



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

R. Scott Ralls, Ph.D.

President

20 May 2014

IMPORTANT INFORMATION

MEMORANDUM

TO: Members of the State Board of Proprietary Schools, North Carolina Proprietary School Directors, the Executive Director of Proprietary Schools, Members of the State Board of Community Colleges, Community College Presidents, & Other Interested Parties

FROM: Q. Shanté Martin, *NCCCS General Counsel*

RE: **Proposed Amendment of Title 2, “Proprietary Schools”**

The State Board of Community Colleges has initiated the rulemaking process to amend the following rule:

Title 2 of the State Board of Community Colleges Code, entitled “Proprietary Schools.”

Through the State Board of Proprietary Schools, the State Board of Community Colleges seeks to clarify existing rules related to proprietary schools and to make amendments consistent with legislation. **The proposed amendment is published on the NC Community College System's website, www.nccommunitycolleges.edu, under "State Board Code."** For your convenience, a copy of the proposed rules, with the changes indicated, is attached to this memorandum. Please post a copy of the proposed rules in prominent places so that all individuals affected by the proposed changes will be informed.

Any member of the public has the right to submit written comments on the proposed rules. **Written comments on the rule must be received by no later than 5:00 p.m. on June 19, 2014.** Any member of the public has the right to request a hearing on the proposed rules. **Requests for a hearing must be received by no later than 5:00 p.m. on June 4, 2014.** Written comments and requests for hearing shall be directed to the following address: Q. Shanté Martin, 200 W. Jones Street, 5001 Mail Service Center, Raleigh, NC 27699-5001 or by email to publiccomments@nccommunitycolleges.edu. Thank you for your attention to this matter.

Attachments

**CC14-017
E-mail Copy**



State Board of Community Colleges Code

Notice of Proposed Rulemaking Form

Date: 20 May 14

Title, Chapter, Subchapter, and Rule Number of Rule Proposed to be Adopted, Amended, or Repealed	Amend "Title 2 – Proprietary Schools"
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Specify whether the SBCC proposes to adopt amend, or repeal a rule:

Adopt (new rule)	Amend (change existing rule)	Repeal (delete entire rule)
	X	

Rationale for proposed adoption, amendment or repeal:	The current "Title 2 – Proprietary Schools" is proposed for amendment. The proposed amendments will provide clarity as well as uniformity with current statutory changes.
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Proposed Effective Date of Rule	August 1, 2014
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1 State Board of Community Colleges Code
2 TITLE 2 – PROPRIETARY SCHOOLS

3
4 CHAPTER A. PROPRIETARY SCHOOLS

5
6 SUBCHAPTER 100. DEFINITIONS

7
8 **2A SBCCC 100.1 Definitions**

9 ~~(a) Classes or schools conducted by employers for their own employees are exempt from the~~
10 ~~provisions of this Subchapter. Employers may contract with third party agencies to provide~~
11 ~~training for their employees. Schools or classes conducted by third party agencies for an~~
12 ~~employer to train his employees are exempt from the provisions of this Subchapter.~~

13 ~~(b)(a) The following terms/definitions apply throughout this Chapter shall have the following~~
14 ~~meaning in this Subchapter unless the context of a specific rule requires a different~~
15 ~~interpretation/indicates otherwise”~~

16 (1) "Catastrophic loss amount" ~~means~~ _ the amount of funds required to protect prepaid student
17 tuition in case of a large-scale event that would draw against the Student Protection Fund.

18 The amount is one million dollars (\$1,000,000).

19 (2) "Classes or schools" as stated in G.S. 115D-88(4a) ~~means~~ _ classes or schools, which are
20 offered by the seller of the equipment or the seller's agent.

21 (3) "Equipment" as stated in G.S. 115D-88 includes software.

22 (4) "Five or fewer students" as stated in G.S. 115D-88(4b) ~~means the total number of students at~~
23 ~~the time of maximum enrollment during any term.~~

24 (5) "Fund cap amount" ~~means~~ _ the catastrophic loss amount plus a reserve amount. The
25 fund cap amount is one million five hundred thousand dollars (\$1,500,000).

26 (6) "Proprietary school" ~~means~~ _ any business school, trade school, technical school, or
27 correspondence school which:

28 (A) offers postsecondary education or training for profit or for a tuition charge or offers
29 classes for the purpose of teaching, for profit or for a tuition charge, any program of
30 study or teaching one or more of the courses or subjects needed to train and educate
31 an individual for employment; and

32 (B) has any physical presence within the State of North Carolina; and

33 (C) is privately owned and operated by an owner, partnership or corporation.

1 (76) "Remote sites" means _approved instructional environments in the same county that
2 do not have any administrative staff or administrative functions such as recruiting,
3 accounting and record keeping taking place.

4 (87) "Reserve amount" means _the difference between the catastrophic loss amount and
5 the fund cap amount. Its purpose is to reduce the possibility of the Student Protection Fund
6 being completely depleted. The reserve amount is five hundred thousand dollars (\$500,000).

7 (8) "Sale" - a change in ownership resulting in a new owner having ownership interest in greater
8 than 50% of the company's stock or assets. For the purposes of this Chapter, a sale does not
9 include:

10 (a) a transfer of the entire portion of the owner's ownership interest and control to a member
11 of the owner's family (whether or not the family member works at the school) that
12 includes parent, stepparent, sibling, step-sibling, spouse, child or stepchild, grandchild or
13 step-grandchild; spouse's parent or stepparent, spouse's sibling or step-sibling, spouse's
14 child or stepchild, spouse's grandchild or step-grandchild; child's spouse, and sibling's
15 spouse; or

16 (b) a transfer of the entire portion of the owner's ownership interest and control, upon the
17 retirement or death of the owner, to a person (who is not a family member) with an
18 ownership interest in the school who has been involved in management of the school for
19 at least two years preceding the transfer, and who has established and retained the
20 ownership interest for at least two years prior to the transfer.

21 (9) "SBPS" – the abbreviation for State Board of Proprietary Schools.

22 (910) "Student Protection Fund" is a statewide fee-supported fund. The Student Protection
23 Fund is further defined in Subchapter 500 of this Chapter.

24 (4011) "Users" as stated in G.S. 115D-88(4a) means _employees or agents of purchasers.

25 ~~(e) Application for an Initial License:~~

26 ~~(1) — Any person or persons operating a proprietary school with an enrollment of more~~
27 ~~than five persons in a school in the State of North Carolina shall obtain a license from~~
28 ~~the North Carolina State Board of Community Colleges except as exempt by G.S.~~
29 ~~115D-88.~~

1 ~~(2) — Any person or persons seeking to operate a proprietary school that requires licensure~~
2 ~~shall submit a preliminary application setting forth the proposed location of the~~
3 ~~school, the qualifications of the Chief Administrator of the school, a description of~~
4 ~~the facilities available, courses to be offered, and financial resources available to~~
5 ~~equip and maintain the school. Upon approval of the preliminary application, a final~~
6 ~~application may be submitted. The final application shall be verified and~~
7 ~~accompanied by the following:~~

8 ~~(A) — A certified check or money order for the initial license fee in the amount of~~
9 ~~two thousand five hundred dollars (\$2,500) made payable to the North~~
10 ~~Carolina State Treasurer;~~

11 ~~(B) — A guaranty bond or alternative to a guaranty bond as set forth in G.S. 115D-~~
12 ~~95. Except as otherwise provided herein, the bond amount for a proprietary~~
13 ~~school shall be at least equal to the maximum amount of prepaid tuition held~~
14 ~~at any time during the fiscal year. During the initial year of operation, the~~
15 ~~guaranty bond amount or an alternative to a guaranty bond amount shall be~~
16 ~~based on the projected maximum amount of prepaid tuition that will be held~~
17 ~~at any time during that year. In any event, the minimum surety bond shall be~~
18 ~~twenty five thousand dollars (\$25,000);~~

19 ~~(C) — A certified check or money order for the Student Protection Fund in the~~
20 ~~amount of one thousand two hundred and fifty dollars (\$1,250) made payable~~
21 ~~to the North Carolina State Treasurer;~~

22 ~~(D) — A copy of the school's catalog or bulletin. The catalog shall include a~~
23 ~~statement addressing each item listed in G.S. 115D-90(b)(7);~~

24 ~~(E) — A financial statement showing capital investment, assets and liabilities, and~~
25 ~~the proposed operating budget which demonstrates financial stability or a~~
26 ~~financial statement and an accompanying opinion of the school's financial~~
27 ~~stability by either an accountant, using generally accepted accounting~~
28 ~~principles, or a lending institution;~~

1 (F) — A detail of ownership; (This must show stock distribution if the school is a
2 corporation, or partnership agreement if the school will be operated as a
3 partnership.)

4 (G) — Information on all administrative and instructor personnel who will be active
5 in the operation of the school, either in full or part time capacity; (This
6 information must be submitted on forms provided for this purpose.)

7 (H) — Enrollment application or student contract form;

8 (I) — School floor plan showing doors, windows, halls, and seating arrangement;
9 also offices, rest rooms, and storage space; the size of each room and seating
10 capacity shall be clearly marked for each classroom; lighting showing kind
11 and intensity shall be indicated for each room; the type of heating and cooling
12 system used for the space occupied shall be stated;

13 (J) — Photostatic copies of inspection reports or letters from proper officials to
14 show that the building is safe and sanitary and meets all local city, county,
15 municipal, state, and federal regulations such as fire, building, and sanitation
16 codes; and

17 (K) — If the building is not owned by the school, a photostatic copy of the lease held
18 by the school for the space occupied.

19 (3) — A person or persons purchasing a proprietary school already operating as a licensed
20 school shall comply with all of the requirements for securing an initial license. A
21 license is not transferable to a new owner. All application forms and other data shall
22 be submitted in full. Such terms as "previously submitted" when referring to a
23 former owner's file are not acceptable. If a proprietary school offers classes in more
24 than one county, the school's operations in each such county constitutes a separate
25 school requiring a separate license. Classes conducted by the school in separate
26 locations shall be reported and approved prior to advertising and commencement of
27 classes.

28 (4) — Remote sites shall not have any administrative staff or any administrative functions
29 such as recruiting, accounting or record keeping. Each remote site shall be subject to
30 an initial remote site fee of one thousand dollars (\$1,000) and an annual remote site

1 renewal fee of seven hundred and fifty dollars (\$750.00) to be paid by a certified
2 check or money order made payable to the North Carolina State Treasurer. Each
3 remote site shall have an initial site visit and a visit during each annual audit.

