

NUMBERED MEMO CC25-040

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: Amendment of 2A SBCCC 100.1 - Definitions

DATE: May 20, 2025

On May 16, 2025, the State Board of Community Colleges voted to amend the State Board Code, **2A SBCCC 100.1 - Definitions**. This amendment formally implements the increase of the Catastrophic Loss Amount from \$1 million to \$1.5 million and increase the Fund Cap amount from \$1.5 million to \$2 million.

The amendment will be effective July 1, 2025. At that time, the amended rule will be published on the North Carolina Community College System's website, [State Board Code - NCCCS \(nccommunitycolleges.edu\)](https://www.nccommunitycolleges.edu/state-board-code). For your convenience, a copy of the rule in its final form is attached to this memorandum.

CC25-040

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 five hundred thousand dollars (\$1,500,000).
- (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 million dollars (\$2,000,000).
- (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. [July 1, 2025](#); [August 1, 2014](#); July 1, 2010; August 13, 2005;
December 1, 2004.*