



# The University of North Carolina

GENERAL ADMINISTRATION

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Constituent Universities  
Appalachian State  
University

East Carolina  
University

Elizabeth City  
State University

Fayetteville State  
University

North Carolina  
Agricultural and  
Technical State  
University

North Carolina  
Central University

North Carolina  
State University  
at Raleigh

University of  
North Carolina  
at Asheville

University of  
North Carolina  
at Chapel Hill

University of  
North Carolina  
at Charlotte

University of  
North Carolina  
at Greensboro

University of  
North Carolina  
at Pembroke

University of  
North Carolina  
at Wilmington

University of  
North Carolina  
School of the Arts

Western Carolina  
University

Winston-Salem  
State University

Constituent High School  
North Carolina  
School of Science  
and Mathematics

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## MEMORANDUM

TO: Members, Committee on Educational Planning, Policies, and Programs

FROM: Alan Mabe

DATE: August 2, 2010

SUBJECT: A Report on the Licensure Function of the Board of Governors

**Background:** The General Assembly has assigned the task of overseeing the licensure function for non-public (and out of state institutions) to conduct post-secondary degree activity in North Carolina. This is a report on the process and results of the licensure function.

From time to time issues are raised about the licensure function and this provides an opportunity to review the authority and practices as they relate to licensure.

**Jurisdictional Authority:** N.C. Gen. Stat. Paragraph 116-15. Licensing of certain nonpublic post-secondary educational institutions.... A2(5) "Board" – The Board of Governors of the University of North Carolina.... (b) Required License -- No institution subject to this section shall undertake postsecondary degree activity in this State, whether through itself or through an agent, unless the institution is licensed as provided in this section to conduct post-secondary degree activity or is exempt from licensure under this section as hereinafter provided....(f) Standards for Licensure.—To receive a license to conduct post-secondary degree activity in this State, an institution shall satisfy the Board that the institution has met the following standards....

### **Issues Involved:**

The licensure function has been assigned to the Board of Governors by the General Assembly. In some states this function is assigned to the state's higher education coordinating board while in other states a special state agency is established to perform this task.

There is a national discussion led by the Department of Education and Congressional committees that is focused on use of federal financial aid and loan funds by for-profits educational institutions and the debt load of students who attend those institutions. The Department of Education has announced a set of new rules that are available for comment.

As the State moves to establish baccalaureate production goals what role will licensed institutions play in reaching those goals? Current enrollment in licensed institutions now exceeds 30,000 students.

**Recommended Action:** No action recommended; this is an opportunity for the Board members to review our practices in licensure and address any concerns that have surfaced.

## **Report on Licensure of Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina, August 2010**

### **Background**

From 1923 to 1963, the State Board of Education licensed nonpublic institutions to confer degrees in North Carolina. In 1963, the General Assembly transferred this responsibility to the State Board of Higher Education. In 1972, the General Assembly dissolved the State Board of Higher Education and assigned the responsibility for licensure to the Board of Governors of The University of North Carolina.

Thus, the Board of Governors 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 (associate degrees and higher) in accord with rules, regulations and procedures it establishes. This includes all institutions that were not grandfathered in at the time of the 1972 statute and any out-of-state institution (public or private) seeking to offer post-secondary degree activity in North Carolina. The General Assembly clearly intended that post-secondary degree activity be carefully overseen in the State to protect the citizens of North Carolina from consumer fraud or deceptive acts or practices.

The rules, regulations, and procedures established by the Board are contained in the document *Rules and Standards for Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina*, a copy of which is attached to this report as Appendix A. (December 2004 is the date of the last major modification to the *Rules and Standards* by the Board of Governors.)

The 1972 statute “grandfathered in” nonpublic institutions continuously conducting post-secondary degree activity in North Carolina since July 1, 1972. Any institution that had been continuously conducting post-secondary degree activity under the same publicly registered name or series of publicly registered names since July 1, 1972 was found to be exempt from licensure upon presentation to the Board of Governors of information acceptable to the Board to substantiate such post-secondary degree activity and public registration of the institution’s names. This provision provided exemption from licensure for the 36 existing private institutions of higher education in North Carolina.

### **Jurisdictional Authority**

The General Statutes of the State of North Carolina specify that the powers and duties of the Board of Governors of the University of North Carolina, in addition to those related to governance of the constituent institutions of the University, include regulatory authority to issue to certain nonpublic post-secondary educational institutions licensure to conduct post-secondary degree activity in North Carolina. The statute pertaining to such

licensing and exemption, North Carolina General Statutes Section 116-15, is reproduced at the end of this report as Appendix B.

Under Article 8 of North Carolina General Statutes 115D, the State Board of Community Colleges is given responsibility for licensing certificate and diploma programs of vocational institutions in North Carolina.

### **Licensure Standards**

In carrying out its licensing and exemption from licensure responsibilities, the Board has clear statutory directions. With regard to licensing, the statutes specify that fifteen minimum standards must be met by nonpublic institutions in such critical areas as curricula, faculty, library, and financial stability. The fifteen standards are the following:

- Standard 1 Charter
- Standard 2 Period of Operation
- Standard 3 Program of Study
- Standard 4 Facilities and Library
- Standard 5 Faculty and Other Personnel Qualifications
- Standard 6 Catalog
- Standard 7 Program Completion Credentials
- Standard 8 Student Records
- Standard 8B Student Services
- Standard 9 Compliance with Ordinances and Laws
- Standard 10 Finance and Organization
- Standard 11 Business Practices
- Standard 12 Professional Conduct
- Standard 13 Student Housing
- Standard 14 Cancellation and Refund Policy
- Standard 15 Institutional Agent

As seen in the *Rules and Standards* document, most standards have several subsections, each of which addresses specific aspects of that standard category.

### **Licensing Process**

The process for licensing is an extensive one as delineated in *Rules and Standards for Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina*. It begins with the chief executive officer or designee of a prospective applicant institution requesting a preliminary conference with UNC General Administration staff to review the standards and procedures for applying for licensure.

If a potential applicant institution concludes that it meets the standards, the chief executive officer submits to UNC General Administration a letter of formal application accompanied by extensive documentation that the institution complies with and is capable of maintaining the standards for an extended period sufficient for a student to complete his/her program of study. (The application and supporting documentation typically is several hundred pages in length, and is usually presented in one or more three-ring binders.)

UNC-GA staff reviews the application and documentation, and once they are judged to be in order for a team of examiners' visit, the staff arranges for a team visit to the main campus of the applicant institution and perhaps to proposed degree activity sites in North Carolina. Each individual degree activity site in North Carolina must meet licensure requirements.

The purpose of the team visit is to confirm that documentation submitted by the institution is correct and appropriately demonstrates compliance with the fifteen minimum standards. The standards devote considerable attention to adequacy of the proposed programs of study, methods of instructional delivery, faculty, library, facilities, and overall financial condition of the applicant institution.

The team of examiners is composed of staff (ex-officio), faculty members in appropriate disciplines (subject matter experts) representative of public and private institutions, administrators, librarians, and other specialty persons necessary for a sound and thorough examination. One member is appointed chairperson with responsibility for leading the examination and preparing the team's written report of its findings and recommendations.

Costs connected with the examination and subsequent visits are paid by the institution. Visits usually are one or two days in duration, depending on the sites visited. The team submits its report with recommendations, usually a 45 - 60 page document, upon completion of the visit. A final concluding recommendation to recommend or deny licensure is included. All recommendations are advisory to the UNC President who recommends final action to the Board of Governors. (Applicant institutions usually withdraw their application for licensure if denial is anticipated, which accounts for few denials going before the Board.)

