



**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

*R. Scott Ralls, Ph.D.*

*President*

20 July 2015

**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:** **Amendment of 2A SBCCC 100.1 – “Definitions”**

On 17 July 2015, the State Board of Community Colleges voted to amend the following rule:

**Amendment of 2A SBCCC 100.1 – “Definitions”**

The State Board of Community Colleges at the recommendation of the State Board of Proprietary Schools amended this rule because the definition of a “proprietary school” currently located in 2A SBCCC 100.1 conflicts with the statutory definition of a “proprietary school” located in N.C. Gen. Stat. § 115D-87(2). The definition for a “proprietary school” would be deleted from 2A SBCCC 100.1. **The rule will be effective August 1, 2015. The new rule will be published on the NC Community College System's website, [www.nccommunitycolleges.edu](http://www.nccommunitycolleges.edu), under "State Board Code."** For your convenience, a copy of the rule is attached to this memorandum.

**CC15-021  
E-mail Copy**

Attachment



**State Board of Community Colleges Code**  
**TITLE 2 – PROPRIETARY SCHOOLS**

**CHAPTER A. PROPRIETARY SCHOOLS**

**SUBCHAPTER 100. DEFINITIONS**

**2A SBCCC 100.1 Definitions**

- (a) The following definitions apply throughout this Chapter unless the context of a specific rule indicates otherwise:
- (1) “Catastrophic loss amount” - the amount of funds required to protect prepaid student tuition in case of a large-scale event that would draw against the Student Protection Fund. The amount is one million dollars (\$1,000,000).
  - (2) “Classes or schools” as stated in G.S. 115D-88(4a) - classes or schools, which are offered by the seller of the equipment or the seller's agent.
  - (3) “Equipment” as stated in G.S. 115D-88 includes software.
  - (4) "Fund cap amount" - the catastrophic loss amount plus a reserve amount. The fund cap amount is one million five hundred thousand dollars (\$1,500,000).
  - (5) “Remote sites” - approved instructional environments in the same county that do not have any administrative staff or administrative functions such as recruiting, accounting and record keeping taking place.
  - (6) “Reserve amount” - the difference between the catastrophic loss amount and the fund cap amount. Its purpose is to reduce the possibility of the Student Protection Fund being completely depleted. The reserve amount is five hundred thousand dollars (\$500,000).
  - (7) “Sale” - a change in ownership resulting in a new owner having ownership interest in greater than 50% of the company’s stock or assets. For the purposes of this Chapter, a sale does not include:
    - (A) a transfer of the entire portion of the owner’s ownership interest and control to a member of the owner’s family (whether or not the family member works at the school) that includes parent, stepparent, sibling, step-sibling, spouse, child or stepchild, grandchild or step-grandchild; spouse’s parent or stepparent, spouse’s sibling or step-

- sibling, spouse's child or stepchild, spouse's grandchild or step-grandchild; child's spouse, and sibling's spouse; or
- (B) a transfer of the entire portion of the owner's ownership interest and control, upon the retirement or death of the owner, to a person (who is not a family member) with an ownership interest in the school who has been involved in management of the school for at least two years preceding the transfer, and who has established and retained the ownership interest for at least two years prior to the transfer.
- (8) "SBPS" – the abbreviation for State Board of Proprietary Schools.
- (9) "Student Protection Fund" is a statewide fee-supported fund. The Student Protection Fund is further defined in Subchapter 500 of this Chapter.
- (10) "Users" as stated in G.S. 115D-88(4a) - employees or agents of purchasers.

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

*Eff. September 1, 1993;*

*Amended Eff. [August 1, 2015](#); [August 1, 2014](#); July 1, 2010; August 13, 2005;*

*December 1, 2004.*