4 ~~(5) — Classes conducted at remote sites by licensed schools shall be approved prior to~~
5 ~~advertising and commencement of classes. Any course offered at a remote site shall~~
6 ~~be a part of an approved program of study for that licensed school.~~

7 ~~(6) — Changes in application information presented for licensure or relicensure relating to~~
8 ~~mission, programs, location or stock distribution require prior approval and licensure~~
9 ~~amendment by the State Board of Community Colleges.~~

10 ~~(A) — Program additions require curriculum reviews and program or course~~
11 ~~approvals prior to initiation. A certified check or money order in the amount~~
12 ~~of two hundred dollars (\$200.00) made payable to the North Carolina State~~
13 ~~Treasurer shall accompany each additional program approval request.~~

14 ~~(B) — Single course additions or revisions may be individually approved when~~
15 ~~schools submit a request for license amendment. Course additions or~~
16 ~~revisions requiring curriculum review, instructor evaluation, and equipment~~
17 ~~site assessment are subject to the curriculum review fee of two hundred~~
18 ~~dollars (\$200.00) to be paid by a certified check or money order made~~
19 ~~payable to the North Carolina State Treasurer.~~

20 ~~(C) — School relocations require site visits and approvals prior to use. A certified~~
21 ~~check or money order in the amount of four hundred dollars (\$400.00) made~~
22 ~~payable to the North Carolina State Treasurer shall accompany each site~~
23 ~~relocation approval request.~~

24 ~~(D) — Other site assessment visits, such as for program additions and revisions,~~
25 ~~shall require a certified check or money order made payable to the North~~
26 ~~Carolina State Treasurer in the amount of two hundred dollars (\$200.00).~~

27
28 *History Note: Authority G.S. 115D-88; 115D-89; 115D-90; 115D-91; 115D-92; 115D-95.1;*
29 *Eff. September 1, 1993;*
30 *Amended Eff. July 1, 2010; August 13, 2005; December 1, 2004.*

2
3 **SUBCHAPTER 200. EXEMPTIONS**

4
5 **2A SBCCC 200.1 Exemptions Exemption**

6 In accordance with G.S. 115D-88(2), employers may contract with third party agencies to provide
7 training for their employees. Schools or classes conducted by third party agencies for an employer to
8 train the employer's employees are also exempt from the provisions of Chapter 115D, Article 8.
9 ~~Employers may contract with third party agencies to provide training for their employees. Schools or~~
10 ~~classes conducted by third party agencies for an employer to train his employees are exempt from the~~
11 ~~provisions of this Subchapter.~~

12 (b) ~~The following terms shall have the following meaning in this Subchapter unless the context of a~~
13 ~~specific rule requires a different interpretation.~~

14 (1) ~~"Catastrophic loss amount" means the amount of funds required to protect prepaid~~
15 ~~student tuition in case of a large scale event that would draw against the Student~~
16 ~~Protection Fund. The amount is one million dollars (\$1,000,000).~~

17 (2) ~~"Classes or schools" as stated in G.S. 115D-88(4a) means classes or schools, which~~
18 ~~are offered by the seller of the equipment or the seller's agent.~~

19 (3) ~~"Equipment" as stated in G.S. 115D-88 includes software.~~

20 (4) ~~"Five or fewer students" as stated in G.S. 115D-88(4b) means the total number of~~
21 ~~students at the time of maximum enrollment during any term.~~

22 (5) ~~"Fund cap amount" means the catastrophic loss amount plus a reserve amount. The~~
23 ~~fund cap amount is one million five hundred thousand dollars (\$1,500,000).~~

24 (6) ~~"Proprietary school" means any business school, trade school, technical school, or~~
25 ~~correspondence school which:~~

26 (A) ~~offers postsecondary education or training for profit or for a tuition charge or~~
27 ~~offers classes for the purpose of teaching, for profit or for a tuition charge,~~
28 ~~any program of study or teaching one or more of the courses or subjects~~
29 ~~needed to train and educate an individual for employment; and~~

30 (B) ~~has any physical presence within the State of North Carolina; and~~

1 (C) — is privately owned and operated by an owner, partnership or corporation.

2 (7) — "Remote sites" means approved instructional environments in the same county that
3 do not have any administrative staff or administrative functions such as recruiting,
4 accounting and record keeping taking place.

5 (8) — "Reserve amount" means the difference between the catastrophic loss amount and the
6 fund cap amount. Its purpose is to reduce the possibility of the Student Protection
7 Fund being completely depleted. The reserve amount is five hundred thousand
8 dollars (\$500,000).

9 (9) — "Student Protection Fund" is a statewide fee supported fund. The purpose of the
10 Student Protection Fund is to compensate students enrolled in a proprietary school
11 licensed under G.S. 115D-90 who have suffered a loss of tuition, fees, or any other
12 instruction related expenses paid to the school by reason of the failure of the school
13 to offer or to complete student instruction, academic services, or other goods and
14 services related to course enrollment. Students are eligible to be compensated under
15 the Student Protection Fund only if the school ceases to operate for any reason,
16 including, but not limited to the suspension, revocation, or nonrenewal of a school's
17 license, bankruptcy, or foreclosure.

18 (10) — "Users" as stated in G.S. 115D-88(4a) means employees or agents of purchasers.

19 (e) ~~Application for an Initial License:~~

20 (1) — Any person or persons operating a proprietary school with an enrollment of more
21 than five persons in a school in the State of North Carolina shall obtain a license from
22 the North Carolina State Board of Community Colleges except as exempt by G.S.
23 115D-88.

24 (2) — Any person or persons seeking to operate a proprietary school that requires licensure
25 shall submit a preliminary application setting forth the proposed location of the
26 school, the qualifications of the Chief Administrator of the school, a description of
27 the facilities available, courses to be offered, and financial resources available to
28 equip and maintain the school. Upon approval of the preliminary application, a final
29 application may be submitted. The final application shall be verified and
30 accompanied by the following:

- 1 (A) ~~A certified check or money order for the initial license fee in the amount of~~
2 ~~two thousand five hundred dollars (\$2,500) made payable to the North~~
3 ~~Carolina State Treasurer;~~
- 4 (B) ~~A guaranty bond or alternative to a guaranty bond as set forth in G.S. 115D-~~
5 ~~95. Except as otherwise provided herein, the bond amount for a proprietary~~
6 ~~school shall be at least equal to the maximum amount of prepaid tuition held~~
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13 ~~amount of one thousand two hundred and fifty dollars (\$1,250) made payable~~
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- 15 (D) ~~A copy of the school's catalog or bulletin. The catalog shall include a~~
16 ~~statement addressing each item listed in G.S. 115D-90(b)(7);~~
- 17 (E) ~~A financial statement showing capital investment, assets and liabilities, and~~
18 ~~the proposed operating budget which demonstrates financial stability or a~~
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20 ~~stability by either an accountant, using generally accepted accounting~~
21 ~~principles, or a lending institution;~~
- 22 (F) ~~A detail of ownership; (This must show stock distribution if the school is a~~
23 ~~corporation, or partnership agreement if the school will be operated as a~~
24 ~~partnership.)~~
- 25 (G) ~~Information on all administrative and instructor personnel who will be active~~
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- 28 (H) ~~Enrollment application or student contract form;~~
- 29 (I) ~~School floor plan showing doors, windows, halls, and seating arrangement;~~
30 ~~also offices, rest rooms, and storage space; the size of each room and seating~~

1 capacity shall be clearly marked for each classroom; lighting showing kind
2 and intensity shall be indicated for each room; the type of heating and cooling
3 system used for the space occupied shall be stated;

4 (J) — Photostatic copies of inspection reports or letters from proper officials to
5 show that the building is safe and sanitary and meets all local city, county,
6 municipal, state, and federal regulations such as fire, building, and sanitation
7 codes; and

8 (K) — If the building is not owned by the school, a photostatic copy of the lease held
9 by the school for the space occupied.

10 (3) — A person or persons purchasing a proprietary school already operating as a licensed
11 school shall comply with all of the requirements for securing an initial license. A
12 license is not transferable to a new owner. All application forms and other data shall
13 be submitted in full. Such terms as "previously submitted" when referring to a
14 former owner's file are not acceptable. If a proprietary school offers classes in more
15 than one county, the school's operations in each such county constitutes a separate
16 school requiring a separate license. Classes conducted by the school in separate
17 locations shall be reported and approved prior to advertising and commencement of
18 classes.

19 (4) — Remote sites shall not have any administrative staff or any administrative functions
20 such as recruiting, accounting or record keeping. Each remote site shall be subject to
21 an initial remote site fee of one thousand dollars (\$1,000) and an annual remote site
22 renewal fee of seven hundred and fifty dollars (\$750.00) to be paid by a certified
23 check or money order made payable to the North Carolina State Treasurer. Each
24 remote site shall have an initial site visit and a visit during each annual audit.

25 (5) — Classes conducted at remote sites by licensed schools shall be approved prior to
26 advertising and commencement of classes. Any course offered at a remote site shall
27 be a part of an approved program of study for that licensed school.

28 (6) — Changes in application information presented for licensure or relicensure relating to
29 mission, programs, location or stock distribution require prior approval and licensure
30 amendment by the State Board of Community Colleges.

1 ~~(A) Program additions require curriculum reviews and program or course~~
2 ~~approvals prior to initiation. A certified check or money order in the amount~~
3 ~~of two hundred dollars (\$200.00) made payable to the North Carolina State~~
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20 *Eff. September 1, 1993;*
21 *Amended Eff. July 1, 2010; August 13, 2005; December 1, 2004.*
22 *SBCC Amendment Eff. August 1, 2014*

23 24 **SUBCHAPTER 300. LICENSURE**

25 26 **2A SBCCC 300.1 Application for Initial License**

27 ~~(a) Classes or schools conducted by employers for their own employees are exempt from the~~
28 ~~provisions of this Subchapter. Employers may contract with third party agencies to provide~~
29 ~~training for their employees. Schools or classes conducted by third party agencies for an~~
30 ~~employer to train his employees are exempt from the provisions of this Subchapter.~~

1 (b) The following terms shall have the following meaning in this Subchapter unless the context of a
2 specific rule requires a different interpretation.

3 (1) ~~"Catastrophic loss amount" means the amount of funds required to protect prepaid~~
4 ~~student tuition in case of a large scale event that would draw against the Student~~
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10 ~~students at the time of maximum enrollment during any term.~~

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12 ~~fund cap amount is one million five hundred thousand dollars (\$1,500,000).~~

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14 ~~correspondence school which:~~

15 (A) ~~offers postsecondary education or training for profit or for a tuition charge or~~
16 ~~offers classes for the purpose of teaching, for profit or for a tuition charge,~~
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22 ~~do not have any administrative staff or administrative functions such as recruiting,~~
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26 ~~Fund being completely depleted. The reserve amount is five hundred thousand~~
27 ~~dollars (\$500,000).~~

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29 ~~Student Protection Fund is to compensate students enrolled in a proprietary school~~
30 ~~licensed under G.S. 115D-90 who have suffered a loss of tuition, fees, or any other~~

1 instruction related expenses paid to the school by reason of the failure of the school
2 to offer or to complete student instruction, academic services, or other goods and
3 services related to course enrollment. Students are eligible to be compensated under
4 the Student Protection Fund only if the school ceases to operate for any reason,
5 including, but not limited to the suspension, revocation, or nonrenewal of a school's
6 license, bankruptcy, or foreclosure.

7 (10) — "Users" as stated in G.S. 115D-88(4a) means employees or agents of purchasers.

8 ~~(ca)~~ — Application for an Initial License:

9 (1a) Any person or persons operating a proprietary school with an enrollment of more than five
10 persons in a school in the State of North Carolina shall obtain a license from the North Carolina
11 State Board of Community Colleges except as exempt by G.S. 115D-88.

12 (2b) Any person or persons seeking to operate a proprietary school that requires licensure shall
13 submit a preliminary application setting forth the proposed location of the school, the
14 qualifications of the Chief Administrator of the school, a description of the facilities available,
15 courses to be offered, and financial resources available to equip and maintain the school. Upon
16 approval of the preliminary application, a final application may be submitted. The final
17 application shall be verified and accompanied by the following:

18 (A1) A certified check or money order for the initial license fee in the amount of two thousand
19 five hundred dollars (\$2,500) made payable to the North Carolina State Treasurer; in the
20 amount established by the State Board of Proprietary Schools and published annually
21 under the North Carolina Proprietary School Fee Schedule.

22 (B2) A guaranty bond or alternative to a guaranty bond as set forth in G.S. 115D-95. Except
23 as otherwise provided herein, the bond amount for a proprietary school shall be at least
24 equal to the maximum amount of prepaid tuition held at any time during the fiscal year.
25 During the initial year of operation, the guaranty bond amount or an alternative to a
26 guaranty bond amount shall be based on the projected maximum amount of prepaid
27 tuition that will be held at any time during that year. In any event, the minimum surety
28 bond shall be twenty five thousand dollars (\$25,000);

1 (~~€~~3) A certified check or money order for the Student Protection Fund in the amount of one
2 thousand two hundred and fifty dollars (\$1,250) made payable to the North Carolina
3 State Treasurer;

4 (~~D~~4) A copy of the school's catalog or bulletin. The catalog shall include a statement
5 addressing each item listed in G.S. 115D-90(b)(7);

6 (~~E~~5) A financial statement showing capital investment, assets and liabilities, and the proposed
7 operating budget which demonstrates financial stability or a financial statement and an
8 accompanying opinion of the school's financial stability by either an accountant, using
9 generally accepted accounting principles, or a lending institution;

10 (~~F~~6) A detail of ownership; (This must show stock distribution if the school is a corporation,
11 or partnership agreement if the school will be operated as a partnership.)