Once licensed, an institution is subject to review visits at any time to determine whether the institution continues to meet the licensure standards. Review shall always occur 1) either one or two years after initial licensure, 2) if the institution is legally reconstituted, or 3) if ownership changes. A new application and site visit are also required each time a licensed institution wishes to offer a new degree program.

Each licensed institution submits an annual report to UNC-GA concerning matters such as enrollment, faculty employed, financial stability, prepaid tuition bond updating, and maintenance of compliance with all licensure standards.

In January 2005, Regulation 400.4.1 was adopted governing review of licensure for nonpublic, post-secondary institutions proposing to open additional campuses or sites in North Carolina to offer degree programs that have been previously licensed by the Board of Governors. Upon receipt of a full application for the proposed campus or site documenting that the institution is in compliance with, or intends to be in compliance with, the *Rules and Standards* at the proposed new campus or site, and after review of the application by UNC-GA staff, General Administration may grant approval to open the new campus or site to offer the proposed post-secondary degree programs that have been previously approved by the Board of Governors. A site visit is required within a calendar year of the date of the letter of approval by a team of examiners with expertise in the field to ascertain the institution's compliance with the *Rules and Standards* at the new campus or site.

### **Team of Examiners Activities/Responsibilities**

For a typical site visit, the team of examiners will receive the complete application and documentation material several weeks before the site visit. The chairperson of the team communicates with each team member before the visit, making sure each team member understands his/her areas of responsibility in the overall review of the applicant institution. Each team member reviews the application materials before the visit, and may request additional information.

The faculty members and administrators on the team whose areas of responsibility are to review the curriculum and faculty of the degree programs will review the detailed syllabus of every course in the curriculum, verifying that the quantity and level of subject matter taught are appropriate for that course. On follow-up visits to existing sites where programs are already being offered, the credentials of each instructor teaching every course offered in the past one or two years (both onsite and online) are reviewed and compared to the subject matter of the course, in order to ensure that the faculty member teaching that course meets the requirements of the *Rules and Standards*. This review of curriculum and faculty credentials is performed for all general education courses as well as for the academic discipline courses. It is important to note that all online courses are evaluated in addition to the onsite offerings.

For a typical site visit, the team members usually arrive the night before and stay in a nearby hotel. The day of the visit, the site visit begins with a private team meeting to discuss key aspects of the application and identify team members' areas of concern and/or additional information sought during the course of the visit. (Depending upon the application, the team of examiners may elect to hold a pre-site visit telephone conference call to discuss the application and materials.)

The visit formally begins with a presentation by representatives of the applicant institution to the team of examiners explaining how the institution is in compliance with all fifteen standards. The team asks many questions during this 45 - 60 minute session, and there is usually extensive discussion with the institution's representatives of key

issues in the application. This presentation and discussion often results in team members asking to review additional specific material.

Following the opening presentation and discussion, the team has a series of meetings where team members, either individually or with the team as a whole, meet with the curriculum developers of the proposed programs, faculty who are teaching in the programs, current students, campus administrators, and directors of student support offices.

The site visit ends with a private team meeting in which key issues from the application and site visit are identified and discussed for the team's report, discussion is held on the institution's compliance or non-compliance with the *Rules and Standards*, recommendations addressing areas of non-compliance are drafted, and requests for additional information are made. The team usually elects to withhold an overall recommendation on licensure until it reviews the institution's response to the recommendations in the team report.

An exit interview is then held with representatives of the applicant institution, reporting on what the team learned/observed on the site visit and summarizing the final steps of the licensure process.

Approximately 45 - 60 days after the site visit, when all additional requested information has been received and reviewed, a draft report including recommendations addressing areas of non-compliance is sent to the institution. The institution is asked to identify errors of fact in the report and to implement the recommendations immediately. The institution must respond in writing as to how it is implementing the recommendations. After the team of examiners has reviewed the institution's response to the recommendations in the report, the team makes an overall recommendation to UNC General Administration on licensure of the applicant institution.

### **Licensed Institutions in North Carolina**

As shown in Table I at the end of this report, 26 nonpublic institutions are licensed to offer post-secondary degree programs in North Carolina as of August 2010. The table shows that 17 of the 26 (65%) currently hold regional or the highest level of professional accreditation, and an additional two institutions have applied for accreditation by SACS with a decision expected in December 2010.

Twenty-four (24) of the 26 institutions offer programs at 60 sites in the state, and two institutions only offer programs electronically (online).

Table II shows the unduplicated headcount enrollment and graduation figures for the 24 institutions that were licensed in the 2008-09 year. It is seen that the 24 licensed institutions enrolled a total of 34,277 students, and that 4,107 students graduated. The 24

licensed institutions offered a total of 74 associate, 51 baccalaureate, 32 Masters, and one Juris Doctor degree programs.

Two institutions (not listed in the tables) moved out of North Carolina and voluntarily discontinued licensure in 2008-09.

### **Licensed Institutions in Other States**

The number of licensed institutions offering post-secondary degree programs in nearby southeastern states is:

• Alabama	42
• Florida	133
• Georgia	66
• Maryland	30
• South Carolina	26
• Tennessee	64
• Virginia	89

The average number of licensed institutions in the above states is 64, which should be compared to the 26 licensed institutions in North Carolina.

### **Examples of Reactions to our Process from 2009-10 Site Visits**

The following are three examples of information learned on site visits in 2009-10 that demonstrate some of the benefits of North Carolina's licensure process:

1. Johnson and Wales in Charlotte, July 2010. Johnson & Wales explained how North Carolina's faculty credentials requirements forced them to significantly upgrade the credentials of their culinary faculty at the Charlotte campus; this credentialing upgrade in Charlotte has led to similar credentialing improvements at the other three Johnson & Wales campuses in Providence, Miami, and Denver. Now, over 50% of the culinary faculty members in Charlotte hold a Masters degree, which is quite unusual for culinary programs.
2. University of Southern California, June 2010. USC has applied for licensure of an online Master of Arts in Teaching degree. USC is currently licensed (or deemed exempt from licensure) to offer this online degree in 39 states and is awaiting approval in five others, but North Carolina is the only state to have performed a site visit to USC to review the program in detail.
3. DeVry University in Charlotte, August 2009. To meet North Carolina's credentials requirement for faculty teaching online courses, DeVry developed a special registration process for North Carolina students, to ensure that our students are only enrolled in sections with faculty that meet our standards.

## **Exemptions from Licensure**

North Carolina General Statute, Section 116-15, states that institutions offering degrees in theology, divinity, religious education, or for career preparation in a religious vocation, shall be exempt from licensure requirements and that institutions that undertake post-secondary degree activity on the premises of military bases for military personnel stationed on active duty there (or their dependents or employees of the military) are exempt from licensure requirements.

Table III lists the names and locations of the 99 religious-exempt institutions in North Carolina, and the names and locations of the eight military-exempt institutions.

## **Enforcement**

If the President determines that an institution has failed to seek licensure or exemption from licensure as statutorily required or failed to fulfill any obligation attendant to licensure or exemption, the President may request that the State Attorney General take appropriate action.

## **National Discussion**

As summarized in Appendix C, the US Department of Education has proposed a broad set of rules and definitions to improve federal student aid programs by ensuring that only eligible students receive federal funds, clarifying the courses that are eligible for federal aid (and the amount of aid that is appropriate), protecting consumers from misleading or overly aggressive recruiting practices, and clarifying State oversight responsibilities. After public comments are received and considered by the DOE, the rules and definitions are planned to take effect in July 2011. The licensure and monitoring processes delineated in the *Rules and Standards* meet all of the new proposed federal regulations pertaining to State responsibilities.

