


Incentive-Based Compensation	Institutional Policy	
	Prohibition of Incentive-Based Compensation	
	<b>Revised by:</b> Marketing and Admission Department  Dr. Donna Viens Office of Regulatory Compliance	<b>Effective Date:</b> 7/1/2025
<b>Policy: 8.018AL</b> <b>Revision No. 01</b>	<b>References: N/A</b>	<b>Next Revision:</b> June 2026

### Purpose:

To ensure compliance with 34 C.F.R. § 668.14(b)(22) and Section 487(a)(20) of the Higher Education Act of 1965—which prohibit any commission, bonus, or incentive payment, directly or indirectly, tied to securing enrollments or awarding federal financial aid (including Tuition Assistance)—to individuals or entities involved in student recruitment, admissions, or financial aid decision-making.

### Policy Overview:

At Ponce Health Sciences University, it is the responsibility of every employee, contractor, and affiliate to uphold the highest standards of integrity and compliance in all aspects of student recruitment, admissions, and financial aid administration. This policy exists to ensure our full compliance with federal regulations prohibiting the use of incentive-based compensation tied to securing enrollments or the awarding of federal financial aid. Adhering to this policy safeguards the University's eligibility for federal funding, protects the interests of our students, and reinforces our commitment to ethical conduct. Compliance is not only a legal obligation—it is a shared institutional value that supports transparency, accountability, and student trust.

### Responsibility:

This policy applies to:

- All university employees (staff, faculty, and senior management)
- All contractors, agents, affiliates, and third-party vendors involved in recruiting, admissions, or Title IV aid decisions

The University shall **not** provide, authorize, or permit any form of incentive compensation—commission, bonus, or payment—directly or indirectly tied to:

- Success in recruiting, enrolling, or admitting students
- Volume or value of Title IV, Tuition Assistance, or other federal aid disbursements

- Tuition revenue linked to student recruitment or aid award.

This prohibition applies to both internal staff and external entities or vendors engaged in recruitment or aid packaging.

Permissible compensation must be **neutral** concerning recruiting or aid outcomes and may include:

- Standard raises (COLA), merit increases based on quality/performance (**unrelated** to enrollment/aid metrics)
- Broad-based profit-sharing or retirement benefits not tied to recruitment or financial aid performance
- Incentives for non-covered activities (e.g., athletic success, student support services, policy development, marketing to general audiences)

All compensation linked to performance must be evaluated for **potential indirect connections to recruitment or aid**.

All vendor and contractor agreements must:

1. **Prohibit** incentive compensation based on enrollment or aid metrics
2. Ensure third parties are **unaffiliated** if compensated based on tuition or bundled services that include recruitment
3. Be **reviewed and approved** by the Office of General Counsel to ensure compliance

Violations may result in corrective action, recovery of federal funds, and disciplinary measures.

Annually, the University shall require staff involved in recruitment, admissions, aid packaging, and contracting to complete training on the prohibition of incentive compensation.

#### **Restricted Activities (Prohibited):**

- Direct recruitment of individuals or targeted follow-up
- Assisting with or making admissions decisions tied to financial aid metrics
- Packaging or approving federal aid applications

#### **Exempt Activities (Allowed if not tied to restricted actions):**

- General marketing/advertising campaigns
- Routine data gathering (e.g., collecting contact info, broad outreach)
- Student support services **after** aid disbursement or enrollment (e.g., tutoring, counseling)

**Training and Awareness:**

- Ongoing training will be provided to PHSU personnel and contractors to ensure compliance with U.S. Department of Education regulations.

**Publication and Accessibility:**

- This policy shall be published on the PHSU Catalog and the website under Consumer Affairs.
- It will be easily accessible to all stakeholders, including current and prospective students, faculty, and staff.

**Compliance Monitoring:**

To monitor compliance:

- HR conducts **annual audits** of compensation (staff & contractors) to detect prohibited payments
- Finance reviews vendor invoices for indirect incentives
- Offices of Admissions & Financial Aid **document decisions** separately from reward/bonus outcomes
- The Office of Regulatory Compliance will monitor compliance with this policy.