

**The Johns Hopkins University**  
**Policy on the Prohibition of Incentive Compensation under the DOE Program Integrity Rules**

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I. Overview

Section 487(a)(20) of the Higher Education Act of 1965, as amended (“HEA”) and its implementing regulations at 34 CFR § 668.14(b)(22) prohibit the University from providing incentive compensation to employees and third parties based, in any part, on their success in securing student enrollments or awarding Title IV, HEA program funds. This strict ban on providing incentive compensation for performing such activities is part of a larger set of Program Integrity Rules issued by the U.S. Department of Education (“DOE”) in 2010 with an effective date of July 1, 2011 (“Program Integrity Rules”). These rules cover a broad array of issues intended to promote integrity in Title IV, HEA programs by protecting students as consumers and stemming potential abuses of Title IV program funds by institutions. These rules apply to all Title IV eligible institutions and thus apply to the University, as a participant in Title IV, HEA programs.

II. Scope

The University has adopted this Policy on the Prohibition of Incentive Compensation under the DOE Program Integrity Rules (“Policy”) to ensure compliance with the incentive compensation requirements of the HEA and Program Integrity Rules. All University divisions, departments, schools, units, administrative officers, faculty, and staff are subject to and must comply with (and ensure that their policies and procedures comply with) this Policy.

III. Prohibition on Incentive Compensation

The University prohibits the making of, and may not make, **any commission, bonus, or other incentive payment** based in any part, directly or indirectly, upon success in **securing enrollments or awarding financial aid**, to any **person or entity engaged in any student recruitment or admission activity, or in making decisions regarding the award of Title IV, HEA program funds**. These restrictions do not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance.

IV. Exclusions

The prohibition on incentive compensation does not include the following: (a) merit-based adjustments to employee compensation provided that such adjustments are **not** based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid; and (b) profit-sharing payments so long as such payments are **not** provided to any person or entity engaged in student recruitment or admission activity or in making decisions regarding the award of Title IV, HEA program funds.

V. Definitions

- a. A “**commission, bonus, or other incentive payment**” means a sum of money or something of value, other than a fixed salary or wages, paid or given to an entity or a person for services rendered.
- b. The phrase “**securing enrollments or awarding financial aid**” means activities that an entity or a person engages in at any point in time through completion of an educational program for the purpose of the admission or matriculation of students for any period of time or the award of financial aid to students.

- i. These activities include contact in any form with a prospective student, such as, but not limited to, contact through preadmission or advising activities, scheduling an appointment to visit the enrollment office or any other office of the institution, attendance at such an appointment, or involvement in a prospective student's signing of an enrollment agreement or financial aid application.
  - ii. These activities do not include making a payment to a third party for the provision of student contact information for prospective students provided that such payment is not based on: (1) any additional conduct or action by the third party or the prospective students, such as those listed in clause i. above; or (2) the number of students (calculated at any point in time of an educational program) who apply for enrollment, are awarded financial aid, or are enrolled for any period of time, including through completion of an educational program.
- c. An “**entity or person engaged in any student recruitment activity, admission activity or financial aid award decisions**” means:
- d.
- i. With respect to an **entity** engaged in any student recruitment or admission activity or in making decisions about the award of financial aid, any institution or organization that undertakes the recruiting or the admitting of students or that makes decisions about and awards Title IV, HEA program funds; and
  - ii. With respect to a **person** engaged in any student recruitment or admission activity or in making decisions about the award of financial aid, any employee who undertakes recruiting or admitting of students or who makes decisions about and awards Title IV, HEA program funds, and any higher level employee with responsibility for recruitment or admission of students, or making decisions about awarding Title IV, HEA program funds.
- e. The term “**enrollment**” means the admission or matriculation of a student into an eligible institution.

- VI. Guidance. The DOE has issued guidance on the prohibition on incentive compensation that includes FAQs and examples, including examples of activities that are subject to the prohibition and those that are exempt, and the types of payments that are considered forms of incentive compensation and those that are not. This guidance is available on the DOE's website at <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/compensation.html>.
- VII. Contact Information. For questions related to this Policy, please contact the Office of the General Counsel (410.516.8128) or the Office of Student Financial Services (410.516.8028).

Date: April 28, 2014

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