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1050 N. Highland Street
Suite 400
Arlington, VA 22201
Phone: 703/836-2222
800/822-6285
Fax: 703/243-9375
Web: www.nacacnet.org

June 10, 2015

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Chairman McCain:

On behalf of the National Association for College Admission Counseling (NACAC), I would like to express my opposition your proposed amendment (Number 1878) to H.R.1735, the National Defense Authorization Act for Fiscal Year 2016, which would allow institutions of higher education (“colleges”) to use incentive compensation for the recruitment of students. We believe that this would cause significant harm to students and note that Congress, including the Senate Armed Services Committee, has expressed concern about the use of incentive compensation by the US Department of Defense.

Founded in 1937, NACAC is an association of more than 14,000 members, including school counselors and college admission staff, who work with students making the transition from high school to postsecondary education (“college”). NACAC is committed to maintaining professional standards that foster ethical and social responsibility among those involved in the college application and enrollment process, as outlined in the NACAC Statement of Principles of Good Practice, which may be accessed on our website (www.nacacnet.org).

If enacted, your amendment would create dangerous loopholes in the statutory ban on incentive compensation (commissioned sales) that was enacted more than 20 years ago with broad bipartisan support. Incentive compensation allows colleges to reward individuals, through compensation or other means, for enrolling new students in their academic programs. NACAC has long opposed incentive compensation because it puts the financial interests of college employees or its partners before the needs of students.

Your amendment would allow for-profit colleges (and some non-profit colleges) to utilize commissioned recruiters to increase admission numbers. Unfortunately, this will result in thousands low-income students enrolling into subpar programs. We are concerned that this amendment will expose students and the taxpayer-funded federal financial aid programs to significantly higher risk at a time when there have been well-documented cases of waste, fraud and abuse by unscrupulous colleges.

Studies conducted by the Government Accountability Office (GAO), the media and the Senate Health, Education, Labor and Pensions (HELP) Committee have shown that far too often, unscrupulous colleges enroll students, encourage them to max out their financial aid and then fail to deliver on the value proposition of a good education. Sadly, these students are left with massive debt but little or no means to pay it back.

Earlier this year, the Department of Education's Inspector General issued a report that found that the Office of Federal Student Aid's oversight of the HEA Title IV ban on incentive compensation is insufficient, has led to fraud and abuse and that oversight should be strengthened. Your amendment would do the exact opposite of these recommendations.

In 2014, Congress passed, with your support, HR 3979, the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015. The Report that accompanied the enacted law included language that expressed concern over the Department of Defense's use of incentive compensation when recruiting new members to the Guard, Army and Army Reserve. As the Congressional Quarterly summarizes the provision (which is on Page 140 of House Report 113-446):

Recruiting Fraud & Waste

Faced with declining enlistments during the most violent stage of the Iraq War, the Pentagon established the Guard Recruiter Assistance Program (GRAP) in 2005. Later expanded to include the Army and Army Reserve, the program paid soldiers bonuses of \$2,000 to \$7,500 for each new recruit referral. The program was ended in 2012 after audits uncovered widespread fraud. As of January 2014, 555 investigations involving 840 personnel were ongoing.

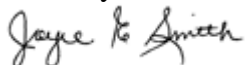
Other critics have raised issues regarding overall waste and inefficiency in Guard recruiting practices. For example, the Army National Guard reportedly spent more than a third of its marketing and recruiting money this year on sports marketing to find just 3% of its recruiting prospects, according to the Senate Homeland Security and Governmental Affairs Committee. The total includes more than \$32 million on marketing at NASCAR events, even though the average NASCAR fan is much older than the Guard recruiting demographic.

The House committee report expressed concern with the management and oversight of Army National Guard recruiting practices, including whether regulations and policies are being adhered to consistently across all states and territories. It directed the GAO to review Army and Army National Guard recruiting regulations, policies and procedures to determine whether they have processes in place to ensure that the regulations and policies are being adhered to, and to report to Congress by June 1, 2015.

As Congress and the Department of Defense is now finding out, the use of incentive compensation is not a sound method of recruiting new Guard members; we should not allow the Department of Education to permit colleges and universities to use a flawed method to recruit students.

Throughout your career, you have championed many efforts to reduce the waste, fraud and abuse of taxpayer dollars. The ban on incentive compensation was enacted in order to protect federal financial aid, which is ultimately our tax dollars at work, and students from abusive recruiting practices. Therefore, we urge you to withdraw your amendment. Please contact our Associate Director for Government Relations, Michael Rose (mrose@nacacnet.org), if you need additional information or have any questions about our legislative priorities.

Sincerely,



Joyce Smith

cc: United States Senate