



APPENDIX K

The University of North Carolina

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MEMORANDUM

TO: Committee on Educational Planning, Policies, and Programs

FROM: Thomas W. Ross

DATE: March 23, 2011

SUBJECT: South University's Proposal to Merge with the Art Institute of Charlotte and the Art Institute of Raleigh-Durham

The Board of Governors of the University of North Carolina is charged under North Carolina General Statute Section 116-15 with responsibility for licensing nonpublic educational institutions to conduct post-secondary degree activity in North Carolina. In November 2004, the Board of Governors approved revisions to the document, *Rules and Standards: Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina*. This document provides the guidelines for interpreting the standards, and the rules, regulations, and procedures under which the Board issues licenses to institutions to conduct post-secondary degree activity in North Carolina.

South University has applied for approval to merge South University with the Art Institute of Charlotte and its branch campus, the Art Institute of Raleigh-Durham. After the proposed merger, the Art Institute of Charlotte and the Art Institute of Raleigh-Durham would become branch campuses of South University.

South University's merger application to the UNC Board of Governors was reviewed by a team of examiners, which was appointed by Dr. Frank Prochaska. The team of examiners met on October 11, 2010, with John T. South, III, Chancellor of South University and Steven K. Yoho, Vice Chancellor for Academic Affairs of South University. Following the visit, the team of examiners issued its report. Dr. Prochaska agrees with the team's review. For more details on the merger, please review the summary.

Thus, I recommend to the Committee on Educational Planning, Policies, and Programs of the UNC Board of Governors approval of the merger of South University with the Art Institute of Charlotte and the Art Institute of Raleigh-Durham, subject to annual reports and review at any time. If the merger is approved, a site visit to each of the Art Institutes will be performed within two

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calendar years by an appropriate team of examiners, to ascertain the two Art Institutes' continuing compliance with the *Rules and Standards*.

Enclosure: Summary

SUMMARY OF VISIT OF TEAM OF EXAMINERS FOR SOUTH UNIVERSITY FOR THE MERGER OF SOUTH UNIVERSITY WITH THE ART INSTITUTES OF CHARLOTTE AND RALEIGH-DURHAM

BACKGROUND INFORMATION

South University, a private for-profit institution located in Savannah, Georgia, has applied for approval to merge South University with The Art Institute of Charlotte and its branch campus, The Art Institute of Raleigh-Durham. After the proposed merger, The Art Institute of Charlotte and The Art Institute of Raleigh-Durham would become branch campuses of South University.

South University traces its history to 1899 when Dr. John Draughon established Draughons Practical Business College in Savannah, Georgia, which eventually became South College and then South University. In 2003, South University became a part of Education Management Corporation (EDMC) which also operates the Art Institutes and other education providers.

The Art Institute of Charlotte (12 licensed programs) and The Art Institute of Raleigh-Durham (13 licensed programs) are licensed by the Board of Governors of The University of North Carolina.

South University is accredited by the Commission on Colleges (COC) of the Southern Association of Colleges and Schools (SACS). In May 2010, the Commission on Colleges performed site visits to both Art Institutes, and in December 2010 SACS gave its approval for both Art Institutes to merge with South University and become accredited branch campuses.

THE APPLICATION AND SITE VISIT

South University has applied for approval to merge South University with The Art Institute of Charlotte and its branch campus, The Art Institute of Raleigh-Durham.

Dr. Frank Prochaska, Associate Vice President for Academic Affairs at UNC General Administration, appointed the following team of examiners to review the merger application:

- Dr. Richard E. Neel (Chair), Dean Emeritus, Belk College of Business, and Professor of Economics Emeritus, University of North Carolina at Charlotte, Charlotte, North Carolina
- Dr. Frank Prochaska, Associate Vice President for Academic Affairs, The University of North Carolina General Administration, Chapel Hill, North Carolina, *Ex Officio*

In addition to reviewing the application and the accompanying twenty-three appendices, the team of examiners visited the West Palm Beach, Florida, campus of South University on October 11, 2010. During the visit, the team of examiners met with John T. South, III, Chancellor of South University; with Steven K. Yoho, Vice Chancellor for Academic Affairs of South University; and with numerous administrators, faculty, staff, and students of South University and the West Palm Beach campus.

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After the merger, the names of The Art Institute of Charlotte and The Art Institute of Raleigh-Durham will remain the same. There will be no change in the degree programs offered by the two Art Institutes as a result of the merger. There will also be no change in the facilities, library, electronic resources, and faculty as a result of the merger.

RECOMMENDATIONS

After the site visit, the *Preliminary Report to the President of The University of North Carolina from the Team of Examiners for the Licensure Visit to Review South University's Proposal to Merge with The Art Institute of Charlotte and The Art Institute of Raleigh-Durham* was submitted. In the report, the team of examiners presented no suggestions and no recommendations.

The team of examiners concludes its report by stating it recommends approval of the merger of South University with The Art Institute of Charlotte and The Art Institute of Raleigh-Durham.

Dr. Frank Prochaska agrees with the team's review and recommendations. Thus, General Administration recommends approval of the merger of South University with The Art Institute of Charlotte and The Art Institute of Raleigh-Durham, with the two Art Institutes becoming branch campuses of South University.

If the merger is approved, a site visit to each of the Art Institutes will be performed within two calendar years by an appropriate team of examiners, to ascertain the two Art Institute's continuing compliance with the *Rules and Standards*.