

2018

AIEA Annual Conference
*The Internationalization
Imperative in Turbulent Times*



Incentive-Based Compensation & International Student Recruitment: New Models and Best Practices

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Incentive Compensation in the US

Institutions “will not provide any commission, bonus, or other incentive payment based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid, to any person or entity who is engaged in any student recruitment or admission activity, or in making decisions regarding the award or title IV, HEA program funds.”

Except.....

“...that this paragraph shall not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance.”

NACAC Engagement on Agents (2011-2016)

2011

- Commission Convened

2013

- Commission Report Published
- Department of International Initiatives Created
- Change to SPGP

2014

- Change to SPGP; Institution Guide Released

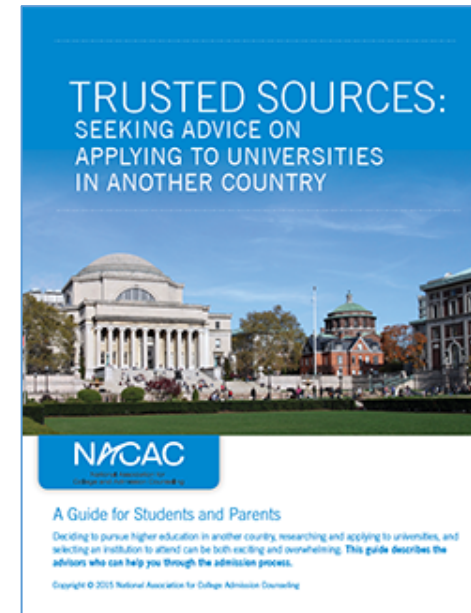
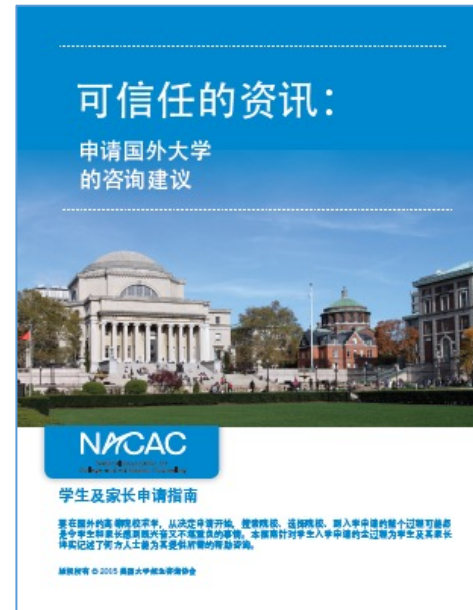
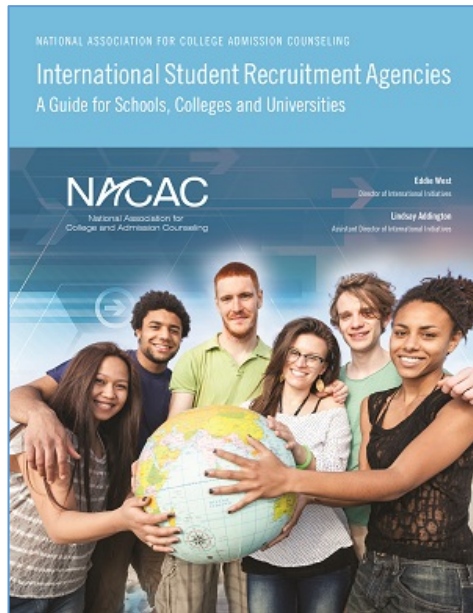
2015

