

- **Incentive Compensation--**

As part of the Program Integrity legislation of 2010, the prohibition on incentive compensation was reinforced with the elimination of “safe harbors”.

“Under the incentive compensation prohibition, postsecondary educational institutions that participate in the student financial assistance programs authorized pursuant to Title IV of the HEA, 20 U.S.C. §§ 1070 et seq. (Title IV programs), are barred from providing incentive payments to any person or entity engaged in any student recruiting or admissions activities or in making decisions regarding the award of student financial assistance based directly or indirectly upon success in securing enrollments or financial aid.”

02-Jun-15 – ED announced stricter penalties regarding incentive compensation violations.

Penalties to include: Returning all federal aid to ED for enrollments secured as a result of incentive compensation, a separate fine imposed on the institution, and suspension of an institution’s eligibility to participate in Title IV aid.

Incentive Compensation was one (of the many) reasons ITT closed this year.

Further reading:

<http://www.ifap.ed.gov/eannouncements/attachments/061015EnforcementProhibitionOnIncentiveCompPayAttachment.pdf>

<http://www.gao.gov/new.items/d10370r.pdf>

<https://studentaid.ed.gov/sa/sites/default/files/itt-notification-aug-25.pdf>