In Congress, the House Education and Labor Committee held a hearing on June 17, 2010 on accrediting organizations and credit hours. On June 24, the Senate Committee on Health, Education, Labor and Pensions held a hearing on for-profit higher education, and future HELP Committee hearings on for-profit education are planned.

All student financial aid policies, regulations, and procedures are the purview of and are established by the federal government. It seems clear that Congress and the DOE are becoming more concerned and proactive about the quality of education received by students, the financial aid debt burden of students, and the projected increases in financial aid loan default rates.



Table I - Licensed Institutions, Location, and Accreditation Status (August 2010)

<b>Institution / Main Location</b>	<b>Location of License in NC</b>	<b>Accreditation (Regional or National)</b>
Art Institute of Charlotte	Charlotte	Accrediting Council for Independent Colleges and Schools (National) (Applied to SACS; decision expected December 2010) (Regional)
Art Institute of Raleigh-Durham	Durham	Accrediting Council for Independent Colleges and Schools (National) (Applied to SACS; decision expected December 2010) (Regional)
Boston University	Camp LeJuene Marine Corps Base Cherry Point Marine Corps Air Station New River Marine Corps Air Station	New England Association of Schools and Colleges (Regional)
Carland College	Electronic instruction originating in Asheville	None (new institution)
Capella University	Electronic instruction with practicums in NC	North Central Association of Colleges and Schools (Regional)
Central Michigan University	Seymour Johnson Air Force Base Lenoir County Community College Morrisville	North Central Association of Colleges and Schools (Regional)
Charlotte School of Law	Charlotte	American Bar Association provisional approval (new institution)
DeVry University	Charlotte Morrisville	North Central Association of Colleges and Schools (Regional)
ECPI College of Technology	Charlotte Charlotte/Concord Greensboro Raleigh	Southern Association of Colleges and Schools (Regional)

Table I - Licensed Institutions, Location, and Accreditation Status (August 2010)

<b>Institution / Main Location</b>	<b>Location of License in NC</b>	<b>Accreditation (Regional or National)</b>
Edward Via Virginia College of Osteopathic Medicine	William G. "Bill" Hefner Veterans Hospital and the Rowan Regional Medical Center in Salisbury	American Osteopathic Association (Professional)
Embry-Riddle Aeronautical University	Fayetteville Greensboro	Southern Association of Colleges and Schools (Regional)
ITT Technical Institute	Charlotte (South) High Point Morrisville North Charlotte	Accrediting Council for Independent Colleges and Schools (National)
Johnson & Wales University	Charlotte	New England Association of Schools and Colleges (Regional)
John Wesley College	High Point	Association for Biblical Higher Education (National)
Kings College	Charlotte	Accrediting Council for Independent Colleges and Schools (National)
Lesley University	Charlotte Concord Laurinburg Raleigh	New England Association of Schools and Colleges (Regional)
Living Arts College (formerly School of Communication Arts)	Raleigh	Accrediting Council for Independent Colleges and Schools (National)

Table I - Licensed Institutions, Location, and Accreditation Status (August 2010)

<b>Institution / Main Location</b>	<b>Location of License in NC</b>	<b>Accreditation (Regional or National)</b>
Miller-Motte College	Wilmington Cary Raleigh Greenville Fayetteville	Accrediting Council for Independent Colleges and Schools (National)
Mountain State University	Hickory Mooresville	North Central Association of Colleges and Schools (Regional)
South College - Asheville	Asheville	Accrediting Council for Independent Colleges and Schools (National)
Southern Illinois University	Camp LeJuene Marine Corps Base Cherry Point Marine Corps Air Station New River Marine Corps Air Station	North Central Association of Colleges and Schools (Regional)
Strayer University	Garner Greensboro Huntersville North Charlotte North Raleigh Research Triangle Park South Charlotte Verizon Center in Wilmington	Middle States Association of Colleges and Schools (Regional)
Troy University	Fayetteville/Fort Bragg	Southern Association of Colleges and Schools (Regional)

Table I - Licensed Institutions, Location, and Accreditation Status (August 2010)

Institution / Main Location	Location of License in NC	Accreditation (Regional or National)
University of Phoenix	Charlotte	North Central Association of Colleges and Schools (Regional)
	Raleigh	
	North Charlotte	
	Brier Creek Learning Center	
	Asheville	
	Fayetteville	
	Greensboro	
University of South Carolina	Charlotte	Southern Association of Colleges and Schools (Regional)
Winthrop University	Charlotte	Southern Association of Colleges and Schools (Regional)

Table II - Licensed Institution Enrollment and Graduation Data FY 2009

<b>Institution / Main Location</b>	<b>Location of License in NC</b>	<b>Degree(s)</b>	<b>FY 2009 Enrollment</b>	<b>FY 2009 Graduation</b>
<b>Art Institute of Charlotte</b>				
Initial Licensure: 11/2000	Charlotte, NC	5 AAS Degrees and 7 BA Degrees		
		Total:	1,296	175
<b>Art Institute of Raleigh-Durham</b>				
Initial Licensure: 5/2008	Durham	4 AAS Degrees and 5 BA Degrees		
		Total:	278	0
<b>Boston University</b>				
Initial Licensure: 10/1991	Camp LeJuene Marine Corps Base	1 MS Degree		
	Cherry Point Marine Corps Air Station	1 MS Degree		
	New River Marine Corps Air Station	1 MS Degree		
		Total:	166	18
<b>Carland College</b>				
Initial Licensure: 1/2008	Electronic instruction originating in Asheville	1 Masters Degree		
		Total:	19	0
<b>Central Michigan University</b>				
Initial Licensure: 6/1996	Seymour Johnson Air Force Base	1 MS Degree		
	Lenoir County Community College	1 MA Degree		
	Morrisville	1 MS Degree		
		Total:	147	0
<b>Charlotte School of Law</b>				
Initial Licensure: 3/2005	Charlotte	Juris Doctor		
		Total:	307	61
<b>Devry University</b>				
Initial Licensure: 9/2001	Charlotte	3 BS Degrees, 7 Masters		
	Morrisville	3 BS Degrees, 7 Masters		
		Total:	2,286	83
<b>ECPI College of Technology</b>				
Initial Licensure: 3/2000	Charlotte	3 AAS Degrees		
	Charlotte/Concord	3 AAS Degrees		
	Greensboro	1 AS Degree and 3 AAS Degrees		
	Raleigh	3 AS Degrees, 3 AAS Degrees, and 3 BS Degrees		
		Total:	2,113	296

