

# BELHAVEN UNIVERSITY

## Policy Regarding the Federal Ban on Incentive Compensation for Student Recruiting Activities and/or the Awarding of Financial Aid

### I. Introduction

Section 487(a)(20) of the Higher Education Act (HEA) prohibits the college from providing incentive compensation to employees or third-party entities for their success in securing student enrollments or the awarding of Title IV HEA program funds.

### II. Background of the Law

This strict ban on providing incentive compensation for performing these activities is part of a larger set of Program Integrity Rules issued by the Department of Education (DOE) in 2010 with an effective date of July 1, 2011. These rules cover a broad array of issues intended to promote integrity in higher education programs by protecting students as consumers and by stemming perceived abuses of Title IV program funds perpetuated by a minority of institutions. The rules apply to all Title IV eligible institutions.

### III. Definitions and Scope

- **Commission, bonus, or other incentive payment:** A sum of money or something of value, other than a fixed salary or wages, paid to or given to a person or an entity for services rendered.
- **Covered individuals:** Any person or entity engaged in restricted activities.
- **Restricted activities:** Recruiting or admissions activities related to success in securing student enrollments; and making decisions regarding the awarding of Title IV HEA program funds.

### IV. Ban on Incentive Compensation

Belhaven University may not provide any commission, bonus, or other incentive payment based in any part, directly or indirectly, upon success in securing enrollments or awarding of federal financial aid, to any person or entity engaged in any student recruitment or admissions activity or in making decisions regarding the award of Title IV funds.

Some examples of restricted activities for which incentive compensation is prohibited include, but are not limited to:

- Providing recruitment information or solicitations targeted to individuals
- Contacting prospective students personally
- Making student enrollment or Title IV aid decisions
- Aiding students in completing enrollment applications
- Completing financial aid applications on behalf of prospective students
  
- Examples of activities that are exempt from the ban on incentive compensation as long as the employee is not also engaged in restricted activities include:
  - Advertising or marketing activities that provide college or program information to the public or groups of potential students
  - Collecting contact information
  - Providing student support services after the disbursement of financial aid such as career counseling, tutoring, online course support
  - Recruiting of foreign students residing in foreign countries who are not eligible to receive Title IV funds
  - Making policy decisions related to the manner in which recruitment, enrollment, or financial aid will be pursued or provided

The Human Resources Department at Belhaven University is an integral part of initiating all compensation arrangements with all employees and contractors. In addition, Human Resources completes an annual review of all payments made to individuals to verify the purpose of the payment to ensure no commission, bonus, or incentive payment was made in an unauthorized manner.