



**National Association for
College Admission Counseling**

Guiding the way to higher education

Discussion Brief: International Interest in U.S. Higher Education and Institutional Recruiting Practice September 2010

Overview

The US higher education system attracts the largest number of globally mobile students, and the popularity of US postsecondary institutions abroad continues to increase. In the 2008-09 academic year, there was an eight percent increase in the number of international students attending US institutions, which accounted for the largest percentage increase in nearly 30 years.¹ In 2009, the Institute of International Education (IIE) conducted a survey of over 1,000 prospective study abroad students. Eighty-eight percent of survey respondents agreed that the US has a high quality higher education system.

Increasing the number of international students on campus can add cultural diversity to college communities, boost tuition receipts, and stimulate regional economies. During the 2008-09 academic year, foreign students and their dependents contributed approximately \$17.6 billion to the US economy.² International student enrollment also affects foreign policy, as many world leaders boast US institutions on their list of credentials. In addition, personal interactions between Americans and international students help build international understanding.

Despite the recent growth in international student enrollment, the growth rate for international student attendance in the US postsecondary community has recently been outpaced by other nations like Australia, as well as many European and Asian countries. The US experienced a seven percent decrease in global market share since 2001, IIE reports. With more global players attracting students to their campuses, international recruitment efforts have been accelerated throughout the world.

Institutions seeking to expand their international recruitment efforts are faced with limited resources and large swaths of the globe to cover. The heightened competition among US institutions for international students, combined with the challenge of limited resources, has contributed to an increase in the use of education agents. While the use of agents does not inherently pose an ethical challenge, the method of compensating agents, as well as the potential for misrepresentation and conflict of interest, does. The use of agents by US institutions is a complex issue, which this background paper will explore as a way of informing the forthcoming discussion within NACAC about the applicability of the Statement of Principles of Good Practice (SPGP) to the use of international agents.

Education Agents

An education agent can be an individual, company or organization that provides advice, support and placement services. International agents operate in three primary ways. First, agents can serve as contract representatives of a college or collection of colleges exclusively. As such, they derive their income solely from the college(s) with which they have agreements to work. Second, agents can represent students, much like independent counselors or educational consultants in the United States. As such, their income is derived from payments by families who have

¹ Bhandari, R. and Chow, P. (2009). Open Doors 2009: Report on International Educational Exchange. New York: Institute of International Education.

² The Economic Benefits of International Education to the United States: A Statistical Analysis, 2008-2009. Association of International Educators (NAFSA)

contracted with them for advising services. Finally, agents can serve as both contract representatives of colleges and representatives for students. As such, their income is derived from payments by colleges and payments by families. In some countries, agents work with up to 80 percent of students who will study abroad.

Institutions that use agents point to several benefits for colleges: a knowledge of the country that is difficult for domestic admission officers to obtain, cost savings (such as travel, salary, benefits for full-time admission staff), and increased reach into new territories with minimal cost to the institution. As with other phases of the admission process, such as developing marketing materials, many institutions have chosen to ‘outsource’ international recruiting for lack of resources and/or expertise on staff.

As it stands, the association has no position against working with international agents. Indeed, working with agents is similar to working with other outside entities, such as Web developers, marketing companies, and list providers, to assist in the admission process. However, a key consideration for the association’s discussion is that many agents are compensated by institutions based on the number of international students recruited. As is discussed below, this practice runs counter to the current SPGP and, while not illegal under federal law, stands in contrast to current federal policy on collegiate recruiting.

While agents have helped many international students secure admission to a postsecondary institution, their business practices have been the subject of debate for more than a decade, including a recent investigation by the government of Australia into unethical/illegal recruiting by agents acting on behalf of Australian colleges.³ Numerous problem areas exist with international agents. Quality control is a major concern, as training and quality control measures are relatively scarce, offering few assurances that information passed to students is accurate. Misrepresentation is also a prevalent concern, as unscrupulous agents frequently make claims on which they cannot or will not deliver. Conflicts of interest are frequent, as agents often work both sides of the transaction between student and college, and often do not disclose the extent of their relationships to clients. Finally, agents often expect to be compensated based on the number of students recruited, which has historically caused concern in the college admission counseling process.

