

**NUMBERED MEMO CC25-042**

**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 500.1 – Administration of the Student Protection Fund

**DATE:** May 20, 2025

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On May 16, 2025, the State Board of Community Colleges voted to amend the State Board Code, **2A SBCCC 500.1 – Administration of the Student Protection Fund**. This amendment allows the State Board of Proprietary Schools to suspend all payments into the Student Protection Fund when its balance exceeds the Fund Cap amount.

**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.

CC25-042

E-mail Copy  
Attachment

**State Board of Community Colleges 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, the State Board of Proprietary Schools shall suspend payments into the Student Protection Fund for schools that have been continuously licensed in North Carolina. The Board 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, 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. [July 1, 2025](#)*