- SPGP Motion; Student Guide Released

2016

- Change to SPGP; Best Practice Language Adopted

NACAC Publications

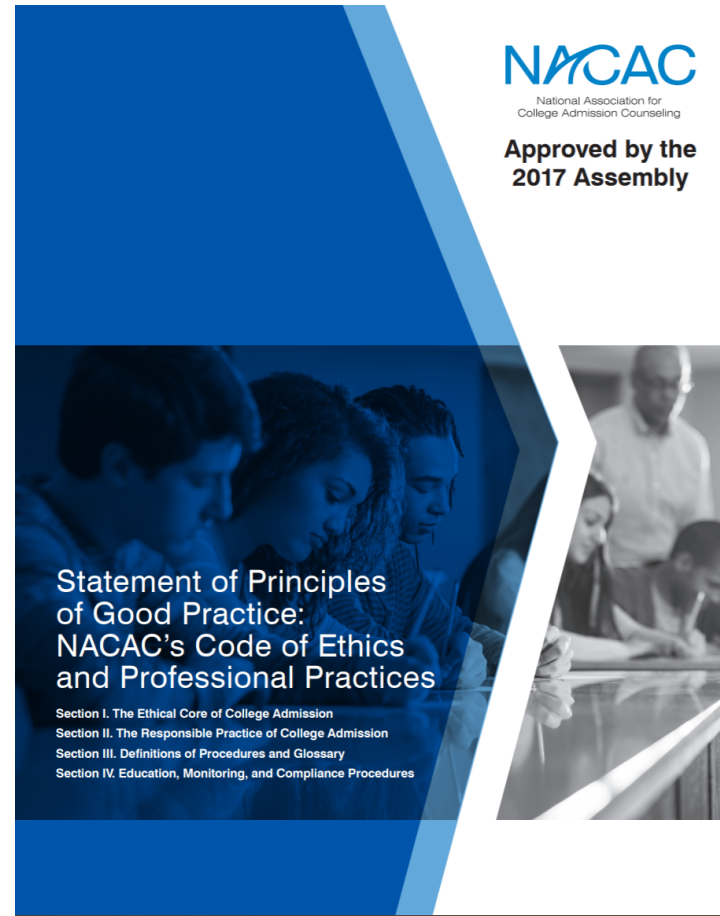


www.nacacnet.org/international



@NACAC_Intl

NACAC's New Code of Ethics - 2017



Section II. The Responsible Practice of College Admission

E. The Use of Commissioned Agents in International Student Recruitment: Guiding Principles and Rationale

Commissioned agents are contracted and paid by colleges that partner with them to recruit international students to their institutions and to establish a local presence in particular regions abroad. Agents advise students concerning curricula, programs, and policies and may also provide in-country marketing or other services to their institutional partners. Some agents are also paid by their student and family clients for college counseling and such additional services as assistance with visa applications, housing, and adapting to a new culture.

NACAC prohibits member institutions from using commissioned agents to recruit US citizens or US permanent residents since commissions, bonuses, or other incentive payments provided on a per capita basis can lead to biased and self-serving college counseling. Since commissioned agents may be a main source of guidance for many families in countries that lack a significant presence of school-based college counselors, independent educational consultants, and college fairs, the *SPGP: NACAC's Code of Ethics and Professional Practices* makes a limited exception when students are neither US citizens nor US permanent residents.

The *SPGP: NACAC's Code of Ethics and Professional Practices* requires that member institutions that engage agents must ensure that their relationship is completely transparent to students and families and conducted with integrity and accountability. There are ethical obligations that must be followed to protect students, provide a way for colleges to use agents responsibly, and provide the public with a basis for distinguishing agents who are ethical from those who are not.

Implementation

1. NACAC members may have business relationships only with agents who follow these *SPGP: NACAC's Code of Ethics and Professional Practices* guidelines for commissioned international agents.
 - a. Agents must abide by the laws and lawful regulations of their own home countries, their students' home countries, and the countries of the postsecondary institutions with which they have a business relationship or to which they are directing their student clients. This includes neither soliciting nor accepting commissions, bonuses, or other incentive payments provided on a per capita basis for securing enrollment of US citizens, including dual citizens and permanent residents.
 - b. Agents must disclose to their student and family clients the names of all postsecondary institutions with whom they have a business relationship.
 - c. Agents must provide to both their student/family clients and their postsecondary clients a written agreement that itemizes their services and charges and confirms that they will abide by these guidelines for agents.
 - d. Agents must not be a party to fraudulent conduct or misrepresentation. This includes fraudulent visa applications, fraudulent test scores, and fraudulent admission documents, including applications, transcripts, essays, interviews, résumés, portfolios, and letters of recommendation.
 - e. Agents must not misrepresent their postsecondary client's academic and non-academic offerings, costs, facilities, admission requirements, availability of financial aid, or post-graduation outcomes.
 - f. Agents must not guarantee admission to any postsecondary institution nor guarantee or offer a financial aid or scholarship award.
 - g. Agents must not offer secondary schools or their personnel any form of compensation for the referral of student or parent clients.
 - h. Agents must not engage in misleading or fraudulent advertising of their services or publish translations that do not fully and accurately reflect the meaning of the text in the original language.
2. NACAC postsecondary members who have business relationships with commissioned agents agree to meet the following ethical standards:
 - a. Members must require agents to abide fully by the guidelines for agents that are set forth in the *SPGP: NACAC's Code of Ethics and Professional Practices*.
 - b. Members must ensure institutional accountability by monitoring the actions of those commissioned agents acting on the institution's behalf and exercise due diligence in responding to complaints of misconduct on the part of agents.
 - c. Members must disclose that they are working with agents on all promotional information directed toward international applicants. Institutional websites will list the names and contact information of all commissioned agents with whom they have a business relationship.