12 (~~G~~7) Information on all administrative and instructor personnel who will be active in the
13 operation of the school, either in full- or part-time capacity; (This information must be
14 submitted on forms provided for this purpose.)

15 (~~H~~8) Enrollment application or student contract form;

16 (~~I~~9) School floor plan showing doors, windows, halls, and seating arrangement; also offices,
17 rest rooms, and storage space; the size of each room and seating capacity shall be clearly
18 marked for each classroom; lighting showing kind and intensity shall be indicated for
19 each room; the type of heating and cooling system used for the space occupied shall be
20 stated;

21 (~~J~~10) Photostatic copies of inspection reports or letters from proper officials to show that the
22 building is safe and sanitary and meets all local city, county, municipal, state, and federal
23 regulations such as fire, building, and sanitation codes; and

24 (~~K~~11) If the building is not owned by the school, a photostatic copy of the lease held by the
25 school for the space occupied.

26 (~~3~~c) A person or persons purchasing a proprietary school already operating as a licensed school
27 shall comply with all of the requirements for securing an initial license. A license is not
28 transferable to a new owner. All application forms and other data shall be submitted in full.
29 Such terms as "previously submitted" when referring to a former owner's file are not acceptable.
30 If a proprietary school offers classes in more than one county, the school's operations in each

1 such county constitutes a separate school requiring a separate license. Classes conducted by the
2 school in separate locations shall be reported and approved prior to advertising and
3 commencement of classes.

4 (4d) Remote sites shall not have any administrative staff or any administrative functions such as
5 recruiting, accounting or record keeping. Each remote site shall be subject to an initial remote
6 site fee of ~~one thousand dollars (\$1,000)~~ and an annual remote site renewal fee of ~~seven hundred~~
7 ~~and fifty dollars (\$750.00)~~ to be paid by a certified check or money order made payable to the
8 North Carolina State Treasurer, in the amount established by the SBPS and published annually
9 under the North Carolina Proprietary School Fee Schedule. Each remote site shall have an initial
10 site visit and a visit during each annual audit.

11 (5e) Classes conducted at remote sites by licensed schools shall be approved prior to advertising
12 and commencement of classes. Any course offered at a remote site shall be a part of an approved
13 program of study for that licensed school.

14 (6f) Changes in application information presented for licensure or relicensure relating to mission,
15 programs, location or stock distribution require prior approval and licensure amendment by the
16 State Board of Community Colleges.

17 (A1) Program additions require curriculum reviews and program or course approvals prior
18 to initiation. A certified check or money order in the amount established by the SBPS and
19 published annually under the North Carolina Proprietary School Fee Schedule of ~~two~~
20 ~~hundred dollars (\$200.00)~~ made payable to the North Carolina State Treasurer shall
21 accompany each additional program approval request.

22 (B2) Single course additions or revisions may be individually approved when schools
23 submit a request for license amendment. Course additions or revisions requiring curriculum
24 review, instructor evaluation, and equipment site assessment are subject to the curriculum
25 review fee established by the SBPS and published annually under the North Carolina
26 Proprietary School Fee Schedule of ~~two hundred dollars (\$200.00)~~ to be paid by a certified
27 check or money order made payable to the North Carolina State Treasurer.

28 (C3) School relocations require site visits and approvals prior to use. A certified check or
29 money order in the amount established by the SBPS and published annually under the North

1 Carolina Proprietary School Fee Schedule of four hundred dollars (\$400.00) made payable to
2 the North Carolina State Treasurer shall accompany each site relocation approval request.

3 (D4) Other site assessment visits, such as for program additions and revisions, shall require
4 a certified check or money order made payable to the North Carolina State Treasurer in the
5 amount established by the SBPS and published annually under the North Carolina
6 Proprietary School Fee Schedule of two hundred dollars (\$200.00).

7
8 *History Note: Authority G.S. 115D-88; 115D-89; 115D-90; 115D-91; 115D-92; 115D-95.1;*
9 *Eff. September 1, 1993;*
10 *Amended Eff. July 1, 2010; August 13, 2005; December 1, 2004.*
11 *SBCC Amendment Eff. August 1, 2014*

12
13 **2A SBCCC 300.2 Application for License Renewal**

14 (a) All licenses issued shall expire on June 30. Schools shall be licensed annually, and the licensure
15 shall extend from July 1 through June 30, inclusive.

16 (b) All issued licenses shall extend from July 1 through June 30, inclusive; except that any license
17 initially issued on or after April 1 shall expire on June 30 of the following calendar year.

18 (bc) Schools desiring the renewal of their license shall submit an application on or before April 1
19 March 15 of each year. The application shall be accompanied by the following:

20 (1) All information required of schools applying for an initial license that has not been
21 previously submitted;

22 (2) For a school that has been licensed for one year but less than six years, verification that the
23 guaranty bond or alternative to the guaranty bond is in an amount equal to the greatest
24 amount of unearned paid tuition in the school's possession at any time during the prior fiscal
25 year. This verification shall be in the form of quarterly reports to the President of the North
26 Carolina Community College System evaluating the amount of the guaranty bond or
27 alternative to the guaranty bond. Quarterly evaluation reports requiring an increase of five
28 percent or more in the amount of the bond held by the school must show an immediate
29 increase in the bond amount at the time of the evaluation. At the time of the school's annual
30 license renewal, the guaranty bond or alternative to the guaranty bond shall be an amount

1 equal to the greatest amount of unearned paid tuition in the school's possession at any time
2 during the prior fiscal year;

3 (3) Copy of current catalog containing all information required of schools applying for initial
4 license; and

5 (4) Any supplementary information necessary to bring information on the school up to date.

6 ~~(e)~~ A certified check or money order in the amount established by the SBPS and published
7 annually under the North Carolina Proprietary School Fee Schedule of one thousand two hundred
8 and fifty dollars (\$1,250) plus fifty dollars (\$50.00) per program made payable to the North
9 Carolina State Treasurer shall be received on or before ~~April 1~~ March 15.

10 ~~(e)~~ Proprietary schools shall make payment to the Student Protection Fund in the amount set
11 forth in G.S. 115D-95.1. The full and timely payment into the Student Protection Fund is a
12 condition of licensure. The State Board of Community Colleges shall not refund any payment to
13 the Student Protection Fund in the event that a school's license is suspended or revoked.

14 ~~(1) In addition to the payments required under G.S. 115D-95.1, as a condition of license renewal~~
15 ~~for the 2010-2011 fiscal year, each proprietary school shall pay into the Student Protection~~
16 ~~Fund an amount based on its total enrollment for the previous calendar year as follows:~~

Number of Students	Amount of Assessment
0-49	\$500.00
50-99	\$1,000
100-499	\$2,000
500-999	\$3,000
1,000- 1,499	\$4,000
More than 1,500	\$5,000

1 ~~(2) —"Total enrollment" means the number of students enrolled on January 1, 2009, plus new~~
2 ~~students enrolled during the calendar year plus students reentering from a period of nonattendance~~
3 ~~during the calendar year.~~

4 ~~(3) —The full and timely payment into the Student Protection Fund pursuant to this Chapter is a~~
5 ~~condition of licensure.~~

6 ~~(4) —The State Board of Community Colleges shall not refund any payment to the Student~~
7 ~~Protection Fund in the event that a school's license application is rejected or a school's license is~~
8 ~~suspended or revoked.~~

9 ~~(e)~~ Proprietary schools shall make adjustments to the guaranty bond or alternative to the guaranty
10 bond requirements of schools based on G.S. 115D-95. A guaranty bond or alternative to the
11 guaranty bond shall be required for license renewal for a school that has been continuously
12 licensed to operate for more than five years in the State, as follows:

13 (1) If the balance of the Student Protection Fund in G.S. 115D-95.1 is below the catastrophic
14 loss amount, the school shall file a guaranty bond or alternative to the guaranty bond in an
15 amount equal to the maximum amount of prepaid tuition held by the school during the prior
16 fiscal year multiplied by the percentage amount the fund is deficient.

17 (2) If the school held prepaid tuition in excess of the Student Protection Fund catastrophic loss
18 amount during the prior fiscal year, in addition to any guaranty bond or alternative to a
19 guaranty bond amount required by Subparagraph (1) of this Paragraph, the school shall file a
20 guaranty bond for the difference between the prepaid tuition amount held in the previous
21 fiscal year and the Student Protection Fund catastrophic loss amount.

22 ~~(fg) The State Board of Proprietary Schools, acting by and through the President of the~~
23 ~~Community College System, SBPS will tabulate the balance of the Student Protection Fund as of~~
24 ~~December 31 of each year and establish the percentage amounts identified in Subparagraph (e)(1)~~
25 ~~of this Rule. The State Board of Community Colleges, acting by and through the President of the~~
26 ~~Community College System, will report these calculations to the Student Protection Fund~~
27 ~~Advisory Committee for its review on an annual basis.~~

28
29 *History Note: Authority G.S. 115D-89; 115D-91; 115D-92; 115D-95.1; S.L. 2009-562 s.4;*
30 *Eff. September 1, 1993;*

1 *Amended Eff. July 1, 2010; August 13, 2005; December 1, 2004.*

2 *SBCC Amendment Eff. August 1, 2014*

3
4 **2A SBCCC 300.3 Application to Amend License**

5 ~~(a) Classes or schools conducted by employers for their own employees are exempt from the~~
6 ~~provisions of this Subchapter. Employers may contract with third party agencies to provide training~~
7 ~~for their employees. Schools or classes conducted by third party agencies for an employer to train his~~
8 ~~employees are exempt from the provisions of this Subchapter.~~

9 ~~(b) The following terms shall have the following meaning in this Subchapter unless the context of a~~
10 ~~specific rule requires a different interpretation.~~

11 ~~(1) "Catastrophic loss amount" means the amount of funds required to protect prepaid student tuition~~
12 ~~in case of a large scale event that would draw against the Student Protection Fund. The amount is~~
13 ~~one million dollars (\$1,000,000).~~

14 ~~(2) "Classes or schools" as stated in G.S. 115D-88(4a) means classes or schools, which are offered~~
15 ~~by the seller of the equipment or the seller's agent.~~

16 ~~(3) "Equipment" as stated in G.S. 115D-88 includes software.~~

17 ~~(4) "Five or fewer students" as stated in G.S. 115D-88(4b) means the total number of students at the~~
18 ~~time of maximum enrollment during any term.~~

19 ~~(5) "Fund cap amount" means the catastrophic loss amount plus a reserve amount. The fund cap~~
20 ~~amount is one million five hundred thousand dollars (\$1,500,000).~~

21 ~~(6) "Proprietary school" means any business school, trade school, technical school, or~~
22 ~~correspondence school which:~~

23 ~~(A) offers postsecondary education or training for profit or for a tuition charge or offers classes for~~
24 ~~the purpose of teaching, for profit or for a tuition charge, any program of study or teaching one or~~
25 ~~more of the courses or subjects needed to train and educate an individual for employment; and~~

26 ~~(B) has any physical presence within the State of North Carolina; and~~

27 ~~(C) is privately owned and operated by an owner, partnership or corporation.~~

28 ~~(7) "Remote sites" means approved instructional environments in the same county that do not have~~
29 ~~any administrative staff or administrative functions such as recruiting, accounting and record keeping~~
30 ~~taking place.~~

1 ~~(8) "Reserve amount" means the difference between the catastrophic loss amount and the fund cap~~
2 ~~amount. Its purpose is to reduce the possibility of the Student Protection Fund being completely~~
3 ~~depleted. The reserve amount is five hundred thousand dollars (\$500,000).~~

4 ~~(9) "Student Protection Fund" is a statewide fee supported fund. The purpose of the Student~~
5 ~~Protection Fund is to compensate students enrolled in a proprietary school licensed under G.S. 115D-~~
6 ~~90 who have suffered a loss of tuition, fees, or any other instruction related expenses paid to the~~
7 ~~school by reason of the failure of the school to offer or to complete student instruction, academic~~
8 ~~services, or other goods and services related to course enrollment. Students are eligible to be~~
9 ~~compensated under the Student Protection Fund only if the school ceases to operate for any reason,~~
10 ~~including, but not limited to the suspension, revocation, or nonrenewal of a school's license,~~
11 ~~bankruptcy, or foreclosure.~~