Table II - Licensed Institution Enrollment and Graduation Data FY 2009

<b>Institution / Main Location</b>	<b>Location of License in NC</b>	<b>Degree(s)</b>	<b>FY 2009 Enrollment</b>	<b>FY 2009 Graduation</b>
<b>Edward Via Virginia College of Osteopathic Medicine</b> Initial Licensure: 6/2008	William G. "Bill" Hefner Veterans Hospital and the Rowan Regional Medical Center in Salisbury	Clinical Rotations		
			Total:	51
				24
<b>Embry-Riddle Aeronautical University</b> Initial Licensure: 8/1999	Fayetteville	1 AS, 2 BS, and 1 Masters Degree		
	Greensboro	2 BS, and 2 Masters Degrees		
			Total:	187
				28
<b>ITT Technical Institute</b> Initial Licensure: 4/2006	Charlotte (South)	4 AAS and 4 BS Degrees		
	High Point	3 AAS and 4 BS Degrees		
	Morrisville	3 AAS and 4 BS Degrees		
	North Charlotte	3 AAS and 4 BS Degrees		
			Total:	2,027
				56
<b>Johnson &amp; Wales University</b> Initial Licensure: 8/2002	Charlotte	7 AS, 7 AAS, and 9 BS Degrees		
			Total:	2,641
				1,009
<b>Kings College</b> Initial Licensure: 5/2000	Charlotte	9 AAS Degrees		
			Total:	527
				174
<b>Lesley University</b> Initial Licensure: 9/2007	Raleigh	2 Masters		
	Charlotte	1 Masters		
	Concord	1 Masters		
	Laurinburg	1 Masters		
			Total:	140
				0
<b>Living Arts College</b> (formerly School of Communication Arts) Initial Licensure: 2/2002	Raleigh	4 AAS Degrees		
			Total:	547
				82
<b>Miller-Motte Technical College</b> Initial Licensure: 7/2000	Wilmington	11 AAS and 4 BS Degrees		
	Cary	7 AAS Degrees		
	Raleigh	5 AAS Degrees		
	Greenville	4 AAS Degrees		
			Total:	1,802
				209

Table II - Licensed Institution Enrollment and Graduation Data FY 2009

<b>Institution / Main Location</b>	<b>Location of License in NC</b>	<b>Degree(s)</b>	<b>FY 2009 Enrollment</b>	<b>FY 2009 Graduation</b>
<b>Mountain State University</b> Initial Licensure: 8/2006	Hickory Mooreville	1 BS and 1 MS Degree 1 BS and 1 MS Degree	Total: 91	5
<b>South College - Asheville</b> Initial Licensure: 10/2000	Asheville	8 AAS and 2 BS Degrees	Total: 359	33
<b>Southern Illinois University</b> Initial Licensure: 10/2001	Camp LeJuene Marine Corps Base Cherry Point Marine Corps Air Station New River Marine Corps Air Station	1 BS Degree 2 BS Degree 2 BS Degrees	Total: 217	53
<b>Strayer University</b> Initial Licensure: 3/2002	Garner Greensboro Huntersville North Charlotte North Raleigh Research Triangle Park South Charlotte	8 AA, 6 Bachelors, and 6 Masters Degrees 8 AA, 6 Bachelors, and 6 Masters Degrees 8 AA, 6 Bachelors, and 6 Masters Degrees 8 AA, 6 Bachelors, and 6 Masters Degrees 8 AA, 6 Bachelors, and 6 Masters Degrees 8 AA, 6 Bachelors, and 6 Masters Degrees 8 AA, 6 Bachelors, and 6 Masters Degrees	Total: 15,617	1,312
<b>Troy University</b> Initial Licensure: 11/2002	Fayetteville/Fort Bragg	2 MS Degrees	Total: 37	12
<b>University of Phoenix</b> Initial Licensure: 3/2003	Charlotte Raleigh North Charlotte	3 BS and 2 Masters Degrees 3 BS and 2 Masters Degrees 3 BS and 2 Masters Degrees	Total: 3,318	472
<b>University of South Carolina</b> Initial Licensure: 5/2006	Charlotte	1 Masters Degree	Total: 39	5

Table II - Licensed Institution Enrollment and Graduation Data FY 2009

Institution / Main Location	Location of License in NC	Degree(s)		FY 2009 Enrollment	FY 2009 Graduation
<b>Winthrop University</b>					
Initial Licensure: 11/2007	Charlotte	3 Masters Degrees			
			Total:	65	0
			Grand Total	34,277	4,107



Table III – Exempt Institutions

Religious Institution	Location in North Carolina
Adonai International Christian University	Charlotte
Ambassador Baptist College	Lattimore
Ambassador Christian College	Kannapolis
Amora Deliverance Theological Institution	Fayetteville
Apex School of Theology	Durham
Bhaktivedanta College	Clyde
Calvary Baptist Bible College	King
Carolina Bible College	Midland
Carolina Bible College	Fayetteville
Carolina Bible Institute & Seminary	Pine Level
Carolina Christian College (formerly Winston-Salem Bible College)	Winston-Salem
Carolina Christian Bible College	Statesville
Carolina Evangelical Divinity School	High Point
Catalpa Bible Way College	Fayetteville
Central Christian University	Lexington
Christian Bible College	Rocky Mount
Christian Outreach Bible Institute	Fayetteville
Clarksville Theological Seminary	Clayton
Colegio Latino Americano Gosen	Winston-Salem
Covenant Harvest Bible College	Jonesville
Cumberland University	Fayetteville
Destiny College of Ministry	Fayetteville
Divinity Bible Institute	Whiteville
Drew University Theological School	Winston-Salem
Earlham School of Religion	Greensboro
Eastern Carolina Christian College	Roanoke Rapids
Emmanuel Bible Institute	Durham
Emmanuel Theological Seminary	Monroe
FIRE School of Ministry	Harrisburg
Foothills Christian College	Wilkesboro
Foundations Bible College & Schools	Dunn
Fruitland Baptist Bible Institute	Hendersonville
Gateway Bible College	Danbury
Go Ye Christian University	Chapel Hill
Gordon-Conwell Theological Seminary	Charlotte
Grace Baptist Bible College	Winston-Salem
Grace College of Divinity	Fayetteville
Henderson Christian University	Cramerton
Heritage Bible College	Dunn
Hood Theological Seminary	Salisbury
Impact University	Clemmons
Jacksonville Theological Seminary Inc.	Greensboro
Kingdom Life Bible Institute	Lincolnton
Lee University Charlotte Center	Charlotte
Living Epistle Bible College	Greensboro
Living Word Ministry University	Raleigh
Living University	Charlotte
Loyola University	Raleigh
Manna Bible Institute	Wilson
Manna College of Theology	Maysville
Mid-Atlantic Christian University	Elizabeth City
Mooresville Christian Center	Morrisville
More Than Conquerors College	Charlotte
Moriah Institute of Christian Studies	Fayetteville
Morningstar School of Ministry	Wilkesboro

Table III – Exempt Institutions

Nashville Bible College	Nashville
Nashville Praise and Worship Center	Nashville
National Theological College and Graduate School	Lexington
Native American Bible College	Shannon
New Life Christian Bible	Wilmington
New Life Theological Seminary	Charlotte
New Life Community School of Ministry & Bible Institute	Fuquay-Varina
New Vision University	Lincolnton
New Covenant Bible Institute	Rocky Mount
North Carolina College of Theology	Carolina Beach
North Carolina Theological University	Thomasville
Peoples Fellowship Baptist Church	Rocky Mount
Piedmont Baptist College and Graduate School	Winston-Salem
Queen City Bible College	Charlotte
Ray of Hope Mission Bible Institute	Snow Hill
Reformed Theological Seminary	Charlotte
Luther Rice Seminary	Distance Ed Programs
Saint Stephen Harding Theological College and Seminary	Winston-Salem
Seed Sowers & Harvesters	Rocky Mount
Seminario De Gracia	Raleigh
Shepherd's Theological Seminary	Cary
Solid Rock School of Theology	Cameron
Sonship Bible College	Raleigh
Southeastern Baptist Theological Seminary	Wake Forest
Southeastern Free Will Baptist College	Wendell
Southern Evangelical Seminary	Charlotte
Spirit Training Center	Thomasville
Tabernacle Christian University	Goldsboro
The Christian University	Raleigh
The Cistercian Order of the Holy Cross	Winston-Salem
The Potter's House Seminary and Bible College	Jacksonville
Transformational Bible Institute	Ahoskie
Tri-County Bible College & Seminary	Maxton
Triple C Bible Institute and Camp, Inc.	Ahoskie
True Light College of Biblical Studies	Jacksonville
True Standard Christian Bible College	Tarboro
Union Theological Seminary	Charlotte
United Christian College	Goldsboro
Vintage Bible College	Winston-Salem
Walking in the Word Bible College	Leland
Wesley, John College	High Point
Westview Bible College	Rocky Point
World Overcomers Bible College	Bunn
Zion Christian School of Ministry	Wilson

