of Good Practices" concerning the compensation for representatives as salary rather than a reward system of compensation. Hannibal-LaGrange is also aware of and in agreement with the "Program Integrity Regulations" included in the "Higher Education Act" related to incentive compensation.

It is the intent of Hannibal-LaGrange University representatives to encourage students to consider HLGU as their education provider however not to place inappropriate pressure on prospective students for enrollment. The resolve is to encourage students to attend HLGU who are good fits for programs offered as well as students who have the potential to complete the academic programs to graduate.



classes. None of the academic support services provided by Employee B is subject to the ban on incentive compensation.

Example 1-D:

Employee C encourages students to consider enrollment in an educational program before a purported enrollment deadline. Employee C’s compensation is subject to the ban on incentive compensation as it involves covered recruitment activities.

Example 1-E:

Employee D is involved in recruitment activities and is therefore subject to the ban on incentive compensation. Nonetheless, Employee A is eligible for a merit increase to his or her annual salary based on standard evaluative factors, as discussed in Question 4, that are independent of the number of students recruited, retained, or graduated.

**Question 2:** What types of payment are considered direct or indirect payments of incentive compensation?

**Answer 2:** The following table and subsequent examples provide examples of different types of payments relative to their characterization as incentive compensation.

TABLE 2

Types of payment that are direct or indirect payment of incentive compensation	Types of payment that are not direct or indirect payment of incentive compensation
“Tuition sharing” as a measure of compensation when based on a formula that relates the amount payable to the entity to the number of students enrolled as a result of the activity of the entity	Tuition as a source of revenue from which compensation is paid to an unrelated third party for a variety of bundled services (Example 2-B)
Profit sharing plans from which distributions are made to individuals based on the number of students enrolled by virtue of covered activities by the recipient (section 668.14(b)(22)(ii)(B))	Profit sharing plans, including 401(k) type plans, from which distributions are made to individuals on a basis that is neutral with respect to the role the recipient plays in student recruitment or the securing of financial aid
Salary adjustments that take the form of incentive payments based directly or indirectly on success in securing enrollments or financial aid	Employee benefits plans offered to all employees on a basis that is neutral with respect to the role the recipient plays in student recruitment or the securing of financial aid
Payments based on the application of an admissions policy	Cost of living adjustments (COLAs)
Bonus or other payments based on success in securing enrollments or financial aid	Compensation adjustments based upon seniority
	Payments to faculty based upon student class

	size or academic achievement
	Payments to senior executives with responsibility for the development of policies that affect recruitment, enrollment, or financial aid
	Payments based upon securing student housing or other student services, including career counseling
	Volume driven arrangements based on services that are not recruitment or securing of financial aid

Neither persons nor entities may receive direct or indirect payments of incentive compensation. The Department received numerous questions about the use of “persons” rather than “persons or entities” in some parts of the preamble to the final rule. The Department will issue a technical correction to the regulations, consistent with this letter, which will clarify that in all places in the preamble related to incentive compensation, the Department was referencing the statutory prohibition that applies to both persons and entities.

“Tuition sharing:” The Department has been informed that some third parties charge institutions a percentage of tuition as a way of assuming the business risk associated with student recruitment. Further, such third parties have typically combined student recruitment services with other services not covered by the incentive compensation prohibition, such as advertising, marketing, counseling, and support services to admitted students, and verification of student aid application information.

Section 487(a)(20) of the HEA mandates that the “institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance.” The Department generally views the payment based on the amount of tuition generated as an indirect payment of compensation based on success in recruitment and therefore a prohibited basis upon which to measure the value of the services provided. This is true regardless of the manner in which the entity compensates its employees.