12 ~~(10) "Users" as stated in G.S. 115D-88(4a) means employees or agents of purchasers.~~

13 ~~(e) Application for an Initial License:~~

14 ~~(1) Any person or persons operating a proprietary school with an enrollment of more than five~~
15 ~~persons in a school in the State of North Carolina shall obtain a license from the North Carolina State~~
16 ~~Board of Community Colleges except as exempt by G.S. 115D-88.~~

17 ~~(2) Any person or persons seeking to operate a proprietary school that requires licensure shall submit~~
18 ~~a preliminary application setting forth the proposed location of the school, the qualifications of the~~
19 ~~Chief Administrator of the school, a description of the facilities available, courses to be offered, and~~
20 ~~financial resources available to equip and maintain the school. Upon approval of the preliminary~~
21 ~~application, a final application may be submitted. The final application shall be verified and~~
22 ~~accompanied by the following:~~

23 ~~(A) A certified check or money order for the initial license fee in the amount of two thousand five~~
24 ~~hundred dollars (\$2,500) made payable to the North Carolina State Treasurer;~~

25 ~~(B) A guaranty bond or alternative to a guaranty bond as set forth in G.S. 115D-95. Except as~~
26 ~~otherwise provided herein, the bond amount for a proprietary school shall be at least equal to the~~
27 ~~maximum amount of prepaid tuition held at any time during the fiscal year. During the initial year of~~
28 ~~operation, the guaranty bond amount or an alternative to a guaranty bond amount shall be based on~~
29 ~~the projected maximum amount of prepaid tuition that will be held at any time during that year. In~~
30 ~~any event, the minimum surety bond shall be twenty five thousand dollars (\$25,000);~~

- 1 ~~(C) A certified check or money order for the Student Protection Fund in the amount of one thousand~~
2 ~~two hundred and fifty dollars (\$1,250) made payable to the North Carolina State Treasurer;~~
- 3 ~~(D) A copy of the school's catalog or bulletin. The catalog shall include a statement addressing each~~
4 ~~item listed in G.S. 115D-90(b)(7);~~
- 5 ~~(E) A financial statement showing capital investment, assets and liabilities, and the proposed~~
6 ~~operating budget which demonstrates financial stability or a financial statement and an~~
7 ~~accompanying opinion of the school's financial stability by either an accountant, using generally~~
8 ~~accepted accounting principles, or a lending institution;~~
- 9 ~~(F) A detail of ownership; (This must show stock distribution if the school is a corporation, or~~
10 ~~partnership agreement if the school will be operated as a partnership.)~~
- 11 ~~(G) Information on all administrative and instructor personnel who will be active in the operation of~~
12 ~~the school, either in full or part time capacity; (This information must be submitted on forms~~
13 ~~provided for this purpose.)~~
- 14 ~~(H) Enrollment application or student contract form;~~
- 15 ~~(I) School floor plan showing doors, windows, halls, and seating arrangement; also offices, rest~~
16 ~~rooms, and storage space; the size of each room and seating capacity shall be clearly marked for each~~
17 ~~classroom; lighting showing kind and intensity shall be indicated for each room; the type of heating~~
18 ~~and cooling system used for the space occupied shall be stated;~~
- 19 ~~(J) Photostatic copies of inspection reports or letters from proper officials to show that the building~~
20 ~~is safe and sanitary and meets all local city, county, municipal, state, and federal regulations such as~~
21 ~~fire, building, and sanitation codes; and~~
- 22 ~~(K) If the building is not owned by the school, a photostatic copy of the lease held by the school for~~
23 ~~the space occupied.~~
- 24 ~~(3) A person or persons purchasing a proprietary school already operating as a licensed school shall~~
25 ~~comply with all of the requirements for securing an initial license. A license is not transferable to a~~
26 ~~new owner. All application forms and other data shall be submitted in full. Such terms as~~
27 ~~"previously submitted" when referring to a former owner's file are not acceptable. If a proprietary~~
28 ~~school offers classes in more than one county, the school's operations in each such county constitutes~~
29 ~~a separate school requiring a separate license. Classes conducted by the school in separate locations~~
30 ~~shall be reported and approved prior to advertising and commencement of classes.~~

1 ~~(4) Remote sites shall not have any administrative staff or any administrative functions such as~~
2 ~~recruiting, accounting or record keeping. Each remote site shall be subject to an initial remote site~~
3 ~~fee of one thousand dollars (\$1,000) and an annual remote site renewal fee of seven hundred and~~
4 ~~fifty dollars (\$750.00) to be paid by a certified check or money order made payable to the North~~
5 ~~Carolina State Treasurer. Each remote site shall have an initial site visit and a visit during each~~
6 ~~annual audit.~~

7 ~~(5) Classes conducted at remote sites by licensed schools shall be approved prior to advertising and~~
8 ~~commencement of classes. Any course offered at a remote site shall be a part of an approved~~
9 ~~program of study for that licensed school.~~

10 ~~(6) Changes in application information presented for licensure or relicensure relating to mission,~~
11 ~~programs, location or stock distribution require prior approval and licensure amendment by the State~~
12 ~~Board of Community Colleges.~~

13 ~~(A) Program additions require curriculum reviews and program or course approvals prior to~~
14 ~~initiation. A certified check or money order in the amount of two hundred dollars (\$200.00) made~~
15 ~~payable to the North Carolina State Treasurer shall accompany each additional program approval~~
16 ~~request.~~

17 ~~(B) Single course additions or revisions may be individually approved when schools submit a request~~
18 ~~for license amendment. Course additions or revisions requiring curriculum review, instructor~~
19 ~~evaluation, and equipment site assessment are subject to the curriculum review fee of two hundred~~
20 ~~dollars (\$200.00) to be paid by a certified check or money order made payable to the North Carolina~~
21 ~~State Treasurer.~~

22 ~~(C) School relocations require site visits and approvals prior to use. A certified check or money~~
23 ~~order in the amount of four hundred dollars (\$400.00) made payable to the North Carolina State~~
24 ~~Treasurer shall accompany each site relocation approval request.~~

25 ~~(D) Other site assessment visits, such as for program additions and revisions, shall require a certified~~
26 ~~check or money order made payable to the North Carolina State Treasurer in the amount of two~~
27 ~~hundred dollars (\$200.00).~~

28 [Reserved for Future Codification]

29
30 *History Note: Authority G.S. 115D-88; 115D-89; 115D-90; 115D-91; 115D-92; 115D-95.1;*

1 *Eff. September 1, 1993;*

2 *Amended Eff. July 1, 2010; August 13, 2005; December 1, 2004.*

3 *SBCC Amendment Eff. August 1, 2014*

4
5 **2A SBCCC 300.4 Application Upon Sale of Proprietary School**

6 ~~(a) Classes or schools conducted by employers for their own employees are exempt from the~~
7 ~~provisions of this Subchapter. Employers may contract with third party agencies to provide training~~
8 ~~for their employees. Schools or classes conducted by third party agencies for an employer to train his~~
9 ~~employees are exempt from the provisions of this Subchapter.~~

10 ~~(b) The following terms shall have the following meaning in this Subchapter unless the context of a~~
11 ~~specific rule requires a different interpretation.~~

12 ~~(1) "Catastrophic loss amount" means the amount of funds required to protect prepaid student tuition~~
13 ~~in case of a large scale event that would draw against the Student Protection Fund. The amount is~~
14 ~~one million dollars (\$1,000,000).~~

15 ~~(2) "Classes or schools" as stated in G.S. 115D-88(4a) means classes or schools, which are offered~~
16 ~~by the seller of the equipment or the seller's agent.~~

17 ~~(3) "Equipment" as stated in G.S. 115D-88 includes software.~~

18 ~~(4) "Five or fewer students" as stated in G.S. 115D-88(4b) means the total number of students at the~~
19 ~~time of maximum enrollment during any term.~~

20 ~~(5) "Fund cap amount" means the catastrophic loss amount plus a reserve amount. The fund cap~~
21 ~~amount is one million five hundred thousand dollars (\$1,500,000).~~

22 ~~(6) "Proprietary school" means any business school, trade school, technical school, or~~
23 ~~correspondence school which:~~

24 ~~(A) offers postsecondary education or training for profit or for a tuition charge or offers classes for~~
25 ~~the purpose of teaching, for profit or for a tuition charge, any program of study or teaching one or~~
26 ~~more of the courses or subjects needed to train and educate an individual for employment; and~~

27 ~~(B) has any physical presence within the State of North Carolina; and~~

28 ~~(C) is privately owned and operated by an owner, partnership or corporation.~~

1 ~~(7) "Remote sites" means approved instructional environments in the same county that do not have~~
2 ~~any administrative staff or administrative functions such as recruiting, accounting and record keeping~~
3 ~~taking place.~~

4 ~~(8) "Reserve amount" means the difference between the catastrophic loss amount and the fund cap~~
5 ~~amount. Its purpose is to reduce the possibility of the Student Protection Fund being completely~~
6 ~~depleted. The reserve amount is five hundred thousand dollars (\$500,000).~~

7 ~~(9) "Student Protection Fund" is a statewide fee-supported fund. The purpose of the Student~~
8 ~~Protection Fund is to compensate students enrolled in a proprietary school licensed under G.S. 115D-~~
9 ~~90 who have suffered a loss of tuition, fees, or any other instruction related expenses paid to the~~
10 ~~school by reason of the failure of the school to offer or to complete student instruction, academic~~
11 ~~services, or other goods and services related to course enrollment. Students are eligible to be~~
12 ~~compensated under the Student Protection Fund only if the school ceases to operate for any reason,~~
13 ~~including, but not limited to the suspension, revocation, or nonrenewal of a school's license,~~
14 ~~bankruptcy, or foreclosure.~~

15 ~~(10) "Users" as stated in G.S. 115D-88(4a) means employees or agents of purchasers.~~

16 ~~(c) Application for an Initial License:~~

17 ~~(1) Any person or persons operating a proprietary school with an enrollment of more than five~~
18 ~~persons in a school in the State of North Carolina shall obtain a license from the North Carolina State~~
19 ~~Board of Community Colleges except as exempt by G.S. 115D-88.~~

20 ~~(2) Any person or persons seeking to operate a proprietary school that requires licensure shall submit~~
21 ~~a preliminary application setting forth the proposed location of the school, the qualifications of the~~
22 ~~Chief Administrator of the school, a description of the facilities available, courses to be offered, and~~
23 ~~financial resources available to equip and maintain the school. Upon approval of the preliminary~~
24 ~~application, a final application may be submitted. The final application shall be verified and~~
25 ~~accompanied by the following:~~

26 ~~(A) A certified check or money order for the initial license fee in the amount of two thousand five~~
27 ~~hundred dollars (\$2,500) made payable to the North Carolina State Treasurer;~~

28 ~~(B) A guaranty bond or alternative to a guaranty bond as set forth in G.S. 115D-95. Except as~~
29 ~~otherwise provided herein, the bond amount for a proprietary school shall be at least equal to the~~
30 ~~maximum amount of prepaid tuition held at any time during the fiscal year. During the initial year of~~