The activities of international agents, both good and bad, have thus far resulted in several developments that will affect NACAC’s discussion of the issue:

- A State Department decision not to work with agents through its EducationUSA advising centers due to problems with agent practices
- An extended discussion within NAFSA: Association of International Educators about the use of agents
- The formation of an organization that is attempting to certify agents to try to establish quality assurance

Standards for Practice

Several ethical and legal principles are involved in the association’s consideration of this issue.

SPGP: Compensation

The NACAC SPGP states that members will “not offer or accept any reward or remuneration from a secondary school, college, university, agency, or organization for placement or recruitment of students.” NACAC’s “Interpretations of Mandatory Practices” state that members will:

Not offer or accept any reward or remuneration from a secondary school, college, university, agency, or organization for placement or recruitment of students.

³Review of the Education Services for Overseas Students (ESOS) Act 2000, February 2010. Available at: http://www.aei.gov.au/AEI/GovernmentActivities/InternationalStudentsTaskforce/ESOS_REview_Final_Report_Feb_2010_pdf.pdf; see also Australian Broadcasting Corporation: http://www.abc.net.au/reslib/201003/r528001_2980603.aspx

Members:

- a. will be compensated in the form of a fixed salary, rather than commissions or bonuses based on the number of students recruited;
- b. will not contract with secondary school personnel for remunerations for referred students.

SPGP: Institutional Responsibility

An SPGP “best practice” that is also relevant is as follows:

A. Promotion and Recruitment**All postsecondary members should:**

- 1. exercise appropriate responsibility for all people whom the institution involves in admission, promotional and recruitment activities (including alumni, coaches, students, faculty, and other institutional representatives);
- 2. be responsible for assuring that admission consulting or management firms engaged by the institution adhere to the principles of the SPGP

Federal Law

Domestic incentive-based compensation is not allowed under the federal Higher Education Act (HEA), which states:

[An] institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in ensuring enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance, 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.

(20 USC §1094(a)(20))

While the HEA prohibits incentive compensation for admission and financial aid officers for institutions wishing to participate in Title IV student financial aid programs, the guidelines also make an exception in the recruitment of “foreign students residing in foreign countries that are ineligible for federal financial aid.” The primary reason for this exemption in the HEA is jurisdictional--the Education Department has no statutory authority to regulate this activity because there are no federal funds involved.

On November 1, 2010, the U.S. Department of Education is expected to issue new regulations concerning the statutory ban on incentive compensation. The proposed regulations include stricter enforcement of the ban on incentive compensation for domestic recruiters. While these regulations will not apply to the recruitment of international students, the circumstances that led to the revised regulatory effort are worth noting. In extensive testimony to the Department of Education, House of Representatives, and Senate, NACAC has expressed its concern with abuses in recruiting and admission at for-profit colleges. At their core, these abuses appear rooted in a legal loophole, which the new regulations will close, that allowed colleges to pay domestic recruiters based on the number of students enrolled.⁴

The association’s concern with commissioned-based recruiting domestically, as well as the ill effects it causes for students, is rooted in the long-standing principle that such payment practices encourage recruiters to ignore the student’s interest in the transaction. While there is a legal distinction between domestic and international recruiting, it remains unclear whether NACAC members feel there is a distinction in principle between the two.

⁴For more information, see NACAC’s Federal Student Aid “Program Integrity” Web page: <http://www.nacacnet.org/LegislativeAction/LegislativeNews/Pages/ProgramIntegrity.aspx>

Certification

In an attempt to legitimize and ‘clean up’ international recruiting, at least one organization has attempted to establish a certification process for international agents. Because agents thrive in many countries targeted by American institutions for recruitment, and because American institutions utilize such agents in the recruitment process, their practice is seen by some in the field as an inevitability that should be regulated to ensure the highest quality of service. Agents are ubiquitous in Asian and European countries, where they offer comprehensive college counseling, from application assistance to travel arrangements.

Australia has been a proponent of commission-based international recruiting for many years. In the 1990s, Australia struggled with ethical lapses in their system of recruiting, which inspired the country to enact the Australian Educational Services for Overseas Students Act (ESOS). Rather than ban commission-based recruiting by agents, the ESOS mandated a National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students, which the Australian government enforces with severe penalties, including prison sentences. The code included the following stipulation:

Registered providers take all reasonable measures to use education agents that have an appropriate knowledge and understanding of the Australian international education industry and do not use education agents who are dishonest or lack integrity.