Agents must....

Institutions must....

Agents Must

NACAC members may have business relationships only with agents who follow guidelines.

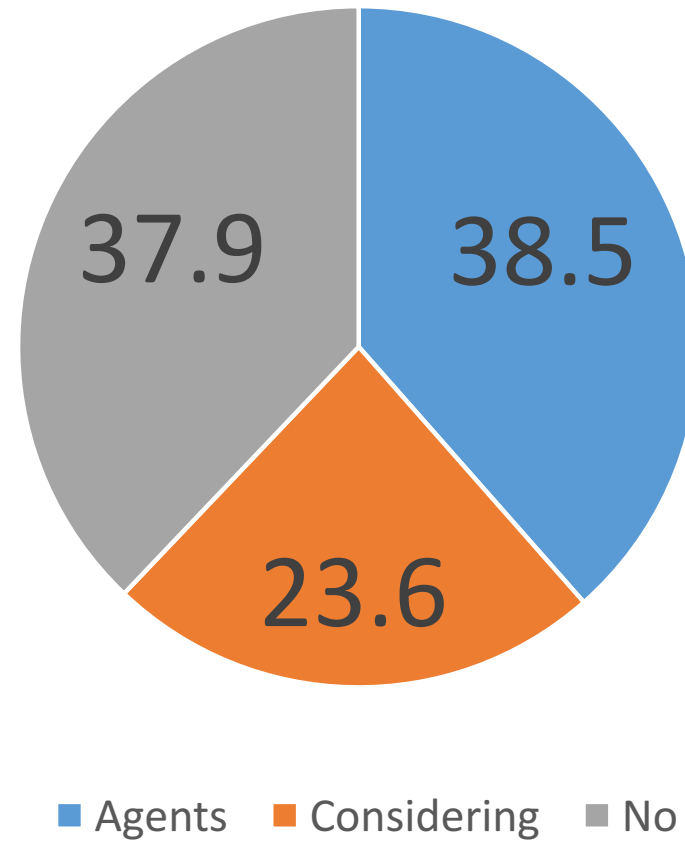
- Abide by laws & regulations
- Disclose names of institutions
- Provide to client a written, itemized agreement
- No fraud or misrepresentation
- Not guarantee admission or offer financial award
- Not offer compensation for referrals

Institutions Must

NACAC members that have business relationships with agents must:

- Require agents to abide by guidelines (prior slide)
- Ensure institutional accountability – monitor and act on misconduct
- Disclose agent relationships in promo materials and list names/contact on websites.

Agent Relationships



Source: NACAC Admission Trends Survey, 2017

Responsible Practice Increasing

	All Colleges 2017	All Colleges 2015
Require recommendations from other US schools as part of initial agency vetting process	53.8	-
Require agencies to enter into a formal contract with the institution	94.3	73
Conduct in-person training sessions (either in-country or on campus)	59.6	41
Regularly assess the quality and satisfaction of students recruited by the agency	75.0	60