1 operation, the guaranty bond amount or an alternative to a guaranty bond amount shall be based on
2 the projected maximum amount of prepaid tuition that will be held at any time during that year. In
3 any event, the minimum surety bond shall be twenty five thousand dollars (\$25,000);
4 (C) ~~A certified check or money order for the Student Protection Fund in the amount of one thousand~~
5 ~~two hundred and fifty dollars (\$1,250) made payable to the North Carolina State Treasurer;~~
6 (D) ~~A copy of the school's catalog or bulletin. The catalog shall include a statement addressing each~~
7 ~~item listed in G.S. 115D-90(b)(7);~~
8 (E) ~~A financial statement showing capital investment, assets and liabilities, and the proposed~~
9 ~~operating budget which demonstrates financial stability or a financial statement and an~~
10 ~~accompanying opinion of the school's financial stability by either an accountant, using generally~~
11 ~~accepted accounting principles, or a lending institution;~~
12 (F) ~~A detail of ownership; (This must show stock distribution if the school is a corporation, or~~
13 ~~partnership agreement if the school will be operated as a partnership.)~~
14 (G) ~~Information on all administrative and instructor personnel who will be active in the operation of~~
15 ~~the school, either in full or part time capacity; (This information must be submitted on forms~~
16 ~~provided for this purpose.)~~
17 (H) ~~Enrollment application or student contract form;~~
18 (I) ~~School floor plan showing doors, windows, halls, and seating arrangement; also offices, rest~~
19 ~~rooms, and storage space; the size of each room and seating capacity shall be clearly marked for each~~
20 ~~classroom; lighting showing kind and intensity shall be indicated for each room; the type of heating~~
21 ~~and cooling system used for the space occupied shall be stated;~~
22 (J) ~~Photostatic copies of inspection reports or letters from proper officials to show that the building~~
23 ~~is safe and sanitary and meets all local city, county, municipal, state, and federal regulations such as~~
24 ~~fire, building, and sanitation codes; and~~
25 (K) ~~If the building is not owned by the school, a photostatic copy of the lease held by the school for~~
26 ~~the space occupied.~~
27 (3) ~~A person or persons purchasing a proprietary school already operating as a licensed school shall~~
28 ~~comply with all of the requirements for securing an initial license. A license is not transferable to a~~
29 ~~new owner. All application forms and other data shall be submitted in full. Such terms as~~
30 ~~"previously submitted" when referring to a former owner's file are not acceptable. If a proprietary~~

1 school offers classes in more than one county, the school's operations in each such county constitutes
2 a separate school requiring a separate license. Classes conducted by the school in separate locations
3 shall be reported and approved prior to advertising and commencement of classes.

4 ~~(4) Remote sites shall not have any administrative staff or any administrative functions such as~~
5 ~~recruiting, accounting or record keeping. Each remote site shall be subject to an initial remote site~~
6 ~~fee of one thousand dollars (\$1,000) and an annual remote site renewal fee of seven hundred and~~
7 ~~fifty dollars (\$750.00) to be paid by a certified check or money order made payable to the North~~
8 ~~Carolina State Treasurer. Each remote site shall have an initial site visit and a visit during each~~
9 ~~annual audit.~~

10 ~~(5) Classes conducted at remote sites by licensed schools shall be approved prior to advertising and~~
11 ~~commencement of classes. Any course offered at a remote site shall be a part of an approved~~
12 ~~program of study for that licensed school.~~

13 ~~(6) Changes in application information presented for licensure or relicensure relating to mission,~~
14 ~~programs, location or stock distribution require prior approval and licensure amendment by the State~~
15 ~~Board of Community Colleges.~~

16 ~~(A) Program additions require curriculum reviews and program or course approvals prior to~~
17 ~~initiation. A certified check or money order in the amount of two hundred dollars (\$200.00) made~~
18 ~~payable to the North Carolina State Treasurer shall accompany each additional program approval~~
19 ~~request.~~

20 ~~(B) Single course additions or revisions may be individually approved when schools submit a request~~
21 ~~for license amendment. Course additions or revisions requiring curriculum review, instructor~~
22 ~~evaluation, and equipment site assessment are subject to the curriculum review fee of two hundred~~
23 ~~dollars (\$200.00) to be paid by a certified check or money order made payable to the North Carolina~~
24 ~~State Treasurer.~~

25 ~~(C) School relocations require site visits and approvals prior to use. A certified check or money~~
26 ~~order in the amount of four hundred dollars (\$400.00) made payable to the North Carolina State~~
27 ~~Treasurer shall accompany each site relocation approval request.~~

28 ~~(D) Other site assessment visits, such as for program additions and revisions, shall require a certified~~
29 ~~check or money order made payable to the North Carolina State Treasurer in the amount of two~~
30 ~~hundred dollars (\$200.00).~~

1 [Reserved for Future Codification]

2
3 *History Note: Authority G.S. 115D-88; 115D-89; 115D-90; 115D-91; 115D-92; 115D-95.1;*

4 *Eff. September 1, 1993;*

5 *Amended Eff. July 1, 2010; August 13, 2005; December 1, 2004.*

6 *SBCC Amendment Eff. August 1, 2014*

7
8 **2A SBCCC 300.5 Suspension, Revocation, or Failure to Renew License [REPEALED]**

9 ~~The license of a proprietary school may be revoked in accordance with G.S. 150B, Article 3, when it~~
10 ~~is found that the school has failed to comply with the requirements of the law and the rules adopted~~
11 ~~by the State Board of Community Colleges.~~

12 *History Note: Authority G.S. 115D-93; 150B-22 thru 150B-37;*

13 *Eff. September 1, 1993;*

14 *Amended Eff. December 1, 2004.*

15 *SBCC Repealed Eff. August 1, 2014*

16
17 **2A SBCCC 300.6 North Carolina Proprietary School Fee Schedule**

18 Each proprietary school subject to Article 8 of Chapter 115D shall make payment as directed by the
19 SBPS according to the following fee schedule:

20 (1) Initial license - \$2,500

21 (2) Annual license renewal - \$1,250 plus an additional \$50 per licensed program

22 (3) Program additions submitted at any point outside of the annual license renewal period - \$200

23 (4) Program revisions - \$200

24 (5) School relocations - \$400

25 (6) Remote sites - \$1,000 initial site fee, plus annual renewal fee of \$750

26 (7) Site assessments to verify and approve program additions or changes - \$200

27
28 *History Note: Authority G.S. 115D-89.3; 115D-92*

29 *SBCC Eff. August 1, 2014*

30 **SUBCHAPTER 400. GENERAL PROVISIONS**

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2A SBCCC 400.1 Administration

- (a) One person shall be designated as the chief administrator of the school or branch thereof. The chief administrator shall be qualified in accordance with the requirements listed in Paragraph (c) of this Rule.
- (b) The chief administrator is defined as the person directly responsible for the school's program, the methods of instruction, the employment of instructors, the organization of classes, the maintenance of the school plant and the equipment, the advertising used, and the maintenance of proper administrative records and all other procedures related to the administration of the school or class.
- (c) The chief administrator shall have the following qualifications:
 - (1) Be a person of good moral character;
 - (2) Be a graduate of an accredited college or university accredited by an agency that is recognized by the U.S. Department of Education; and,
 - (3) Have the experience, competency, and capacity to lead the school.
- (d) Chief administrators and other administrative personnel who possess qualifications which are equivalent to the requirements prescribed herein for chief administrators may be approved individually by the North Carolina Community College System President or designee.

*History Note: Authority G.S. 115D-87; 115D-89; 115D-90;
Eff. September 1, 1993;
Amended Eff. December 1, 2004.*

2A SBCCC 400.2 Admission Requirements

- (a) The admission requirements for schools licensed under Article 8 of Chapter 115D of the General Statutes of North Carolina shall be made available to the public and administered as written.
- (b) As a prerequisite to enrolling in a certificate or diploma course offered by the school, the ~~The~~ school shall require ~~graduation from a public or private or a state-registered home high school as~~ a prerequisite to enrollment in a certificate or diploma course offered by the school. ~~A copy of the high school transcript shall be on file for each student enrolled. Exceptions to this~~

1 requirement may be made for students who hold a certificate of high school equivalency or for
2 non-high school graduates who are 18 years of age or older who have demonstrated the ability to
3 benefit as determined by accepted test instruments. ~~A copy of the high school equivalency
4 certificate or test results shall be kept in each student's record. one of the following:~~

- 5 1. Graduation from a public or private high school that operates in compliance with State or
6 local law;
- 7 2. Graduation from a state registered home high school;
- 8 3. A certificate of high school equivalency;
- 9 4. The student's signed, notarized attestation of either graduation from a public or private high
10 school that operates in compliance with State or local law, graduation from a state registered
11 home school, or receipt of a certificate of high school equivalency;
- 12 5. For persons at least 18 years old who did not graduate from a public, private, or state
13 registered home high school or obtain a certificate of high school equivalency, demonstration
14 of an ability to benefit as determined by any test instrument approved by the Department of
15 Education.
- 16 6. The school shall only admit a student pursuant to Subsection(b)(4) if the student provides the
17 school with written evidence of the student's inability to obtain a copy of the student's high
18 school transcript or certificate of high school equivalency.

19 The school shall not permit ~~high school students of high school age~~ to attend the school during
20 the time that high schools are in regular session, except in individual cases approved by the
21 student's high school principal in writing. ~~The proprietary school shall include a~~ A copy of the
22 approved form shall be included in the student's record.

23 (c) Schools shall maintain a copy of the high school transcript in the student's record for
24 students the school admits pursuant to Subsections (b)(1) and (b)(2) of this Section.

25 (d) Schools shall maintain a copy of the certificate of high school equivalency in the student's
26 record for students the school admits pursuant to Subsection (b)(3).

27 (e) Schools shall maintain a copy of the student's signed, notarized attestation for students the
28 school admits pursuant to Subsection (b)(4).

29 (f) Schools shall maintain the results of the ability to benefit test in the student's record for
30 students admitted pursuant to Subsection (b)(5).

1 (eg) The school may admit students to special courses or subjects which are part of the approved
2 curriculum offered by the school when the school deems the student can benefit from the
3 instruction offered.

4 (dh) If total tuition is greater than five-thousand dollars (\$5,000),² the school may collect up to 50
5 percent of the total tuition prior to that mid-point of the program. The remainder of the tuition
6 may be collected only when the student has completed one-half of the program. Federal
7 regulations regarding the disbursement of tuition shall supersede state disbursement regulations
8 stated in this Rule.

9
10 *History Note: Authority G.S. 115D-89; 115D-90;*

11 *Eff. September 1, 1993;*

12 *Amended Eff. December 1, 2004.*

13 *SBCC Amendment Eff. August 1, 2014*

14
15 **2A SBCCC 400.3 Advertising**

16 (a) A licensed school shall not advertise through any media that it offers courses that the school has
17 not been licensed to offer.

18 (b) Printed catalogs, bulletins, or prospectus information shall be specific with respect to prerequisite
19 training required for admission to the school courses, the curricula, the contents of courses,
20 graduation requirements, tuition and other fees, refunds and allowances for withdrawals and
21 unavoidable or extended absences.

22 (c) Schools shall not use any name, title, or other designation, by way of advertising or otherwise,
23 that is misleading or deceptive as to character of the institution, or its influence in training and
24 employment for students.

25 (d) Schools shall not use a photograph, cut, engraving, or illustration in catalogs, sales literature, or
26 otherwise in such a manner as to convey a false impression as to the size, importance, or location
27 of the school's equipment.

28 (e) Schools shall not use endorsements, commendations, or recommendations by students in favor of
29 a school unless it is with the consent of the writer and without financial compensation or offer of
30 financial compensation. These materials shall be kept on file by the school.