Table III – Exempt Institutions

Military Exempt Institution	Location in North Carolina
Boston University	Camp Lejeune and Cherry Point
Central Michigan University	Seymour-Johnson Air Force Base
Central Texas College	Pope Air Force Base and Fort Bragg
Embry-Riddle Aeronautical University	Fort Bragg and Seymour Johnson Air Force Base
Park University	Cherry Point
Southern Illinois University	Camp Lejeune, Cherry Point, and New River MCAS
The National Graduate School	US Coast Guard Base in Elizabeth City
Webster University	Pope Air Force Base, Camp Lejeune, and Fort Bragg

# APPENDIX A

**BOARD OF GOVERNORS  
THE UNIVERSITY OF NORTH CAROLINA**

**RULES AND STANDARDS  
for  
Licensing Nonpublic Institutions to Conduct  
Post-Secondary Degree Activity  
in  
North Carolina**

**December 2004**

**Appendix B Revised October 2006  
Appendix C Added January 2008**

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Licensure information and these Rules and Standards can be accessed at the following web site:  
<http://www.northcarolina.edu/content.php/aa/licensure/license.htm>

## Preface

Statutes requiring the licensing of certain institutions which conduct degree activity in North Carolina have been part of the laws of North Carolina for many years. From 1923 to 1963, the State Board of Education licensed nonpublic educational institutions to confer degrees in the State. In 1963, the General Assembly transferred this responsibility to the State Board of Higher Education. In 1972, the General Assembly dissolved the State Board of Higher Education and assigned the responsibility to the newly created Board of Governors of the University of North Carolina. The responsibility is one of several duties extending beyond the Board's governance of the University's 16 constituent institutions.

On February 8, 1974, the Board adopted Rules and Standards of the Board of Governors of the University of North Carolina Relating to the Issuance of Licenses to Nonpublic Educational Institutions to Confer Degrees. The standards, to a significant extent, were based on a legislative model proposed in 1973 by the Education Commission of the States. In February 1976, the Board adopted a revision of the Rules and Standards and in September 1985 adopted a further revision reflecting statutory changes enacted by the 1984 Session of the General Assembly.

The rewritten 1984 statute [G.S. 116-15] is titled "An Act to Rewrite the Statute under Which Nonpublic Post-Secondary Educational Institutions May Be Licensed to Conduct Post-Secondary Degree Activity in North Carolina." The statute essentially defines the jurisdiction of the Board of Governors of the University of North Carolina as covering "post-secondary degree activity" and places in the statute itself standards for licensing that are substantially those previously adopted by the Board of Governors.

By placing the Board's former licensing standards in the statute itself and empowering the Board with appropriate authority to administer provisions of the statute, the 1984 General Assembly clearly intended for post-secondary degree activity to be carefully overseen in North Carolina. The 1984 licensing statute also provides for periodic as well as unspecified or *ad hoc* review of institutional compliance with licensing standards. It empowers the Board of Governors to establish those rules, regulations, and procedures deemed necessary or appropriate to effect licensing provisions. The Board of Governors is authorized to revoke the license of an institution if standards are not maintained.

In October 1998, the Board adopted revisions to the guidelines in order to recognize the growing importance of distance learning in the delivery of degree-credit instruction.

In November 2004, the Board of Governors approved revisions to the Rules and Standards for Licensure. The revisions focused on clarity and specificity for general education, educational credentials, catalog material, transfer of credits, and library guidelines to reflect access to online resources. These revisions are guided by the General Assembly's statutory requirement to ensure an "education of good quality" (116-15, 4).

This publication combines into one document the licensing standards prescribed by the statutes, the Board's 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.

The total effort reflects the General Assembly's "recognition of the importance of higher education and of the particular significance attached to the personal credentials accessible through higher education...."



## **I. Authorization**

The General Statutes of the State of North Carolina specify that the powers and duties of the Board of Governors of the University of North Carolina, in addition to those related to governance of the constituent institutions of the University, include regulatory authority to issue to certain nonpublic post-secondary educational institutions licensure to conduct post-secondary degree activity in North Carolina. The statute pertaining to such licensing, North Carolina General Statutes Section (G.S.) 116-15, is reproduced as Appendix A.

## **II. Purpose**

The purpose of the rules and standards relating to the issuance of licenses to conduct post-secondary degree activity is to assure prospective and enrolled students and the citizens of North Carolina that nonpublic post-secondary educational institutions operating wholly or in part in North Carolina have demonstrated that their instructional curriculum, faculty, library resources, personnel, student services, facilities and equipment are combined to provide students an education of good quality<sup>1</sup>.

## **III. Definitions**

As used in these rules and standards the following terms are defined.

### ***‘Post-secondary degree’***

A credential conferring on the recipient thereof the title of “Associate,” “Bachelor,” “Master,” or “Doctor,” or an equivalent title, signifying educational attainment based on (1) interactions between faculty and students following a coherent course of study with specified student outcomes, and/or (2) a coherent course of study in which the student and instructor are not in the same place delivered either synchronously or asynchronously with specified student outcomes and faculty-student interaction mediated through electronic means, or (3) a combination of the foregoing; provided, that ‘post-secondary degree’ shall not include any honorary degree or other so-called ‘unearned’ degree. The content and rigor of the curriculum for the degree must be at a level to assure an education of good quality.

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<sup>1</sup> In revising the Rules and Standards, we consulted several individuals and used the principals and standards of the Commission on Colleges of the Southern Association of Colleges and Schools as a guide in several sections. The use of and references to its principals and standards are done with the permission of the Commission on Colleges though the use of these materials in this context relates solely to licensure and is unrelated to the issue of accreditation of an institution.

***‘Institution’***

Any sole proprietorship, group, partnership, venture, society, company, corporation, school, college, or university that engages in, purports to engage in, or intends to engage in any type of post-secondary degree activity.

***‘Instruction’***

Delivery of a coherent and formal plan of study constructed for students so that they can demonstrate specific learning outcomes.

***‘Post-secondary degree activity’***

Any of the following is ‘post-secondary degree activity:’

- (1) Awarding a post-secondary degree.
- (2) Conducting or offering study, experience, or testing for an individual or certifying prior successful completion by an individual of study, experience, or testing, under the representation that the individual successfully completing the study, experience, or testing will receive credit, at least in part, toward a post-secondary degree.

Post-secondary degree activity includes conduct with respect to either a complete post-secondary degree program or any study or experience or testing represented as creditable toward a post-secondary degree.

An institution undertakes post-secondary degree activity in this State when it commences the activity by:

- a. Use of employees or agents within North Carolina; or
- b. Transmission, presentation, or dissemination of information over or through electronic equipment that is located in North Carolina and owned, leased, rented, licensed, or otherwise reserved for use by the institution; or
- c. Use of real property or facilities that are located in North Carolina and owned, leased, rented, licensed, or otherwise reserved for use by the institution; or
- d. Agreement with a third party to transmit, present, or disseminate information on behalf of the institution through any of the means described in a, b, or c, above.

***‘Publicly registered name’***

The name of any sole proprietorship, group, partnership, venture, society, company, corporation, school, college, or institution that appears as the subject of any Articles of Incorporation, Articles of Amendment, or Certificate of Authority to Transact Business or to Conduct Affairs, properly filed with the Secretary of State of North Carolina and currently in force.