Source: NACAC ATS 2015, 2017

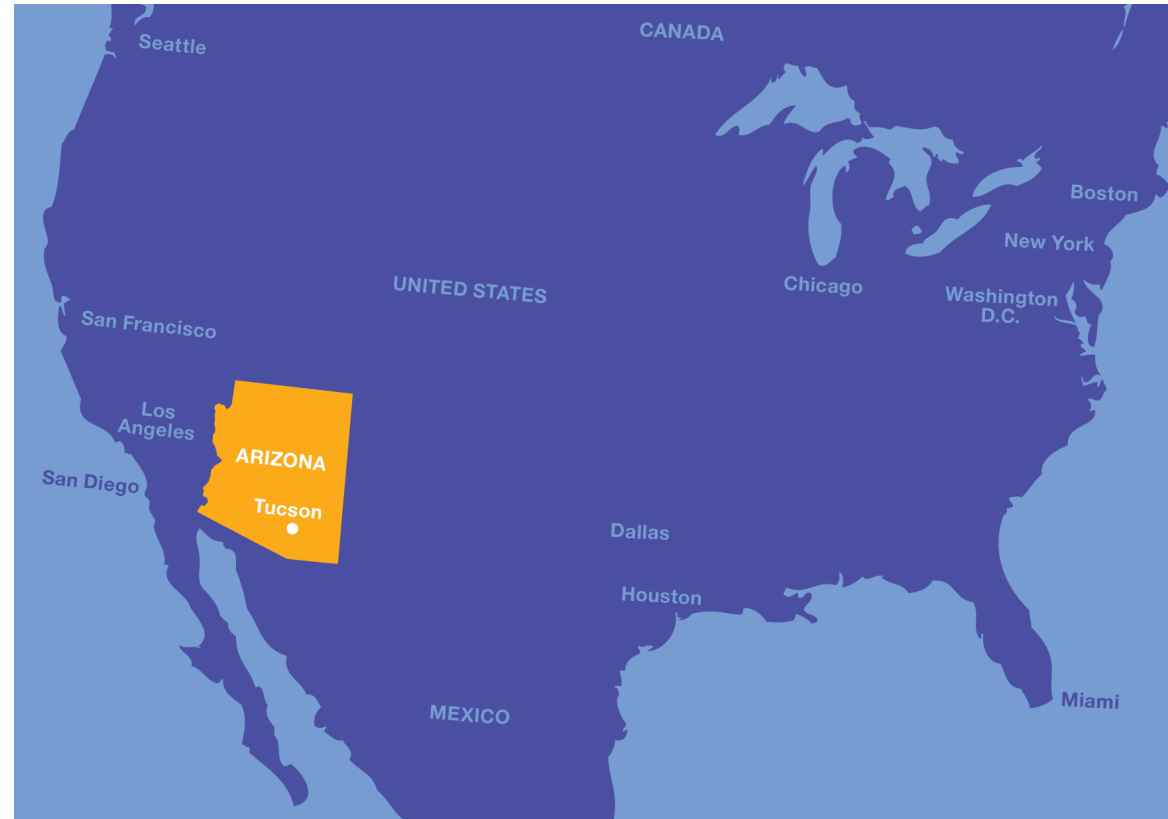
Future Considerations

- Pathway programs
- Master/sub-agent
- Membership implications
- New models



Pima Community College, 2016-17

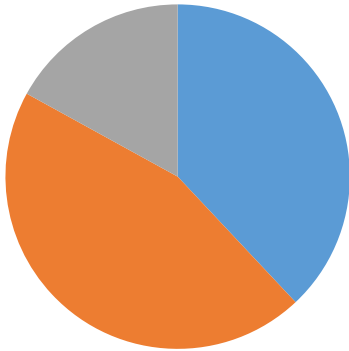
- About **50,000** students
- **5,854** degrees and certificates awarded
- **19 percent** of courses offered online only
- **185** transfer and direct employment programs
- **300** community partners