- 1 (f) Schools shall publish tuition rates, payment methods, and refund policies in their catalogs or as a
2 catalog addendum and shall not deviate from these rates and policies. All catalog addenda shall
3 show an effective date and be readily available to the student.
- 4 (g) Schools shall not make, cause, permit to be made, or publish any false, untrue, or deceptive
5 statement or representation by way of advertising or otherwise concerning other proprietary
6 schools or their activities in attempting to enroll students or concerning the character, nature,
7 quality, value, or scope of any course of instruction or educational service offered or in any other
8 material respect.
- 9 (h) A school or class shall not solicit students to enroll by means of "blind" advertisements or
10 advertisements in the "help wanted" or other employment columns of newspapers, publications,
11 and Internet job banks.
- 12 (i) Schools shall not make false, untrue, or deceptive statements of representatives regarding the
13 opportunities in any vocation or field of activity as a result of the completion of any given course
14 of instruction or educational service.
- 15 (j) Advertisement shall not use salary-related terms or phrasing such as, "up to", "top", or "high
16 salary".
- 17 (k) Any salary claims shall show comparisons between local and national employment data and shall
18 be for entry-level positions.
- 19 (l) Any salary claims shall be documented and on file at the institution for public viewing.
- 20 (m) Advertisements shall not offer promotions or special inducements to prospective students or
21 enrollees.
- 22 (n) Advertisements and school representatives shall not guarantee or imply positions or employment
23 to prospective students.
- 24 (o) If a licensed proprietary school, in any of its advertisements, printed materials or media, use the
25 phrase or a similar phrase "Licensed by the North Carolina State Board of Community Colleges"
26 then that phrase must be immediately succeeded by the following disclaimer: "The North
27 Carolina State Board of Community Colleges is not an accrediting agency."
28

29 *History Note: Authority G.S. 115D-89; 115D-90;*

30 *Eff. September 1, 1993;*

1 *Amended Eff. December 1, 2004.*

2
3 **2A SBCCC 400.4 Ethics**

- 4 (a) Schools licensed under Article 8 of Chapter 115D of the General Statutes of North Carolina shall
5 not offer premiums or special inducement to prospective students or enrollees. Scholarships may
6 be offered provided terms of scholarship are published in the school catalog.
- 7 (b) Failure to maintain tuition rates as published is grounds for suspension or revocation of the
8 license of a school.
- 9 (c) No officer or representative of the school shall solicit any student to leave any school in which
10 the student is enrolled or attends.
- 11 (d) A school representative shall not guarantee positions or employment to prospective students.

12
13 *History Note: Authority G.S. 115D-89; 115D-90; 115D-93;*
14 *Eff. September 1, 1993;*
15 *Amended Eff. December 1, 2004.*

16
17 **2A SBCCC 400.5 Faculty**

- 18 (a) An application for approval to teach in a licensed proprietary school shall be made on forms
19 provided for this purpose. The application shall be filed with the Office of Proprietary Schools
20 within 30 days of prior to an instructor's beginning date. for teaching in a proprietary school.
- 21 (b) An instructor shall be ~~found to be~~ qualified by education or work experience background and
22 must meet the following qualifications as minimum requirements:
- 23 (1) Be a person of good moral character;
- 24 (2) Be at least 18 years of age;
- 25 (3) Be a graduate of a college or university accredited by an agency that is recognized by the
26 U.S. Department of Education, and hold at least an associate degree in a related field or meet
27 the requirements of other occupational licensing, certification, or approval bodies requested
28 to approve instructor adequacy; and,
- 29 (4) ~~Personnel who possess and can document qualifications which are equivalent to the~~
30 ~~requirements prescribed herein for instructor, may be approved on an individual basis by the~~

1 ~~North Carolina Community College System President or his designee. Personnel who lack~~
2 ~~the educational requirement in Subsection (b)(3) above, but who are otherwise qualified~~
3 ~~based on relevant work experience, may be approved on an individual basis by the State~~
4 ~~Board of Proprietary Schools.~~

5
6 *History Note: Authority G.S. 115D-89; 115D-90;*

7 *Eff. September 1, 1993;*

8 *Amended Eff. December 1, 2004.*

9 *SBCC Amendment Eff. August 1, 2014*

10
11 **2A SBCCC 400.6 Facilities and Equipment**

12 (a) The school plant, premises, and facilities shall be adequate, safe, and sanitary and shall be in
13 compliance with the statutory provisions and the rules and regulations of all local ordinances
14 pertaining to fire, health, safety, and sanitation.

15 (b) The equipment, supplies, and instructional materials of the school shall be satisfactory and
16 adequate in type, quality, and amount, and shall be suitable for satisfactory use in administering
17 the course or courses of instruction. They shall also meet all requirements of statutory provisions
18 and local ordinances, and rules and regulations adopted thereunder in regard to fire, health,
19 safety, and sanitation.

20
21 *History Note: Authority G.S. 115D-89; 115D-90;*

22 *Eff. September 1, 1993;*

23 *Amended Eff. December 1, 2004.*

24
25 **2A SBCCC 400.7 Financial Stability**

26 ~~(a)~~ A school licensed under G.S. 115D, Article 8, shall have sufficient finances to establish and
27 carry out a program of education on a continuing basis.

28 ~~(b) The North Carolina Community College System Office may request a credit report.~~

29
30 *History Note: Authority G.S. 115D-89; 115D-90;*

1 *Eff. September 1, 1993;*

2 *Amended Eff. December 1, 2004.*

3 *SBCC Amendment Eff. August 1, 2014*

4
5 **2A SBCCC 400.8 Instructional Program**

6 ~~(a) A school licensed under G.S. 115D, Article 8, shall limit its offering in certificate and diploma~~
7 ~~programs and special subjects to the courses and subjects for which it has been licensed to offer.~~
8 ~~At the beginning of each term, each school shall post the schedule of subjects being offered~~
9 ~~during the term. This schedule will show the time and instructor for each subject and designate~~
10 ~~the room in which the subject will be taught. Each student shall be provided a schedule of~~
11 ~~classes for each term to show the student's individual schedule.~~

12 ~~(b)~~ Schools shall not publish in their catalogs courses which they have not been licensed to offer.

13 When a school is licensed to offer a course or program and enrolls students in the course or
14 program, the school shall maintain sufficient and qualified faculty to teach all subjects required
15 for completing the course or program during the time stipulated in the school's bulletin as the
16 required time to complete the course or program and classes shall be scheduled so that the
17 students will be able to receive instruction in all subjects for the number of instructional hours as
18 advertised in the school's bulletin under which the students enrolled. When a school previously
19 licensed to offer a course or program fails to maintain the qualifications for continuing the course
20 or program, the course or program shall be removed from the catalog or stamped "not offered."

21 ~~(e)~~ The number of curriculum programs offered by a school shall be realistic in relationship to
22 faculty employed and students enrolled. As a general rule, the number of curriculum programs
23 offered shall not exceed the number of faculty employed on a full-time basis.

24 ~~(d)~~ The school shall establish its calendar one calendar year in advance and give full information
25 to prospective and enrolled students about holidays; beginning and ending dates of each term and
26 other important dates.

27 ~~(e)~~ Schools may measure instruction on a clock-hour or credit-hour basis. The catalog shall
28 provide a clear definition of the method used. The school catalog shall show the number of
29 clock hours or credit hours for each subject offered and the minimum clock hours or credit hours

1 a student shall carry for full-time enrollment. Courses offered on a credit-hour basis shall show
2 class hours, laboratory hours, and credit hours.

3 (fe) The ratio between student and instructor shall be reasonable at all times and in keeping with
4 generally accepted delivery modes, including technology and course content.

5 (gf) Class period shall permit a minimum of 50 minutes net instruction. Class shall not be scheduled
6 for more than two consecutive class periods without a break.

7 (hg) Certificates and diplomas shall be issued only upon successful completion of a standard
8 program of study.

9 (ih) Students enrolled in diploma or certificate programs shall not be enrolled except at the beginning
10 of each term or within the drop/add period which shall not exceed 10 percent of a semester
11 course or 25 percent of quarters or clock hour courses. This provision is not applicable to classes
12 offered on a multi-entry basis.

13
14 *History Note: Authority G.S. 115D-89; 115D-90;*

15 *Eff. September 1, 1993;*

16 *Amended Eff. December 1, 2004.*

17 *SBCC Amendment Eff. August 1, 2014*

18
19 **2A SBCCC 400.9 Issuance of Certificates and Diplomas**

20 (a) A school licensed under G.S. 115D, Article 8, shall limit its offering in certificate and diploma
21 programs and special subjects to the courses and subjects for which it has been licensed to offer. At
22 the beginning of each term, each school shall post the schedule of subjects being offered during the
23 term. This schedule will show the time and instructor for each subject and designate the room in
24 which the subject will be taught. Each student shall be provided a schedule of classes for each term
25 to show the student's individual schedule.

26 ~~(b) Schools shall not publish in their catalogs courses which they have not been licensed to offer.~~
27 ~~When a school is licensed to offer a course or program and enrolls students in the course or program,~~
28 ~~the school shall maintain sufficient and qualified faculty to teach all subjects required for completing~~
29 ~~the course or program during the time stipulated in the school's bulletin as the required time to~~
30 ~~complete the course or program and classes shall be scheduled so that the students will be able to~~

1 receive instruction in all subjects for the number of instructional hours as advertised in the school's
2 bulletin under which the students enrolled. When a school previously licensed to offer a course or
3 program fails to maintain the qualifications for continuing the course or program, the course or
4 program shall be removed from the catalog or stamped "not offered."

5 (e) The number of curriculum programs offered by a school shall be realistic in relationship to
6 faculty employed and students enrolled. As a general rule, the number of curriculum programs
7 offered shall not exceed the number of faculty employed on a full-time basis.

8 (d) The school shall establish its calendar one calendar year in advance and give full information to
9 prospective and enrolled students about holidays; beginning and ending dates of each term and other
10 important dates.

11 (e) Schools may measure instruction on a clock-hour or credit-hour basis. The catalog shall provide
12 a clear definition of the method used. The school catalog shall show the number of clock hours or
13 credit hours for each subject offered and the minimum clock hours or credit hours a student shall
14 carry for full-time enrollment. Courses offered on a credit-hour basis shall show class hours,
15 laboratory hours, and credit hours.

16 (f) The ratio between student and instructor shall be reasonable at all times and in keeping with
17 generally accepted delivery modes, including technology and course content.

18 (g) Class period shall permit a minimum of 50 minutes net instruction. Class shall not be scheduled
19 for more than two consecutive class periods without a break.

20 (h) Certificates and diplomas shall be issued only upon successful completion of a standard program
21 of study.

22 (i) Students enrolled in diploma or certificate programs shall not be enrolled except at the beginning
23 of each term or within the drop/add period which shall not exceed 10 percent of a semester course or
24 25 percent of quarters or clock-hour courses. This provision is not applicable to classes offered on a
25 multi-entry basis.

26
27 *History Note: Authority G.S. 115D-89; 115D-90;*

28 *Eff. September 1, 1993;*

29 *Amended Eff. December 1, 2004.*

30 *SBCC Amendment Eff. August 1, 2014*

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2A SBCCC 400.10 Student Complaints

[Reserved for Future Codification]

2A SBCCC 400.11 Student Records

(a) A school licensed under G.S. 115D, Article 8, shall maintain current, complete, and accurate records to show the following:

- (1) An application for admission that includes the student's educational and personal background, age, and other personal characteristics.
- (2) Progress and attendance including date entered, dates attended, subjects studied, and class schedule; this record shall be in a form which permits accurate preparation of transcripts of educational records for purpose of transfer and placement, providing reports to government services or agencies, or for such other purposes as the needs of the student might require. Such transcripts shall be in the form understandable by lay persons and educators alike. The grading system on such transcripts shall be explained on the transcript form. Subjects appearing on the transcripts shall be numbered or otherwise designated to indicate the subject matter covered.
- (3) All student enrollment agreements shall include at a minimum, the program of study, program tuition and fees, date programs are to begin, time period covered by the tuition payment, and statement of or reference to the school's tuition refund policy.
- (4) All student account ledgers shall include, at a minimum, monies owed and paid by each student, and refunds issued by the school.
- (5) A copy of the student's official high school transcript or proof of GED completion certificate of high school equivalency; or a signed, notarized attestation of either graduation from a public or private high school that operates in compliance with State or local law, graduation from a state registered home high school, or receipt of a certificate of high school equivalency, if the student provides the school with written evidence of the student's inability to obtain a copy of the student's high school transcript or certificate of high school equivalency; or for persons at least 18 years old who did not graduate from a public, private, or state registered

1 home high school or obtain a certificate of high school equivalency, demonstration of an ability
2 to benefit as determined by any test instrument approved by the Department of Education.

3 ~~(6) Proof of students "ability to benefit" if the student has not earned a high school diploma or~~
4 ~~GED certificate.~~

5 (b) Records of students shall be open for inspection by properly authorized officials of the State
6 Board of Community Colleges.

