

NUMBERED MEMO CC25-013

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 300.2 – Application for License Renewal

DATE: February 25, 2025

On February 21, 2025, the State Board of Community Colleges initiated the rulemaking process to amend **2A SBCCC 300.2 – Application for License Renewal**. The proposed amendment would shift the main source of reimbursement from the Student Protection Fund back to the school bond first and make the Student Protection Fund a secondary source of reimbursement should the bond not be sufficient pursuant to SL 2024-57 that will become effective on July 1, 2025. The proposed amendment is published on the NC Community College System's website, [Numbered Memos - NCCCS \(ncccommunitycolleges.edu\)](https://ncccommunitycolleges.edu). 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.

CC25-013

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 300.2 – Application for License Renewal
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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 300.2 is proposed for amendment as follows:

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

CHAPTER A. PROPRIETARY SCHOOLS

SUBCHAPTER 300. LICENSURE



2A SBCCC 300.2 Application for License Renewal

- (a) All licenses issued shall expire on June 30.
- (b) All issued licenses shall extend from July 1 through June 30, inclusive; except that any license initially issued on or after April 1 shall expire on June 30 of the following calendar year.
- (c) Schools desiring the renewal of their license shall submit an application on or before March 1 of each year. The application shall be accompanied by the following:
 - (1) All information required of schools applying for an initial license that has not been previously submitted;
 - (2) ~~For a school that has been licensed for one year but less than six years,~~ Verification that the guaranty bond or alternative to the guaranty bond is in an amount equal to the greatest amount of unearned paid tuition in the school's possession at any time during the prior fiscal year. ~~This verification shall be in the form of quarterly reports to the President of the North Carolina Community College System evaluating the amount of the guaranty bond or alternative to the guaranty bond. Quarterly evaluation reports requiring an increase of five percent or more in the amount of the bond held by the school must show an immediate increase in the bond amount at the time of the evaluation. At the time of the school's annual license renewal, the guaranty bond or alternative to the guaranty bond shall be an amount equal to the greatest amount of unearned paid tuition in the school's possession at any time during the prior fiscal year;~~
 - (3) Copy of current catalog containing all information required of schools applying for initial license; and
 - (4) Any supplementary information necessary to bring information on the school

up to date.

- (d) A certified check or money order in the amount established by the SBPS and published annually under the North Carolina Proprietary School Fee Schedule made payable to the North Carolina State Treasurer shall be received on or before March 1.
- (e) Proprietary schools shall make payment to the Student Protection Fund in the amount set forth in G.S. 115D-95.1. The full and timely payment into the Student Protection Fund is a condition of licensure. The State Board of Community Colleges shall not refund any payment to the Student Protection Fund in the event that a school's license is suspended or revoked.
- (f) Proprietary schools shall make adjustments to the guaranty bond or alternative to the guaranty bond requirements of schools based on G.S. 115D-95. ~~A guaranty bond or alternative to the guaranty bond shall be required for license renewal for a school that has been continuously licensed to operate for more than five years in the State, as follows:~~
 - ~~(1) If the balance of the Student Protection Fund in G.S. 115D-95.1 is below the catastrophic loss amount, the school shall file a guaranty bond or alternative to the guaranty bond in an amount equal to the maximum amount of prepaid tuition held by the school during the prior fiscal year multiplied by the percentage amount the fund is deficient.~~
 - ~~(2) If the school held prepaid tuition in excess of the Student Protection Fund catastrophic loss amount during the prior fiscal year, in addition to any guaranty bond or alternative to a guaranty bond amount required by Subparagraph (1) of this Paragraph, the school shall file a guaranty bond for the difference between the prepaid tuition amount held in the previous fiscal year and the Student Protection Fund catastrophic loss amount.~~
- (g) The SBPS will tabulate the balance of the Student Protection Fund as of December 31 of each year and establish the percentage amounts identified in Subparagraph (e)(1) of this Rule.

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

Amended Eff. _____; [February 1, 2024](#); [August 1, 2014](#); July 1, 2010; August 13, 2005; December 1, 2004.

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