***‘Board’***

The Board of Governors of the University of North Carolina.

***‘Licensure’ and ‘accreditation’***

The Board of Governors as agent of the State regulates nonpublic post-secondary degree activity in North Carolina through a licensing process. Licensure is required by law. Accreditation, on the other hand, is not a requirement of law; it is a status sought voluntarily by an institution from a group of

peer institutions and is accomplished by a voluntary, nongovernmental body called an accrediting commission.

State licensure fulfills a consumer protection function, protecting potential and enrolled students and employers, as well as the public in general. It substantiates minimum educational quality and is prerequisite to, among other things, receipt by institutions and their students of sizeable sums of public funds derived from the taxing power of the State. Accreditation commissions also provide consumer protection, but their primary purpose is to serve those institutions that called them into being.

Normally, state licensure precedes accreditation; and it is the first requirement an institution must meet in North Carolina to be eligible for accreditation and for various programs of the United States Office of Education and other federal student financial aid agencies.

Evidence submitted by an institution in support of accreditation may be submitted in support of receiving or maintaining licensure provided that the institution can demonstrate such evidence to be relevant to licensure standards. The weight of evidence derived from accreditation is evaluated by the Board of Governors just as all other information and documents submitted.

### ***‘Credit hour’***

A credit hour is the unit by which an institution may measure its instruction. The number of credit hours assigned to a course is usually defined by the number of hours per week in class and the number of weeks in the session. One credit hour is usually assigned to a class that meets at least 50 minutes a week over a period of a semester, quarter, or term; in laboratory, field work, drawing, music, practical arts, physical education, or similar type of instruction, one credit hour is assigned for a session that meets 2 or 3 hours a week for a semester, quarter, or term. Quarter credit hours and semester credit hours are the two most common systems of measuring course work. Institutions on the trimester plan generally use the semester credit hour system. Courses offered in a calendar other than semester or quarter, including summer sessions, may be measured in term credit hours or stated in semester credit hours or quarter credit hours.

A semester credit hour is a credit hour based on the semester calendar, which is usually divided into terms of 17 weeks. A quarter credit hour is a credit hour based on the quarter calendar, which is usually divided into terms of 11 weeks.

### ***‘Distance education’***

A coherent course of study in which the student is at a distance from the campus and the instructor may or may not be in the same place as the student; in addition to face-to-face instruction at a distance, instruction may be delivered either synchronously or asynchronously through electronic means (e.g., online courses, Web enhanced courses, two-way interactive video, etc.).

### ***‘Standards’***

The standards and guidelines for education of good quality delineated in this publication. Standards are based on the North Carolina General Statute 116-15.

## **IV. Standards and Guidelines**

To be licensed to conduct post-secondary degree activity in the State of North Carolina, a nonpublic post-secondary educational institution shall satisfy the Board of Governors that it meets the standards as specified by G.S. 116-15(f) and has demonstrated that its academic programs meet the Board of Governors' standards for an education of good quality. The Board of Governors' standards and guidelines for interpreting the standards follow. The guidelines are provided to inform, to guide, and to furnish clarification for an institution seeking to meet the standards and to assist examiners and staff of the University in making judgments concerning the institution's compliance with the standards.

### ***Standard 1 (Charter)***

The institution must be state-chartered. If chartered by a state or sovereignty other than North Carolina, the institution shall also obtain a Certificate of Authority to Transact Business or to Conduct Affairs in North Carolina issued by the Secretary of State of North Carolina. [G.S. 116-15(f)(1)]

### **Guidelines**

#### ***A. Chartering Agent***

The Secretary of State of North Carolina charts institutions in North Carolina as well as issues Certificates of Authority to Transact Business or to Conduct Affairs in North Carolina.

The address of the Secretary of State is:

Secretary of State of North Carolina  
2 South Salisbury Street  
Raleigh, North Carolina 27601-2903

#### ***B. Availability of Articles of Incorporation***

A copy of the articles of incorporation and all amendments thereto of the institution must be on file in the office of the chief executive officer of the institution and available for review on request during normal working hours by any person. If the institution is chartered outside North Carolina, a copy of the Certificate of Authority to Transact Business or to Conduct Affairs in North Carolina must also be on file in the office of the chief executive officer and be available for review by any person.

#### ***C. Publication of Contact Information***

The address, telephone number, electronic email address, Website, and other pertinent contact information of the institution, and of the principal office of the corporation, must be published in the catalog of the institution.

#### ***D. Availability of Articles of Incorporation of Controlling Corporation(s)***

If the corporation is controlled, directly or indirectly, by one or more other corporations, a copy of the articles of incorporation and amendments thereto of each such corporation must also be on file in the office of the chief executive officer of the institution and be available for review by any person.

#### ***E. Publication of Governing Board Membership of Controlling Corporation(s)***

The membership of the governing board of the institution as well as the name and membership of the governing board of any other corporation or corporations which may control, directly or indirectly, the institution must be published in the catalog of the institution. The intent of this guideline is to make known the name and membership of the governing board of the ultimate controlling corporate entity of the institution and, if any, all intermediary controlling corporations.

#### ***F. Institutions Seeking to Conduct Post-Secondary Degree Activity Electronically***

Institutions seeking to conduct post-secondary degree activity electronically in the State of North Carolina must be authorized to operate in the state where the instructional activity originates.

### ***Standard 2 (Period of Operation)***

The institution must have been conducting post-secondary degree activity in a state or sovereignty other than North Carolina during consecutive, regular-term academic semesters, exclusive of summer sessions, for at least the two years immediately prior to submitting an application for licensure under this section, or must have been conducting with enrolled students, for a like period in this State or some other state or sovereignty, post-secondary educational activity not related to a post-secondary degree; provided, that an institution may be relieved temporarily of this standard under the conditions set forth by the Board of Governors. [G.S. 116-15(f)2 and G.S. 116-15(i)]

#### **Guidelines**

An institution which meets standards for licensure except for having conducted post-secondary degree activity for at least the two years immediately prior to submitting an application for licensure may be granted an interim permit to conduct post-secondary degree activity if the institution can demonstrate a quality of stability, experience, reputation, and performance which two years of operation would normally denote. After a period of one year, the institution may be evaluated to determine if the institution is still qualified for a provisional license or qualifies for a regular license.

### ***Standard 3 (Program of Study)***

The substance of each course, program of study, equivalent experience, or achievement test must be such as may reasonably and adequately achieve the stated objective for which the study, experience, or test is offered in order to be certified as successfully completed. [G.S. 116-15(f)(3)].

## **Guidelines**

The program of study offered by an institution must reflect and support the mission of the institution and achieve the stated objectives. The institution shall have a clearly defined and published mission statement specific to the institution and appropriate to a post-secondary institution. Its governing board shall approve an institutional mission statement; and it shall be periodically reviewed by that board. The academic program must include provisions for a general education curriculum and specific fields of study at the associate, baccalaureate, or advanced level as appropriate for the mission of the institution.

### ***A. Courses***

The institution shall have an academic curriculum that is designed to reasonably and adequately achieve its mission and educational objectives. The institution shall demonstrate that each academic program for which academic credit is awarded is a) approved by the faculty and the administration and b) evaluated annually to determine its effectiveness.