7 (c) Financial records of the school shall be open for inspection by properly authorized officials of the
8 State Board of Community Colleges.

9
10 *History Note: Authority G.S. 115D-89; 115D-90;*

11 *Eff. September 1, 1993;*

12 *Amended Eff. December 1, 2004.*

13 *SBCC Amendment Eff. August 1, 2014*

14
15 **2A SBCCC 400.12 Student Refunds**

16 (a) Any proprietary school that is licensed by the State Board of Community Colleges is ~~subject to~~
17 ~~the following refund policies. A refund shall not be made except under the following~~
18 ~~circumstances: A 100 percent refund shall be made if the student officially withdraws prior to~~
19 ~~the first day of class(es) as noted in the school calendar. Also, a student is eligible for a 100~~
20 ~~percent refund if the class(es) in which the student is officially registered is cancelled due to~~
21 ~~insufficient enrollment.~~ shall maintain and publish a policy relative to the refund of the unused
22 portion of tuition, fees, and other charges in the event the student does not enter a course or
23 withdraws or is discontinued therefrom. The policy and implementing regulations shall provide
24 for, at a minimum, a full refund if a student withdraws before the first day of class or the school
25 cancels the class and a seventy-five percent (75%) refund if the student withdraws within the first
26 twenty-five percent (25%) of the period of enrollment for which the student was charged.

27 (b) To comply with applicable federal regulations regarding refunds; federal regulations regarding
28 refunds will supercede state refund regulations in this Rule.

29 (c) Proprietary schools are not required to deposit funds collected for tuition with the State
30 Treasurer's Office.

1
2 *History Note: Authority G.S. 115D-89; 115D-90.*
3 *Eff. April 1, 1997;*
4 *Amended Eff. July 1, 2007; December 1, 2004.*
5 *SBCC Amendment Eff. August 1, 2014*
6

7 **2A SBCCC 400.13 Teach-Out Plan and Record Retention**

- 8 (a) Each proprietary school shall adopt a teach-out plan. The plan shall be kept on file in the
9 school's administrative office. A copy of the plan shall be submitted to the North Carolina
10 ~~Community College System Office, Office of Proprietary Schools, SBPS~~ with the any application
11 for initial license licensure or license renewal. Amendments or revisions to the plan shall be
12 submitted to the ~~Office of Proprietary Schools~~ SBPS as they are made.
- 13 (b) The plan shall include the procedure for notifying students of a pending school closure and the
14 teach-out arrangements with other educational or training institutions. The teach-out
15 arrangements shall include provisions for students to complete their programs, to transfer to
16 other equivalent programs at other institutions, and to be refunded that portion of their prepaid
17 tuition and fees not earned by the school.
- 18 (c) Each student shall be given a minimum 30-day written notice of the school's intent to close.
19 Prior to closure, school officials shall assist students with:
20 (1) completing their programs at the school;
21 (2) identifying equivalent programs at other institutions;
22 (3) transferring to other institutions, and
23 (4) receiving refunds.
- 24 (d) Prior to closure, a school shall file a copy of all student permanent academic and financial aid
25 records with the Department of Cultural Resources.

26
27 *History Note: Authority G.S. 115D-90;*
28 *Eff. December 1, 2004.*
29 *SBCC Amendment Eff. August 1, 2014*
30

1 **SUBCHAPTER 500.** **STUDENT PROTECTION FUND**

2

3 **2A SBCCC 500.1 Administration of the Student Protection Fund**

4 (a) The State Board of ~~Community Colleges, acting by and through the President of the Community~~
5 ~~College System, Proprietary Schools~~ shall administer the Student Protection Fund.

6 (b) If the Student Protection Fund balance is equal to or exceeds the Student Protection Fund cap
7 amount, the State Board of Community Colleges shall suspend payments into the Student
8 Protection Fund for schools that have been continuously licensed in North Carolina for more
9 than eight years. The State Board of Community Colleges shall require schools to resume
10 payments into the Student Protection Fund if the balance of the Student Protection Fund is less
11 than the catastrophic loss amount.

12 (c) If claims against the Student Protection Fund exceed the catastrophic loss amount, the State
13 Board of ~~Community Colleges~~Proprietary Schools may assess additional fees to compensate
14 students qualified for repayment under the Student Protection Fund. The amount of the
15 catastrophic assessment shall not exceed one-half of the amount of the annual revenue payment
16 required by G.S. 115D-95.1. If the amount of the catastrophic assessment will be insufficient to
17 cover qualified claims, the State Board of ~~Community Colleges~~Proprietary Schools shall allocate
18 funds among claims proportional to the amount of student loss and the amount in the Student
19 Protection Fund.

20 (d) A student, or the student's parent or guardian, who has suffered a loss of tuition, fees, or any
21 other instruction-related expenses paid to a proprietary school licensed under G.S. 115D-90 by
22 reason of the school ceasing to operate for any reason, including, but not limited to the
23 suspension, revocation, or nonrenewal of a school's license, bankruptcy, or foreclosure, may
24 qualify for repayments under the Student Protection Fund. The State Board of ~~Community~~
25 ~~Colleges~~Proprietary Schools must first issue repayment from the guaranty bonds and alternatives
26 to the guaranty bond issued under G.S. 115D-95. If the Student Protection Fund is insufficient to
27 cover the qualified claims, the State Board of ~~Community Colleges~~Proprietary Schools must
28 allocate funds among claims proportional to the amount of student loss and the amount in the
29 Student Protection Fund.

1 ~~(e) The Student Protection Fund Advisory Committee shall meet once per year to review the Fund~~
2 ~~adjustments or as needed in order to respond to other matters related to the Fund.~~

3
4 *History Note: Authority G.S. 115D-89; 115D-95.1*

5 *Eff. July 1, 2010.*

6 *SBCC Amendment Eff. August 1, 2014*

7
8 **2A SBCCC 500.2 Purpose of the Student Protection Fund**

9 The purpose of the Student Protection Fund is to compensate students enrolled in a proprietary
10 school licensed under G.S. 115D-90 who have suffered a loss of tuition, fees, or any other
11 instruction-related expenses paid to the school by reason of the failure of the school to offer or to
12 complete student instruction, academic services, or other goods and services related to course
13 enrollment. Students are eligible to be compensated under the Student Protection Fund only if the
14 school ceases to operate for any reason, including, but not limited to the suspension, revocation, or
15 nonrenewal of a school's license, bankruptcy, or foreclosure.

16
17 *History Note: Authority G.S. 115D-89; 115D-95.1*

18 *SBCC Adoption August 1, 2014.*

19
20 **CHAPTER B. DUE PROCESS**

21
22 **SUBCHAPTER 100. PROCESS FOR REFUSAL TO ISSUE OR RENEW**
23 **LICENSE**

24
25 **2B SBCCC 100.1 Standard for Refusing to Issue or Renew License**

26 The State Board of Community Colleges, by and through the SBPS, may refuse to grant or renew a
27 proprietary school license in accordance with G.S. 150B, Article 3, when it is found that the school
28 has failed to meet the requirements of the law and the rules adopted by the State Board of
29 Community Colleges.

30
31 *History Note: Authority G.S. 115D-89; 115D-93*

32 *SBCC Adoption August 1, 2014.*

1
2 **2B SBCCC 100.2 SBPS Recommendation to Refuse Licensure or License Renewal**

3 (a) If the SBPS recommends refusal of a proprietary school’s license or recommends nonrenewal of
4 a proprietary school’s license, the SBPS, by and through its Executive Director, shall document
5 the rationale for its recommendation to the State Board of Community Colleges in a document to
6 be titled, “Refusal to Recommend Initial Licensure or License Renewal.”

7 (b) The Executive Director shall send a copy of the “Refusal to Recommend Initial Licensure or
8 License Renewal” to the chief administrator of the proprietary school at issue within five
9 business days of the SBPS’ recommendation with a copy to the following: 1) the Chair of the
10 SBPS; 2) the NCCCS Executive Vice President for Operations; 3) the NCCCS General Counsel;
11 and 4) the NCCCS Director of Marketing and Public Affairs.

12 (c) In the “Refusal to Recommend Initial Licensure or License Renewal,” the Executive Director of
13 the SBPS shall advise the chief administrator or other agent of the proprietary school at issue of
14 the right to provide a written response to the “Refusal to Recommend Initial Licensure or License
15 Renewal” within 10 business days of receipt of the “Refusal to Recommend Initial Licensure or
16 License Renewal.”

17 (d) If the Executive Director of the SBPS receives a written response within 10 business days of the
18 proprietary school administrator’s receipt of the “Refusal to Recommend Initial Licensure or
19 License Renewal,” the Executive Director of the SBPS shall submit the written response to the
20 following: 1) the Chair of the SBPS; 2) the NCCCS Executive Vice President for Operations; 3)
21 the NCCCS General Counsel; and 4) the NCCCS Director of Marketing and Public Affairs.

22 (e) The SBCC shall consider the SBPS’ “Refusal to Recommend Initial Licensure or License
23 Renewal” and the proprietary school’s written response that is received by the Executive Director
24 of the SBPS within the time specified in 2B SBCCC 100.2(d) at its regularly scheduled meeting
25 that occurs at least 10 business days after the deadline for the proprietary school’s written
26 response to the SBPS’ “Refusal to Recommend Initial Licensure or License Renewal.

27
28 History Note: Authority G.S. 115D-89; 115D-93

29 SBCC Adoption August 1, 2014.

1 **2B SBCCC 100.3 SBCC’s Evaluation of the SBPS’ Recommendation**

2 The SBCC will evaluate the SBPS’ “Refusal to Recommend Initial Licensure or License
3 Renewal” and the proprietary school’s written response, if any, and after due consideration, vote
4 to grant the proprietary school licensure or initiate denial of the proprietary school’s license to
5 operate one or more programs. Within three (3) business days of the SBCC’s disposition on the
6 investigation report, the NCCCS General Counsel shall notify the proprietary school of the
7 SBCC’s decision to grant the proprietary school licensure or initiate denial of the proprietary
8 school’s licensure.

9
10 History Note: Authority G.S. 115D-89; 115D-93

11 SBCC Adoption August 1, 2014.

12
13 **2B SBCCC 100.4 Right to Hearing**

14 (a) If the SBCC votes to initiate denial of a proprietary school’s application for license to operate
15 one or more programs, in the letter notifying the proprietary school of the SBCC’s intent to deny
16 the proprietary school’s request for a license to operate one or more programs, the NCCCS
17 General Counsel shall notify the proprietary school of its right to an informal hearing prior to the
18 SBCC’s final agency decision on denial of licensure.

19 (b) The proprietary school shall have 10 business days from the date it receives the SBCC’s notice of
20 its intent to deny the proprietary school’s application for a license to operate one or more
21 programs to notify the SBCC of its request to be heard. The proprietary school’s request for
22 hearing must be in writing and signed by the chief administrator or other authorized agent of the
23 proprietary school and directed to the NCCCS General Counsel on behalf of the SBCC.

24 (c) If the NCCCS General Counsel does not receive the proprietary school’s signed request for
25 hearing within 10 business days from the date the proprietary school receives the written
26 notification of the SBCC’s intent to deny the proprietary school’s application for a license to
27 operate one or more programs, the SBCC’s intent to deny the proprietary school’s application for
28 a license will become the SBCC’s final agency decision to deny licensure.

29
30 History Note: Authority G.S. 115D-89; 115D-93; 150B-22

2
3 **2B SBCCC 100.5 Hearing Process**

4 (a) If the NCCCS General Counsel receives the proprietary school's signed request for hearing
5 within 10 business days from the date the proprietary school receives the written notification
6 of the SBCC's intent to deny the proprietary school's application for a license to operate one
7 or more programs, the NCCCS General Counsel shall calendar the informal hearing no
8 longer than 45 days and no sooner than 15 business days after receiving the signed request for
9 hearing. The NCCCS General Counsel will serve as the Hearing Officer on behalf of the
10 SBCC. The Hearing Officer shall provide the notice of hearing with the date, time, and
11 location to the parties at least 10 business days prior to the hearing.

