

Student Recruiting Activities and Awarding of Federal Financial Aid Policy

Effective: 2021.01.15

I. Federal Ban on Incentive Compensation for Student Recruiting Activities or the awarding of federal financial aid

Section 487(a)(20) of the Higher Education Act (HEA) prohibits Sagrado 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.

A. Regulatory Context

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 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.

B. Definitions

Commission, bonus, or other incentive payment means 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 is any person or entity engaged in restricted activities.

Restricted activities means: (a) recruiting or admissions activities related to success in securing student enrollments; and (b) making decisions regarding the awarding of Title IV HEA program funds.

C. Ban on Incentive Compensation

Sagrado 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; and
- 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, such as, e.g., decisions to admit only high school graduates.

These rules apply to covered individuals performing restricted activities. Certain departments such as the Admissions Office and the Integrated Assistance Office (ASI for its Spanish acronym) will have a number of employees subject to the ban since these departments typically perform restricted activities. Higher-level employees may be covered individuals if they engage in restricted activities, such as making recruitment visits to high schools.

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.

1. Permissible bases for salary adjustments

There are a number of standard evaluative factors that can be used to assess the performance of covered individuals in relation to the restricted activities, and to support incentive payments, including:

- job knowledge (knowledge of college programs, policies, and guidance);
- professionalism (providing quality customer service, respecting customer privacy demonstrating proper etiquette with students and co-workers, and inspires others to achieve positive results);
- analytic ability (ability to troubleshoot and solve problems);
- communication skills (written, verbal);
- use of technology (ability to use available technology to carry out duties);
- dependability (follow-through with customers, punctuality, low absenteeism);
- customer evaluations (feedback from students, parents, co-workers or other individuals/organizations the individual works with); and
- initiative (e.g., the extent to which an employee is a self-starter, shares new and better ways to do things, and is willing to assume additional duties).

With respect to athletic personnel, bonus or other incentive payments are typically permitted for successful athletic programs including compensation for a successful athletic season, team academic performance, or other measures of team success.

D. Agreements with Third-Party Vendors

These restrictions extend to payments to third party entities; however, specific rules may apply if a vendor is providing bundled activities that include restricted as well as other activities. All third-party agreements must be approved by the General Counsel’s Office to ensure they do not include incentive payments for restricted activities.

II. Ban to Misrepresentation and Inducements Guidelines

The U.S. Department of Education (DoE) and U.S. Department of Defense (DoD) regulations prohibits Sagrado from misrepresenting the nature of its educational programs, financial charges, the employability of Sagrado graduates and ban the use of certain tactics to secure student enrollment.

A. Regulatory Context

Sagrado is in compliance with the Veterans Benefits and Transition Act of 2018, Section 3679 of Title 38, United States Code. Sagrado will not impose any penalty, including the assessment of late fees, the denial of access to classes, libraries, or other institutional facilities, or the requirement that a Chapter 31 or Chapter 33 beneficiary borrow additional funds to cover the individual’s inability to meet their financial obligations to Sagrado due to the delayed disbursement funding from the Department of Veterans Affairs under Chapter 31 or Chapter 33.

B. Definitions

Misrepresentation means any false, erroneous or misleading statements to any student, prospective student, member of the public, accrediting agency, state agency, or U.S. Agency, or any agent or employee of such an agency. A misleading statement includes any statement that has the likelihood or tendency to mislead under the circumstances or any statement that omits information in such a way as to make the statement false or erroneous.

Prospective student is any individual who has contacted Sagrado to request information about applying for admissions or enrolling at Sagrado or who has been contacted directly by Sagrado or indirectly through advertising about applying for admission or enrolling at Sagrado.

C. Prohibitions Against Misrepresentation

Sagrado must not misrepresent the nature of its educational programs, financial charges or the employability of its graduates through any statement, whether made in writing, visually, orally, or through some other means.

Misrepresenting the nature of education programs includes, but is not limited to, making misleading statements about:

- the particular type(s), specific source(s), nature and extent of Sagrado's institutional, programmatic, or specialized accreditation;
- the ability for students to transfer credits earned in Sagrado to another institution and the conditions under which Sagrado will accept transfer credits from another institution;
- the ability to apply for certain certifications required for employment after completing a course of instruction offered by Sagrado;
- the requirements for successfully completing a course of study or program and the circumstances that would constitute grounds for terminating a student's enrolment;
- or
- the availability, frequency, and appropriateness of Sagrado's courses and programs to the employment objectives that Sagrado states its programs are designed to meet.

Misrepresenting the nature of financial charges includes, but is not limited to, making misleading statements about:

- offers of scholarships to pay all or part of a course charge;
- whether a particular charge is the customary charge at Sagrado for a course;
- the cost of a program and Sagrado's refund policy if a student does not complete the program;
- the availability or nature of any financial assistance offered to students, including a student's responsibility to repay any loans, regardless of whether the student is successful in completing the program and obtaining employment; or

- the student's right to reject any particular type of financial aid or other assistance, or whether the student must apply for a particular type of financial aid, such as financing offered by Sagrado.

Misrepresenting the employability of students upon graduation includes, but is not limited to, making misleading statements about:

- Sagrado's relationship with any organization, employment agency, or other agency providing authorized training leading directly to employment;
- Sagrado's knowledge about the current or likely future conditions, compensation, or employment opportunities in the industry or occupation for which the students are being prepared;
- government job market statistics in relation to the potential placement of Sagrado graduates; or
- other requirements that are generally needed to be employed in the fields for which training is provided and failing to disclose factors that would prevent a student applicant from qualifying for such requirements.

D. Multiple Unsolicited Contacts

Sagrado prohibits the use high-pressure recruitment tactics such as making multiple unsolicited contacts (3 or more), including contacts by phone, email, or in-person, and engaging in same-day recruitment and registration for the purpose of securing enrollment including military service member enrollments.

E. Advice from Educational Service Officer for Service Members

Service members who decide to use Tuition Assistance ("TA") funds to pay for their education costs are encouraged to speak with their Educational Service Officer ("ESO") or counselor within their Military Service prior to enrolling in Sagrado.

III. Questions about this Policy

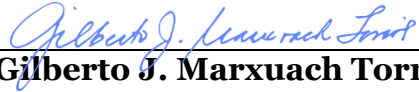
This Policy is issued by the President of the University, with the advice of the General Legal Counsel Office, under extraordinary circumstances due to the emergency of COVID-19 and pursuant to the *Policy for Review and Approval of Policies and Procedures* available at <https://politicassagrado.edu/>.

Questions regarding the scope and interpretation of this Policy should be directed to the Vicepresident for Finance and Operations at rosana.lopez@sagrado.edu.

IV. Reporting violations

Violations to this Policy should be directed to the Office General Legal Counsel unit at cameliac.fernandez@sagrado.edu, or the Office of Internal Audit at auditoriainterna@sagrado.edu. Any violations to this Policy will be addressed in accordance with the Sagrado's policies and procedures.

Universidad del Sagrado Corazón reserves the right to interpret this Policy in its administration, implementation and enforcement. If there is any ambiguity in any provision of this Policy, Sagrado reserves the discretion to interpret it in accordance with the purpose for which it was established, the impact to Sagrado's operations and good faith, unless otherwise provided by law.



Gilberto J. Marxuach Torrós
President