

**NUMBERED MEMO CC25-014**

**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 500.1 – Administration of the Student Protection Fund

**DATE:** February 25, 2025

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On February 21, 2025, the State Board of Community Colleges initiated the rulemaking process to amend **2A SBCCC 500.1 – Administration of the Student Protection Fund**. The proposed amendment will allow the State Board of Proprietary Schools to suspend all payments into the Student Protection Fund if the balance exceeds the fund cap amount 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://www.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](mailto:publiccomments@nccommunitycolleges.edu). Thank you for your attention to this matter.

CC25-014

Email Copy  
Attachment



# State Board of Community Colleges Code

## Notice of Proposed Rulemaking Form

Date: February 25, 2025

<b>Title, Chapter, Subchapter, and Rule Number of Rule Proposed to be Adopted, Amended, or Repealed</b>	Amend 2A SBCCC 500.1 – Administration of the Student Protection Fund
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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	

<b>Rationale for proposed adoption, amendment or repeal:</b>	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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<b>Proposed Effective Date of Rule</b>	July 1, 2025
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2A SBCCC 500.1 is proposed for amendment as follows:



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

**CHAPTER A. PROPRIETARY SCHOOLS**

**SUBCHAPTER 500. STUDENT PROTECTION FUND**

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

- (a) The State Board of Proprietary Schools shall administer the Student Protection Fund.
- (b) If the Student Protection Fund balance is equal to or exceeds the Catastrophic Loss Amount, ~~Student Protection Fund cap amount~~, the State Board of Proprietary Schools ~~Community Colleges~~ shall suspend payments into the Student Protection Fund for schools that have been continuously licensed in North Carolina ~~for more than eight years~~. The ~~State Board of Community Colleges~~ shall require licensed schools to resume payments into the Student Protection Fund if the balance of the Student Protection Fund is less than the catastrophic loss amount. The State Board of Proprietary Schools shall suspend all payments into the Student Protection Fund if the balance exceeds the Fund Cap Amount.
- (c) If claims against the Student Protection Fund exceed the catastrophic loss amount, the State Board of Proprietary Schools may assess additional fees to compensate students qualified for repayment under the Student Protection Fund. The amount of the catastrophic assessment shall not exceed one-half of the amount of the annual revenue payment required by G.S. 115D-95.1. If the amount of the catastrophic assessment will be insufficient to cover qualified claims, the State Board of Proprietary Schools shall allocate funds among claims proportional to the amount of student loss and the amount in the Student Protection Fund.
- (d) A student, or the student's parent or guardian, who has suffered a loss of tuition, fees, or any other instruction-related expenses paid to a proprietary school licensed under G.S. 115D-90 by reason of the school ceasing to operate for any reason, including, but not limited to the suspension, revocation, or nonrenewal of a school's license,

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bankruptcy, or foreclosure, may qualify for repayments under the Student Protection Fund. The State Board of Proprietary Schools must first issue repayment from the guaranty bonds and alternatives to the guaranty bond issued under G.S. 115D-95. If the Student Protection Fund is insufficient to cover the qualified claims, the State Board of Proprietary Schools must allocate funds among claims proportional to the amount of student loss and the amount in the Student Protection Fund.

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

*Eff. July 1, 2010;*

*Amended Eff. \_\_\_\_\_; [August 1, 2014](#).*

DRAFT