

UNIVERSITY of NORTH ALABAMA

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 July 1, 2011. These rules broadly

Additionally, these rules apply to ANY employee in any other department that is directly engaged in restricted activities, including athletics coaches. Special care should be taken when reviewing the performance of employees who may perform restricted activities as a nominal part of their work to ensure that compensation decisions are not made in relation to the success of these activities in securing student enrollment or the awarding of financial aid

Generally, these rules do not apply to senior level ~~managers~~ and executive employees who are involved only in the development of policy and do not engage in individual student contact related to the restricted activities.

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