Course objectives, prerequisites, the plan of instruction, requirements, and procedures for evaluation must be clearly stated and available to current and prospective students in a written course syllabus

An institution must provide for annual evaluation of course and program effectiveness including assessment of student learning, retention, and graduation rates, and student and faculty satisfaction

### ***B. Distance Education***

Academic standards for courses delivered off-campus or electronically must be the same as for courses delivered at the institution where they originate. The quality and content of each course, regardless of the mode of delivery, must be such as may reasonably and adequately achieve the stated objective. Appropriate data should be used to determine comparability.

Such reviews are to demonstrate that student learning outcomes and satisfaction in distance courses delivered electronically are comparable to student learning outcomes and satisfaction in courses offered at the campus where they originate. The technology being used should be appropriate to meet course objectives.

Instruction employing distance-learning technology must ensure appropriate interaction between students and faculty and among students.

### ***C. General Education***

The institution shall offer a general education program at the collegiate level that is a substantial component of each undergraduate degree, ensures breadth of knowledge, and is based on a coherent rationale. One or more courses, or their equivalencies, shall be taken from each of humanities/fine arts, social/behavioral sciences, and natural science/mathematics. The institution shall identify appropriate general education competencies, and shall provide evidence that graduates have attained those competencies.

#### ***D. Duration and Intensity***

The program of instruction must include educational activities extending over a sufficient period of time and in sufficient intensity to fulfill the mission and academic goals of the institution. The academic year, regardless of its organization, is normally at least 30 weeks in duration.

#### ***E. Associate Degree***

Each educational program leading to an associate degree shall include a general education component at the collegiate level that is a substantial component of each degree, ensures breadth of knowledge, and is based on a coherent rationale. For degree completion in associate programs, the general education component constitutes a minimum of 15 semester hours or the equivalent. The associate degree program normally consists of courses carrying a minimum of 60 semester credit hours or 90 quarter hours or the equivalent in instructional activities as measured by the institution. The associate degree program normally requires full-time attendance for two academic years or the equivalent but an institution may award the associate degree to students who have completed the course requirements at an accelerated pace or can otherwise demonstrate that they have met the measurable objectives of the program.

The following associate degree designations as defined are acceptable:

- (a) *The Associate in Arts (A.A.) degree*—awarded to those who successfully complete programs that emphasize the liberal arts and/or the fine and performing arts. Programs must meet the general education requirements and provide for substantial additional work in the liberal, fine or performing arts. Such programs, if transfer-oriented, may need to contain additional requirements. The general education core is not directed toward specialized study or specific occupational or professional objectives.
- (b) *The Associate in Science (A.S.) degree*—awarded to those who successfully complete programs which emphasize mathematics and/or the biological or physical sciences and which meet the general education requirements of this degree. In addition to meeting the general education requirements for an associate degree, substantial work must be done in mathematics, and/or the biological and physical sciences. Such programs are designed to serve both career and transfer objectives. Such programs, if transfer-oriented, may need to contain additional requirements
- (c) *The Associate in Applied Science (A.A.S.) degree*—awarded to those who successfully complete programs which emphasize preparation in the applied arts and sciences for careers, typically at the technical or semi-professional level. Not less than 15 semester credit hours or 23 quarter hours in general education and not less than 30 semester credit hours or 45 quarter hours in the area of specialized preparation are required.

The University of North Carolina and the North Carolina Community College System have developed a Comprehensive Articulation Agreement to guide the transfer of students from associate programs to upper-division university programs. Substantial additional requirements must be met for students to qualify for transfer under the Articulation Agreement. For example, the Articulation Agreement requires 44 semester hours of general education for both the Associate in Arts and the Associate in Science. Many private and independent colleges in North Carolina have accepted the Articulation Agreement to govern transfer to their institutions. Licensed institutions must make students aware of the transfer requirements in North Carolina.

### ***F. Baccalaureate Degree***

Each program of instruction leading to a baccalaureate degree shall include a general education component at the collegiate level that is a substantial component of each undergraduate degree, ensures breadth of knowledge, and is based on a coherent rationale. A minimum of 30 semester hours or the equivalent is required for a general education course of study. The credit hours are to be drawn from, and include at least one course in each of the following areas: humanities/fine arts, social/behavioral sciences, and natural science/mathematics. The general education course work shall not focus on narrow skills, techniques, or procedures relative to a particular occupation or career. Institutions must present a written justification and rationale for course equivalency. Additionally, baccalaureate degree programs must include clearly defined requirements for majors in academic disciplines. Baccalaureate degree programs normally consist of courses carrying a minimum of 120 semester credit hours or 180 quarter hours or the equivalent in other measurement used by the institution. Normally full-time attendance for four academic years or the equivalent in part-time attendance, independent study, work study, or other similar programs are required, but institutions may award the baccalaureate degree to students who have completed the credit requirements at an accelerated pace or can otherwise demonstrate that they have met the measurable objectives of the program.

### ***G. Graduate Degree***

An institution's post-baccalaureate professional degree programs, and its master's, first professional, and doctoral degree programs are progressively more advanced in academic content than undergraduate programs. The institution shall ensure that its graduate instruction and resources foster independent learning, enabling the graduate to contribute to a profession or field of study. The majority of credits toward a graduate or a post-baccalaureate professional degree are earned through the institution awarding the degree. In the case of graduate and post-baccalaureate professional degree programs offered through joint, cooperative, or consortia arrangements, the student earns a majority of credits from the participating institutions. A graduate or post-baccalaureate degree normally represents the completion of a program beyond the baccalaureate level of one or more academic years of full-time course work or the equivalent in part-time attendance, independent study, work-study, or other similar programs. An institution may award a graduate degree to students who have completed the requirements of a graduate program at an accelerated pace or can otherwise demonstrate that they have met the measurable objectives of the program. The following graduate degrees as defined are acceptable:

- (a) *The master's degree*—awarded to those who successfully complete a program beyond the baccalaureate level in the arts and sciences, or professional fields normally requiring full-time study for not less than one nor more than two academic years. Master's degrees usually require a minimum of 30 semester credit hours.
- (b) *The intermediate degree*—(designated variously, e.g., specialist in professional education, engineer in engineering, and candidate or licentiate in liberal arts)—awarded to those who successfully complete programs at least one academic year beyond the master's level but who do not reach the doctoral level. Normally, such programs qualify persons as highly knowledgeable and skilled in given fields rather than competent in carrying out independent research and scholarly work.
- (c) *The doctoral degree*—awarded to those who successfully complete programs requiring three or more academic years of full-time graduate study beyond the baccalaureate level and demonstrate a capacity to do independent work. Such demonstration may take the form of completed research (doctor of philosophy), musical composition or performance (doctor of



musical arts), clinical competence (doctor of medicine), or the knowledge and capacity to analyze legal problems (juris doctor). The latter two degree programs, along with dentistry, pharmacy, and veterinary medicine, constitute *first professional* degree programs.

#### ***H. Residence***

The award of an associate or baccalaureate degree should normally entail at least 25 percent of the work being done through the institution awarding the degree. The method and procedures used by the institution in evaluating and granting credit for work done elsewhere must be described in writing. Methods and procedures recommended by the North Carolina Community College System/University of North Carolina's Transfer Advisory Committee's in its Comprehensive Articulation Agreement are available for undergraduate programs. The web site for the Agreement is:

[http://www.northcarolina.edu/content.php/assessment/reports/student\\_info/caa.htm](http://www.northcarolina.edu/content.php/assessment/reports/student_info/caa.htm).

#### ***I. Certification***

Upon satisfactory completion of a program of study, the student is awarded appropriate educational credentials (such as the associate or baccalaureate degree) by the institution certifying that the program of study has been satisfactorily completed by the student and that he or she has obtained in satisfactory measure the educational purpose of the program.