US institutions, saddled with recessionary budget cuts and searching for more cost effective means of internationalizing their campuses, have increasingly turned to overseas agents. In response to the demand for ethically responsible recruiting companies, a newly formed organization has created a certification process for international recruiting agencies. The American International Recruitment Council (AIRC) was recently established for the purpose of certifying recruiting agencies according to a set of standards similar to the Australian National Code.

Incorporated as a non-profit in 2008 designed to develop standards and training opportunities for international recruiting practitioners, AIRC includes institutional, agency and organizational members. The postsecondary cohort commands the largest block of voting privileges in order to assure US control. The agency members have the opportunity to receive AIRC certification, which involves on-site, third-party reviews, as well as a periodic re-certification process. A number of NACAC member institutions are currently members of AIRC, though NACAC has not endorsed AIRC or the concept of certifying international agents, particularly as it regards the compensation paid to agents for recruiting students.

EducationUSA

When providing justification for the use of international agents, postsecondary institutions often cite budgetary limitations. Employing an in-country staff to recruit international students costs too much for many admission offices, especially in times of economic instability. EducationUSA, the public face of the US Department of State’s initiative to attract international students could help colleges achieve many of the same enrollment goals. The network of advising centers encourages partnerships with US institutions, as opposed to the fixed- or commission-based compensation models used by agents. EducationUSA centers are located around the world and staffed with professional advisors who offer objective advice on all accredited US institutions.

Each advising center provides students with various research tools. Regional Educational Advising Coordinators (REACs) help students research the appropriate schools for their unique circumstances. REACs can help with application details, acquiring financial aid, applying for a student visa, and organizing travel arrangements. EducationUSA also offers tools for the admission office. Each regional office has information on specific international cities and locales, and REAC’s keep track of student mobility trends in their respective regions.

In response to the growing demand for public recruitment and counseling services, the State Department accelerated

its outreach efforts to domestic postsecondary institutions with a redesigned Website and new online features for students, counselors and colleges. New features on the EducationUSA site include:

- Secure login access for all accredited US institutions as well as higher education associations: More detailed information from Regional Educational Advising Coordinators (REAC'S) includes most popular majors and a breakdown of visitors to the centers.
- Scheduled Pre-Departure Orientations Worldwide: Refer your accepted international students to these events.
- List of Higher Education Fairs Worldwide Involving EducationUSA Centers
- Downloadable Spreadsheet of Center Mailing Addresses & Items That Can Be Received
- Links to Education USA Social Media Sites: EducationUSA is on Twitter, Facebook and YouTube
- Free Advertising through Weekly Updates: Advertise scholarship or academic program opportunities in weekly updates distributed to every Education USA advising center.
- Get Our New Logo on Your International Admissions Site
- Sign-up for Higher Education Institutions eNews
- Resource Section for US Higher Education: The new Website now allows users to search more easily for relevant resources.
- Comprehensive Information from the EducationUSA REAC Team: REAC's provide information on education systems, academic calendars, grading scales, country statistics, recent trends, and upcoming events within their respective regions.

With regard to the use of agents, the State Department has issued its own policy guidance to its EducationUSA advising centers around the world regarding interaction with overseas agents. To ensure uniform, objective advice at all of their regional centers, the State Department requires its staff to refrain from partnering with commercial recruitment agents who have contracts with US institutions. Its position evolved from the free and public nature of its services, which could be jeopardized if used by commercial agents for profit.

Discussion

The push to internationalize campuses and the relatively low proportion of international students to the general population at U.S. institutions indicates a high potential for growth in the overseas recruiting industry. International students comprise less than two percent of the total US undergrad population, and only 10 states in the US hosted 61 percent of international students during the 2008-09 school year. In contrast, the mobile student population worldwide has increased by 50 percent over the last decade.⁵ But for the postsecondary community to proceed with international recruitment, potential ethical conflicts must be identified and reconciled.

The discussion about international agents to date has been focused on how to ensure quality and integrity. A key facet of this conversation involves the method by which recruiters are compensated, since the introduction of a commission-based form of payment may lead to conflicts of interest and, in some cases, misrepresentation to students. NAFSA: Association of International Educators has focused on how to encourage and promote quality practice in their association's approach to the issue. However, for years institutions and observers have looked to NACAC to determine whether the ban on per-student payments in the SPGP would apply to international recruiting.