12 (b) The party appearing on behalf of the SBPS shall be the Executive Director of the SBPS or the
13 SBPS attorney; and the party appearing on behalf of the proprietary school at issue shall be an
14 official of the proprietary school or attorney representing the proprietary school. No later
15 than five (5) business days prior to the hearing, both parties shall exchange the following
16 information and documents with the opposing party or their counsel and deliver three (3)
17 copies to the Hearing Officer:

18 (1) A written summary of each party's position.

19 (2) A brief of any legal issues the parties believe are applicable to the case.

20 (3) The exhibits the parties want the Hearing Officer to consider when making a final
21 recommendation to the SBCC. The three (3) copies for the Hearing Officer shall be
22 separately numbered and placed behind a tab in a notebook or other binder with a table of
23 contents in the front.

24 (4) A list of witnesses each party intends to call along with a brief summary of each
25 witnesses' testimony.

26 (5) The findings of fact and conclusions of law the parties would like the Hearing Officer to
27 include in the recommendation to the SBCC. Provide one copy of the proposed findings
28 of fact and conclusions of law electronically to the Hearing Officer in Microsoft Word.

29 (c) The Hearing Officer will conduct the hearing as follows:

1 (1) The total length of the hearing will be no longer than three (3) hours. Each party will
2 have a maximum of one (1) hour to present evidence in their case in chief. The SBPS
3 Executive Director or SBPS attorney will present evidence for no more than one (1) hour
4 to support the recommendation to deny the proprietary school's application for a license
5 to operate one or more programs first. At the conclusion of the SBPS Executive Director
6 or the SBPS attorney's case, the proprietary school's representative has the opportunity to
7 present evidence for no more than one (1) hour to support why the proprietary school's
8 application for a license should be approved. After the proprietary school's presentation
9 of evidence, the SBPS Executive Director or SBPS attorney may provide rebuttal
10 evidence for no more than 15 minutes. After the SBPS Executive Director or SBPS
11 attorney's rebuttal evidence, the proprietary school's representative may present rebuttal
12 evidence for no more than 15 minutes.

13 (2) Documents that have not been provided to the opposing party and to the Hearing Officer
14 at least five (5) business days prior the hearing will not be considered at the hearing

15 (3) The legal rules of evidence will not be enforced, but the Hearing Officer has the
16 discretion to direct the presentations so that the parties address those issues that are
17 relevant to the claims against the proprietary school.

18 (4) Parties have the discretion to proceed in a question and answer format for their own
19 presentation of evidence. Alternatively, parties have the discretion to present evidence in
20 a narrative form.

21 (5) If either party believes that the Hearing Officer should not give credence to evidence
22 offered by the other party, that party may bring that to the Hearing Officer's attention
23 during the presentation of their own case. The Hearing Officer will consider those
24 objections when weighing the evidence.

25 (6) In making a final recommendation to the SBCC, the Hearing Officer will only consider
26 documents introduced and offered into evidence at the hearing. The parties may offer all
27 of their exhibits into evidence at once.

28 (7) The Hearing Officer may ask questions at any time throughout the hearing.

29 (8) A court reporter will transcribe the hearing.

30

1 History Note: Authority G.S. 115D-89; 115D-93; 150B-22

2 SBCC Adoption August 1, 2014.

3
4 **2B SBCCC 100.6 SBCC Final Agency Decision**

5 After the hearing detailed in 2B SBCCC 100.5, the Hearing Officer shall make a final
6 recommendation regarding denial of the proprietary school's application for license to the SBCC
7 at the next regularly scheduled board meeting that occurs at least 10 business days after the
8 hearing. The SBCC's decision is the final agency decision.

9
10 History Note: Authority G.S. 115D-89; 115D-93; 150B-22

11 SBCC Adoption August 1, 2014.

12
13
14 **SUBCHAPTER 200. SUSPENSION OR REVOCATION OF LICENSE**

15
16 **2B SBCCC 200.1 Standard for Suspending or Revoking License**

17 The license of a proprietary school may be suspended or revoked in accordance with G.S. 150B,
18 Article 3, when the SBCC finds that the school has failed to comply with the requirements of the
19 law and the rules adopted by the SBCC.

20
21 History Note: Authority G.S. 115D-89; 115D-93

22 SBCC Adoption August 1, 2014.

23
24 **2B SBCCC 200.2 Complaints or Evidence of Proprietary School Noncompliance**

25 (a) The SBPS, by and through the SBPS Executive Director shall initiate and conduct an
26 investigation of a proprietary school subject to Article VIII of Chapter 115D for either of the
27 following reasons:

28 (1) The SBCC, acting by and through the NCCCS President or the SBPS receives a written
29 complaint alleging that a proprietary school subject to Article VIII of Chapter 115D has

1 failed to comply with either the requirements of the law or the rules adopted by the
2 SBCC; or

3 (2) The SBCC, acting by and through the SBPS has evidence that a proprietary school
4 subject to Article VIII of Chapter 115D has failed to comply with either the requirements
5 of the law or the rules adopted by the SBCC.

6 (b) If the SBCC, acting by and through the SBPS has evidence that a proprietary school failed to
7 comply with either the requirements of the law or the rules adopted by the SBCC, the SBPS
8 shall document all of the evidence of noncompliance in a document to be titled,
9 “Documentation of Noncompliance.”

10 (c) Upon receipt of a written complaint or upon written documentation of a proprietary school’s
11 failure to comply with either the law or SBCC rules, the SBPS Executive Director shall send
12 a “Notice of Investigation” with the written complaint or with the “Documentation of
13 Noncompliance” attached, to the chief administrator of the proprietary school at issue within
14 five (5) business days of receiving the complaint or within five (5) business days of
15 documenting the noncompliance with a copy to the following: 1) the Chair of the SBPS; 2)
16 the NCCCS Executive Vice President for Operations; 3) the NCCCS General Counsel; and 4)
17 the NCCCS Director of Marketing and Public Affairs. In the Notice of Investigation, the
18 SBPS Executive Director shall request that the chief administrator or other agent of the
19 proprietary school at issue submit a written response to the written complaint or to the
20 documented noncompliance within ten (10) business days from the proprietary school’s
21 receipt of the SBPS Executive Director’s request for a written response to the written
22 complaint or to written response to the documented noncompliance.

23
24 *History Note: Authority G.S. 115D-89; 115D-93*

25 *SBCC Adoption August 1, 2014.*

26
27 **2B SBCCC 200.3 Investigation**

28 (a) The SBPS Executive Director or the SBPS Executive Director’s designee shall conduct an
29 investigation into the written complaint or into the documented noncompliance. Pursuant to
30 G.S. 115D-93(c)(3), the proprietary school under investigation shall permit the SBPS

1 Executive Director or the SBPS Executive Director’s designee to obtain any information
2 necessary to conduct the investigation.

3 (b) When conducting an investigation of a written complaint against a proprietary school, the
4 SBPS Executive Director or the SBPS Executive Director’s designee shall constitute a
5 properly authorized official of the SBCC. The investigation shall conclude within 45 days
6 from the date the SBCC or the SBPS receives a written complaint or within 45 days from the
7 date of the “Documentation of Noncompliance.”

8
9 *History Note: Authority G.S. 115D-89; 115D-93*

10 *SBCC Adoption August 1, 2014.*

11
12 **2B SBCCC 200.4 Initial Recommendation to the SBCC**

13 (a) Upon the conclusion of the investigation in 2B SBCCC 200.3, the SBPS Executive Director
14 shall submit a written investigation report to the SBPS that includes the following:

15 (1) Copy of the written complaint or Documentation of Noncompliance;

16 (2) Specification of the laws or rules the proprietary school allegedly violated and a detailed
17 description of how the proprietary school allegedly violated each of the specified laws or
18 rules;

19 (3) Description of investigation process; and

20 (4) Recommendation of revocation of the proprietary school’s license to operate one or more
21 programs with a supporting rationale for revocation rather than for suspension; or

22 (5) Recommendation of suspension of the proprietary school’s license to operate one or more
23 programs with a supporting rationale for suspension rather than for revocation; or

24 (6) Recommendation to allow the proprietary school to retain its license to operate one or
25 more programs with a supporting rationale for why revocation or suspension is not
26 warranted.

27 (b) The SBPS shall evaluate the written investigation report and after due consideration,
28 recommend that the SBCC:

29 (1) Initiate suspension of the proprietary school’s license to operate one or more programs; or

- 1 (2) Initiate revocation of the proprietary school's license to operate one or more programs; or
2 (3) Take no further action.

3 (c) The SBPS Executive Director shall submit the written investigation report and SBPS
4 recommendation to the SBCC for the SBCC's consideration at its regularly scheduled
5 meeting that occurs at least 10 business days after the SBPS recommendation with a copy to
6 the following: 1) chief administrator of the proprietary school, 2) the Chair of the SBPS; 3)
7 the NCCCS Executive Vice President for Operations; 4) the NCCCS General Counsel; 5) the
8 Executive Director of the SBCC, and 6) the NCCCS Director of Marketing and Public
9 Affairs.

10 (d) The SBCC will evaluate the written investigation report and SBPS recommendation, and
11 after due consideration, vote to

- 12 (1) Initiate suspension of the proprietary school's license to operate one or more programs;
13 (2) Initiate revocation of the proprietary school's license to operate one or more programs; or
14 (3) Take no further action.

15 Within three business days of the SBCC's disposition on the investigation report, the NCCCS
16 General Counsel shall notify the proprietary school of the SBCC's decision to initiate
17 suspension, initiate revocation, or take no action.

18
19 History Note: Authority G.S. 115D-89; 115D-93

20 SBCC Adoption August 1, 2014.

21
22 **2B SBCCC 200.5 Right to Hearing**

23 (a) If the SBCC votes to initiate suspension or revocation of a proprietary school's license to
24 operate one or more programs, in the letter notifying the proprietary school of the SBCC's
25 intent to suspend or revoke the proprietary school's license to operate one or more programs,
26 the NCCCS General Counsel shall notify the proprietary school of its right to an informal
27 hearing prior to the SBCC's final agency decision on suspension or revocation.

28 (b) The proprietary school shall have 10 business days from the date it receives the SBCC's
29 notice of its intent to suspend or revoke the proprietary school's license to operate one or
30 more programs to notify the SBCC of its request to be heard. The proprietary school's

1 request for hearing must be in writing and signed by the chief administrator or other
2 authorized agent of the proprietary school and directed to the NCCCS General Counsel on
3 behalf of the SBCC.

4 (c) If the NCCCS General Counsel does not receive the proprietary school's signed request for
5 hearing within 10 business days from the date the proprietary school receives the written
6 notification of the SBCC's intent to suspend or revoke the proprietary school's license to
7 operate one or more programs, the SBCC's intent to suspend or revoke will become the
8 SBCC's final agency decision to suspend or revoke.

9
10 History Note: Authority G.S. 115D-89; 115D-93

11 SBCC Adoption August 1, 2014.

12
13 **2B SBCCC 200.6 Hearing Process**

14 If the NCCCS General Counsel receives the proprietary school's signed request for hearing
15 within 10 business days from the date the proprietary school receives the written notification of
16 the SBCC's intent to suspend or revoke the proprietary school's license to operate one or more
17 programs, the hearing process detailed above in 2B SBCCC 100.5 shall apply. For the purpose
18 of this rule, all references to denial of the proprietary school's application for license in 2B
19 SBCCC 100.5 shall be replaced by references to the suspension or revocation of the proprietary
20 school's license.

21
22 History Note: Authority G.S. 115D-89; 115D-93

23 SBCC Adoption August 1, 2014.

24
25 **2B SBCCC 200.7 SBCC Final Agency Decision**

26 After the hearing detailed in 2B SBCCC 200.6, the Hearing Officer shall make a final
27 recommendation of suspension, revocation, or no action to the SBCC at the next regularly
28 scheduled board meeting that occurs at least 10 business days after the hearing. The SBCC's
29 decision is the final agency decision.

1 History Note: Authority G.S. 115D-89; 115D-93

2 SBCC Adoption August 1, 2014.

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