Source: www.pima.edu/campuses-centers/quick-facts/

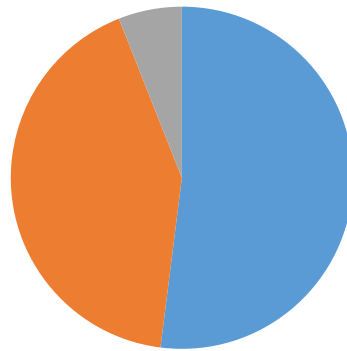
PCC students

**Ethnicity: 44.5%
Hispanic/Latino**

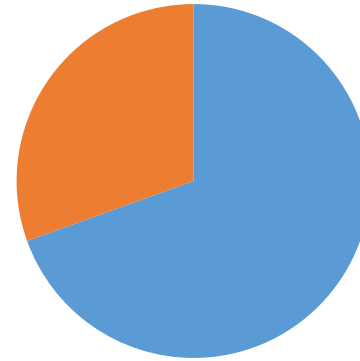


**38% white,
non-Hispanic**

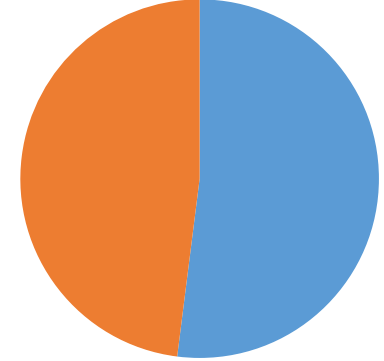
Gender: 52% female



Enrollment: 67% < 12 credits



Age: 52% 18-24



Source: www.pima.edu/campuses-centers/quick-facts/

Signature initiatives

- Centers of Excellence
- Guided Pathways
- Center for International Education and Global Engagement

PCC International students

- International students

F-1	160
F-1 concurrent w/UA, ASU	47
Other visa	16
OPT	3
Short-term	133
Total	359

46 nations/regions. Top 3:
China 42 students
Mexico 39
Saudi Arabia 27

- Agents

Currently: 12 agents

Top 3 recruiting areas:

1. Japan
2. China
3. Vietnam

Also: Brazil, Jordan, S. Korea

End Spring 2018: projected 25 agents total

PCC and agents

Overarching policy

- Board Policy 3.36

Vetting

- Recruitment Services Application
- Questionnaire sent to three references

Recruitment model

- Commission: 15% of tuition

Assessment

- Contracts are for two years
- PCC staff meets each recruited student

Historically, utilization of recruitment agents by US colleges and universities relatively less common

- 1 Law prohibiting incentive compensation-based student recruitment
- 2 Critical media attention
- 3 Comparative lack of need among top universities
- 4 Limited regulatory, U.S. government support
- 5 Concerns of NACAC members and other education NGOs

Commissions arms race in the UK?

Aggregate number of students enrolled using agents

Number of institutions	124
2011-2012	54,752 international students
2013-2014	58,257 international students
Growth rate	6.4%

Aggregate commissions spend

Number of institutions	106
2011-2012	£74.4 million pounds
2013-2014	£86.7 million pounds
Growth rate	16.5%

Source: *Agents paid an average of £1,767 per non-EU recruit*; Times Higher Education, February 19, 2015

Prevailing business model

- Agent earns a variable commission, based on where they guide (or steer) the student
- Adequate fit **and** variable commissions payouts drive advising
- Agent's earnings are secret
- Student at risk of being “auctioned off to the highest bidder”

Alternative business model

- Agent earns a set amount, that does not vary
- Best fit drives advising
- Agent's earnings are known
- Interests of agent and students are aligned

Is a more ethical model possible?

Status quo

Agent earnings depend on where student enrolls

Community College A	\$500
University A	\$1,000
University B	\$1,500

Agent earns bonuses

Students 1 through 9	\$1,000 / student
Students 10 through 19	\$1,500
Students 20 and above	\$2,000

Student-centered

Agent earns flat rate. Ex: Agent's fee is \$1,000

Student enrolls at school that isn't the agent's partner	Family pays \$1,000 advising fee
Student enrolls at a partner school whose standard commission is \$1,000	Partner school pays \$1,000 commission
Student enrolls at a partner school whose standard commission is \$1,500	Partner school pays \$1,500 ---Agent retains \$1,000 ---Student given \$500
Student enrolls at a partner school whose standard commission is \$500	Partner school pays \$500 ---Agent retains \$500 ---Family pays \$500 advising fee

'Third Way' agency-based recruitment model

- Concern: Compensation still based on recruitment volume
- Mitigation strategies:
 - Link compensation incentives to student success (i.e., courses passed or semesters successfully completed)
 - Make continued business with agent dependent on minimum level of student success (completion)

'Third Way' agency-based recruitment model

- Concern: Ensuring ethical practices by agents working remotely
- Mitigation strategies:
 - Use only agents belonging to reputable industry associations with standards
 - Reference-check all potential agents
 - Set contractual standards of conduct
 - Set parameters on representations by agent to prospective students
 - Require use of materials provided or approved by institution
 - Notify students about our standards for agents
 - Have students evaluate agents; communicate directly with prospective students
 - Require regular in-person visits between agent and institution