However, as illustrated in the examples below, the Department does not consider payment based on the amount of tuition generated by an institution to violate the incentive compensation ban if that payment compensates an unaffiliated third party that provides a set of services that may include recruitment services. The independence of the third party (both as a corporate matter and as a decision maker) from the institution that provides the actual teaching and educational services is a significant safeguard against the abuses the Department has seen heretofore. When the institution determines the number of enrollments and hires an unaffiliated third party to provide bundled services that include recruitment, payment based on the amount of tuition generated does not incentivize the recruiting as it does when the recruiter is determining the enrollment numbers and there is essentially no limitation on enrollment.

# Statement of Principles of Good Practice

## *Interpretations of Mandatory Practices*

*The following statements correspond with the same statement number in the Mandatory Practices section.*

### **I. All Members—Interpretations and Monitoring**

#### **A. Promotion and Recruitment**

**All members agree that they will:**

1. Accurately represent and promote their schools, institutions or services by:
  - a. providing precise information about their academic majors and degree programs. Such information shall include a factual and accurate description of majors, minors, concentrations, and/or interdisciplinary offerings that apply toward the completion of the undergraduate degree;
  - b. describing in detail any special programs, including overseas study, credit by examination or advanced placement.
  
3. Not offer or accept any reward or remuneration from a college, university, agency, or organization for placement or recruitment of students. Members:
  - a. will be compensated in the form of a fixed salary, rather than commissions or bonuses based on the number of students recruited;
  - b. will not contract with secondary school personnel for remunerations for referred students.
  
4. Be responsible for compliance with applicable laws and regulations with respect to the students' rights to privacy by:
  - a. establishing policies with respect to secondary school and college and university representatives for the release of students' names. Any policy that authorizes the release of students' names should indicate that the release be made only with the students' permission and be consistent with applicable laws and regulations;
  - b. understanding that permission may take the form of a general consent to any release of the students' names;
  - c. abiding by regulations in the *Family Educational Rights and Privacy Act* (FERPA).

#### **B. Admission, Financial Aid and Testing Policies and Procedures**

**All members agree that they will:**

3. not make unethical or unprofessional requests of other admission counseling professionals. Examples of unprofessional or unethical requests could include:
  - a. making disparaging remarks about the services of school-based counselors or independent counselors when responding to requests from parents or students;
  - b. independent counselors contacting school officials directly, instead of working through their clients for academic or personal information.

# Statement of Principles of Good Practice

## *Interpretations of Mandatory Practices*

*The following statements correspond with the same statement number in the Mandatory Practices section.*

### **I. All Members—Interpretations and Monitoring**

#### **A. Promotion and Recruitment**

**All members agree that they will:**

1. Accurately represent and promote their schools, institutions or services by:
  - a. providing precise information about their academic majors and degree programs. Such information shall include a factual and accurate description of majors, minors, concentrations, and/or interdisciplinary offerings that apply toward the completion of the undergraduate degree;
  - b. describing in detail any special programs, including overseas study, credit by examination or advanced placement.
  
3. Not offer or accept any reward or remuneration from a college, university, agency, or organization for placement or recruitment of students. Members:
  - a. will be compensated in the form of a fixed salary, rather than commissions or bonuses based on the number of students recruited;
  - b. will not contract with secondary school personnel for remunerations for referred students.
  
4. Be responsible for compliance with applicable laws and regulations with respect to the students' rights to privacy by:
  - a. establishing policies with respect to secondary school and college and university representatives for the release of students' names. Any policy that authorizes the release of students' names should indicate that the release be made only with the students' permission and be consistent with applicable laws and regulations;
  - b. understanding that permission may take the form of a general consent to any release of the students' names;
  - c. abiding by regulations in the *Family Educational Rights and Privacy Act* (FERPA).

#### **B. Admission, Financial Aid and Testing Policies and Procedures**

**All members agree that they will:**

3. not make unethical or unprofessional requests of other admission counseling professionals. Examples of unprofessional or unethical requests could include:
  - a. making disparaging remarks about the services of school-based counselors or independent counselors when responding to requests from parents or students;
  - b. independent counselors contacting school officials directly, instead of working through their clients for academic or personal information.