

NUMBERED MEMO CC25-012

TO: Members of the State Board of Community Colleges, Chairs of the Community College Boards of Trustees, Community College Presidents, Chief Academic Officers, Chief Admissions Officers, Basic Skills Directors, Business Officers, Continuing Education Officers, Customized Training Directors, Chief Financial Officers, Distance Learning, Financial Aid Officers, Personnel Officers, Student Development Administrators, Public Information Officers, Registrars, & Other Interested Parties

FROM: Jonnell Carpenter, *NCCCS General Counsel*

SUBJECT: Proposed Amendment of 2A SBCCC 100.1 - Definitions

DATE: February 25, 2025

On February 21, 2025, the State Board of Community Colleges initiated the rulemaking process to amend **2A SBCCC 100.1 – Definitions**. The proposed amendment would increase the Catastrophic Loss Amount from \$1 million to \$1.5 million and increase the Fund Cap Amount from \$1.5 million to \$2 million pursuant to SL 2024-57 that will become effective July 1, 2025. The proposed amendment is published on the NC Community College System's website, [Numbered Memos - NCCCS \(ncccommunitycolleges.edu\)](https://ncccommunitycolleges.edu/numbered-memos). For your convenience, a copy of the proposed rule, with the changes indicated, is attached to this memorandum. Strikethroughs indicate deletions of existing language and underlines indicate additions of language.

Any member of the public has the right to submit written comments on the proposed rule. Please note that any person who submits public comments on behalf of their community college should comply with their college's local process for submitting comments on a proposed rule. **Written comments on the rule must be received by no later than 5:00 p.m. on March 27, 2025.** Any member of the public has the right to request a hearing on the proposed rule. **Requests for a hearing must be received by no later than 5:00 p.m. on March 12, 2025.**

Written comments and requests for hearing shall be directed to the following address: Jonnell Carpenter, 5001 Mail Service Center, Raleigh, NC 27699-5001 or by email to publiccomments@nccommunitycolleges.edu. Thank you for your attention to this matter.

CC25-012

Email Copy
Attachment



State Board of Community Colleges Code

Notice of Proposed Rulemaking Form

Date: February 25, 2025

Title, Chapter, Subchapter, and Rule Number of Rule Proposed to be Adopted, Amended, or Repealed	Amend 2A SBCCC 100.1 - Definitions
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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 changes herein correspond to statutory changes made to the Proprietary Schools Statute in S382. The proposed changes are requested to become effective July 1, 2025, the date the statutory changes become effective.
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Proposed Effective Date of Rule	July 1, 2025
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2A SBCCC 100.1 is proposed for amendment as follows:

**State Board of Community College 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 five hundred thousand dollars (\$1,~~5~~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 two one million five hundred thousand dollars (~~\$24,0~~500,000).
- (5) "Proprietary school" - any business school, trade school, technical school, or correspondence school which:
 - (A) offers postsecondary education or training for profit or for a tuition charge or offers classes for the purpose of teaching, for profit or for a tuition charge, any program of study or teaching one or more of the courses or subjects needed to train and educate an individual for employment; and
 - (B) has any physical presence within the State of North Carolina; and
 - (C) is privately owned and operated by an owner, partnership or corporation.
- (6) "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.
- (7) "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).

(8) "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.

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

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

(11) "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, 2014](#); July 1, 2010; August 13, 2005; December 1, 2004.