



WPI Policy:
Federal Ban on Incentive Compensation
for Student Recruiting Activities or the Awarding of Federal Financial Aid

I. Purpose

Section 487(a)(20) of the Higher Education Act (“HEA”) prohibits the Worcester Polytechnic Institute (“WPI”) from providing incentive compensation (as defined herein) to employees or third-party entities for their success in securing student enrollments or the awarding of Title IV financial aid.

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 (ED) 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 abuse of Title IV financial aid perpetuated by a minority of institutions. The rules apply to all Title IV eligible institutions.

III. Scope

This policy covers any person or entity engaged in “Restricted Activities,” as defined in Section IV.

IV. Definitions

“Incentive Compensation” means a commission, bonus, or other incentive payment that amounts to 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.

“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 financial aid. Further examples of Restricted Activities are contained in Section V.

V. Policy - Ban on Incentive Compensation

WPI may not provide any Incentive Compensation 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 activities or in making decisions regarding the award of Title IV financial aid. 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 this policy, 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, and online course support
- Recruiting of foreign students residing in foreign countries who are not eligible to receive Title IV financial aid
- Making policy decisions related to the way recruitment, enrollment, or financial aid will be pursued or provided, such as, e.g., decisions to admit only high school graduates.

Only Incentive Compensation made to individuals for the Restricted Activities are prohibited by this policy. Certain WPI departments such as the Admissions Office and Office of Financial Aid will have a number of employees subject to this policy since these departments typically perform Restricted Activities.

Higher-level employees may be covered by this policy 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 Title IV financial aid.

VI. Exclusions

A. General

The restrictions in this policy do not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance (e.g., see [eCFR :: 34 CFR 668.14 -- Program Participation Agreement](#)).

The prohibition on Incentive Compensation does not include 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 Title IV financial aid.

Generally, this policy does 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.

B. Permissible Bases for Salary Adjustments

There are a number of standard evaluative factors that can be used to assess the performance of individuals in relation to the Restricted Activities, 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, Incentive Compensation is typically permitted for successful athletic programs including compensation for a successful athletic season, team academic performance, or other measures of team success.

VII. Agreements with Third-Party Vendors

These restrictions in this policy extend to payments to third party entities; however, specific rules may apply if a vendor is providing bundled activities that include Restricted Activities, as well as other activities. All third-party agreements should be approved by the Office of General Counsel to ensure they do not include Incentive Compensation for Restricted Activities.

VIII. Questions

Questions about the application of this policy in particular cases should be directed to WPI's Division of Talent & Inclusion or the Division of Finance and Operations.

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Responsible Departments: Talent & Inclusion; Finance & Operations

Approved: March 5, 2025