In light of this long-simmering question, the NACAC leadership has begun a discussion of the issue with the goal of determining the association's course with regard to the use and payment of international agents. The association recognizes that there are a number of important considerations in attempting to determine where NACAC should ultimately stand on this issue. First and foremost, the association believes that the central question regards the form of payment offered to individuals representing member institutions. There is nothing inherently unethical about working with an independent agent. However, the payment of commissions in exchange for a number of

⁵Bhandari, R. and Chow, P. (2009). Open Doors 2009: Report on International Educational Exchange. New York: Institute of International Education.

applications or enrollments has a long history of troublesome outcomes, which led NACAC to institute its ethical statement on remuneration more than two decades ago. Even with the NACAC principles in place, the association understands that there is an industry of commissioned agents for international recruiting, and a substantial number of U.S. colleges employing them. What lies ahead are a series of difficult questions that can only be addressed with the full participation and involvement of the NACAC membership. The association found the following perspectives, observations, and considerations to be relevant.

Cultural Values and Practices

The use of agents has been accepted practice for many years among governments and postsecondary institutions in other countries, notably Australia and the United Kingdom. Within some cultures, families expect that they will rely on agents to help them access international postsecondary education, much as many US families rely on school-based counselors. However, cultural values do not always supersede ethical considerations. Similar arguments about cultural values and practices were raised prior to passage of international conventions against bribery. In the debate over that issue (which is only related to this discussion in that there was a long-held principle at stake, which was contradicted by accepted practice in many countries), the U.S. government and the OECD (http://www.oecd.org/document/20/0,3343,en_2649_34859_2017813_1_1_1_1,00.html) ultimately decided that the commitment to principle outweighed the disruption in corporate and governmental practice involving bribery.

Is the use of commissioned agents to recruit international students similar to or different than the OECD example cited above? Are there other parallels?

Efficiency and Limited Budgets

Because agents tend to work in their home countries, colleges and universities can use their services to access new markets without the significant investment that would come with establishing an overseas office. In addition, agents bring an understanding of the home culture that is difficult to match, which makes them ‘expert’ sources of information within the community. However, there are also a variety of services, not least of which are the U.S. Department of State’s EducationUSA offices worldwide, that can help facilitate international recruitment for colleges that do not have resources to establish offices overseas. NACAC and other international education organizations may also be well-positioned to help colleges establish a presence overseas without the large investments needed to establish free-standing offices abroad.

Does the principle of restricting commission-based payments for admission and recruiting services outweigh the practical considerations facing colleges, students and families?

At Arm’s Length?

Among selective colleges, employing an agent to recruit students is not the same as ceding complete decision-making authority to that individual. Admission officers, not agents, are ultimately responsible for an admission decision, regardless of how the application arrived. However, there are important questions to consider. First, there are many colleges (including non-member for profit institutions, but also some NACAC member institutions) where there is no distinction between the application and enrollment processes.

Does the “arm’s length” argument apply to all institutions? Would open-admission institutions utilize agents in a manner similar to selective institutions?

Second, NACAC’s ethical principles concerning the nature and quality of information provided to students are important to consider. Agents who are paid commissions based on the number of applications they secure for an institution or institutions have a financial incentive to direct students to the institution(s) with whom they have a contract.

How do institutions, whether selective or open-admission, ensure that students are aware of the financial incentives for agents?

How can the association best assure that the interests of all parties, including students/families and colleges, are served given the diverse range of members represented in the association?

Moving Forward

The range of opinions, the scope of debate, and the amount of information about the use of international agents is broader and more extensive than this background brief. However, the association's leadership hopes that this brief stimulates thought and discussion, and can lead to a more extensive consideration of the issue among the membership. As the association's leadership discusses the issue, it will be important to acknowledge the difference between philosophical and practical considerations involved with the use of international agents, and to better understand the full membership's opinions on the matter. In conclusion, it is appropriate to pose some final questions:

Are there any circumstances under which our established concerns about the ill effects of commissioned recruiting can be set aside in favor of an approach that is different from the current SPGP position? If so, what has changed to warrant a different approach, and how might a different approach alter the admission landscape, both domestically and abroad?

A robust discussion of these questions and related issues is an essential step in the association's discussion of the issue.