#### ***J. Summer, Evening, and Distance Learning Instruction***

Summer, evening, and distance learning instruction (instructional activities in which the student is at a distance from the instructor or providing institution), when offered, should be considered part of the total program of an in-state or out-of-state institution and be judged by criteria as used for sessions and courses offered by the institution in the regular academic year. Each off-campus center or branch must provide in accordance with these rules and standards adequate classroom, laboratory, library, and other appropriate facilities as well as adequate administration, faculty, and support staff.

#### ***K. Transferability***

The institution shall publish transfer policies and articulation agreements in recruitment materials and in the institution's catalog. Policies and agreements must define criteria for transferring credit. The institution shall have a defined and published policy for evaluating, awarding and accepting credit for academic instruction, regardless of its mode of delivery. Students should be referred to the UNC/NCCCS Articulation Agreement for the standard practices for transfer in North Carolina.

#### ***L. Degree-Related Activity Conducted by Out-of-State Institutions***

Any institution legally operating in another state that wishes to conduct post-secondary degree activity in North Carolina is to apply in the same manner for a license to conduct such activity and is to be judged by the same standards as an institution located in North Carolina. Standard 4 (Facilities and Library)

### ***Standard 4*** ***(Facilities and Library)***

The institution must have adequate space, equipment, instructional materials, and personnel available to it to provide education of good quality. [G.S. 116-15(f)(4)]

## **Guidelines**

### ***A. Facilities***

The institution shall operate and maintain physical facilities, either on or off campus, that are adequate to serve the needs of the institution's educational programs, support services, and mission-related activities. Physical facilities include buildings, classrooms, computers and access to the Internet, laboratories, equipment, furniture, grounds, instructional materials, and machinery. Facility sites should be free of traffic hazards and distracting noises. General tests of usefulness, cleanliness, and maintenance should be met.

#### ***(1) Compliance with Safety and Health Laws***

The facilities shall comply with all pertinent ordinances and laws relative to the safety and health of persons on the campus. Also see Standard 9.

#### ***(2) Laboratories and Equipment***

Laboratories and equipment must be adequate for supporting the particular program of instruction and enhancing student-learning outcomes.

#### ***(3) Supportive Services***

Supportive services, faculty and staff offices, and other facilities must be adequate in size and number to accommodate faculty, staff, and students.

#### ***(4) Housing***

Student housing owned, maintained, or approved by the institution must be appropriate, safe, and adequate. Also see Standard 13.

#### ***(5) Nonownership***

If a physical facility is not owned by the institution, evidence through a lease or other means must be submitted that facilities are available for a sufficient duration to demonstrate the stability of the institution and that the institution is capable of completing any program it offers.

### ***B. Library and Electronic Resources<sup>2</sup>***

An adequate library or access to a library and information resources is essential to supporting instruction and enhancing student-learning outcomes.

#### ***(1) Objectives and Policies***

The library must have a mission statement and goals to serve as a framework for its activities. The mission and goals are to be compatible and consistent with the institution's mission. The institution shall be able to demonstrate that the library and information resources (or access to library and information resources) fulfill the institution's mission and provide adequate support to academic programs.

The library shall engage in a formal planning process (such as strategic planning) that involves a broad spectrum of the college community and includes the faculty and students. Planning is an iterative process that includes evaluation, updating, and refinement. Evaluation of library resources shall involve all categories of library users.

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<sup>2</sup> In revising the section on libraries, we consulted several individuals and used the "Standards for Libraries in Higher Education" (June 2004), developed by the Association of College & Research Libraries (ACRL), a division of the American Library Association (ALA), as a guide. ACRL/ALA has granted permission for the incorporation of portions of the "Standards for Libraries in Higher Education" in this context.

The institution must ensure that users have access to regular and timely instruction in the use of the library and other learning/resources.

The lines of authority, status, tenure, and major duties of the librarian should be clearly stated as well as the nature of faculty involvement in the determination of library policy and in acquisition procedures.

Contractual agreements with other libraries must define the following: (a) the extent to which the holdings of the other libraries support adequately the institution's educational program and enrollment at the relevant degree level, (b) the degree to which students of the institution can use these libraries and the nature of the use, including procedures for student and faculty registration for use, (c) the arrangements with the other libraries for acquisition of materials needed for the institution's educational program which the outside library may not normally acquire, (d) the degree of authority of the institution's officials in making library policy to support the needs of the institution, (e) financial arrangements or fees for the use of other libraries, and (f) responsibilities of the college for replacement of materials lost by students of the college. The details of the contractual arrangements with other libraries must meet the criteria outlined in these standards.

### ***(2) Staff***

The library staff must be of a size and quality adequate to meet the objectives of the library and the academic programs it supports.

The library must be under the direction and supervision of a professionally trained librarian, who has a graduate library degree from a school of library science that is accredited by the American Library Association. The absolute minimum requirements for the chief librarian are 18 semester hours in library science, and a bachelor's degree. The librarian should perform duties of a professional nature, involving organization of the entire library program, supervision or performance of acquisitions, cataloging, reference, circulation and use functions, and coordination of the library with the academic program of the college. The last involves working with faculty members in the selection and use of materials, and organizing and/or conducting a library orientation and instruction program for students and faculty.

Staff of the library should be sufficient to perform all the clerical functions of the library and must have skills and training appropriate for their duties.

### ***(3) Administration***

The library should be administered in a manner that permits and encourages the most effective use of available library resources. For the most effective coordination of the library with the instructional program, it is essential that the college librarian report either to the chief executive officer or the chief academic officer.

There should be a standing advisory committee of faculty members representative of the academic programs of the college to advise the librarian at least annually on acquisitions and ways of improving library services as well as to serve as the main channel of formal communications between the library and the user community. The library committee should also evaluate annually the adequacy of the collection and services.

The library must keep up-to-date and adequate records of circulation, holdings, inventory data, materials on order, current periodicals received, expenditures, and budgets. The library should

encourage the additional use of other library resources that may be available and seek out and help develop cooperative agreements with other libraries. Written contractual agreements should be negotiated with the libraries and these agreements should include the items specified under “Policies and Objectives” of these guidelines. The institution should assign responsibility for providing library/learning resources and services and for ensuring continued access to them at each site.

#### ***(4) Distance Education***

The institution is responsible for funding and appropriately meeting the information needs of students enrolled in its distance learning courses and programs by supporting teaching, learning, and research. This support must provide ready and equivalent library service and learning resources to all its faculty and students, regardless of location. The institution must own the library/learning resources, provide access to electronic information available through existing technologies, and/or provide them through other libraries. If programs are to depend primarily on other libraries, the collections in those libraries should be adequate to support academic programs and courses at levels relevant to the degree objective.

#### ***(5) The Library Collection***

The holdings of the library must be appropriate for the purpose, the course offerings, degree programs, and enrollment of the institution. College libraries should assure quality and appropriateness of the collection by the use of standard lists of books and periodicals for selection. The number of volumes in the collection, or access to resources, must be appropriate for the academic programs and the enrollment.

Procedures should be developed to involve the faculty in selecting materials for the collection. Selection tools such as **Choice, Current Reviews for Academic Libraries, Book Publishing Record, Library Journal**, and professional library journals should be available for selection of current books and periodicals. There should be a continuing evaluation of the quality of the collection by checking holdings against bibliographies, and basic lists.

#### ***(6) Organization of Collection***

Materials should be classified and organized by nationally approved conventions and arranged on the shelves for efficient retrieval. A catalog or catalogs of holdings by author, title, and subject should be available for public use. In addition, requisite subordinate files such as serial checking records and shelf lists should be available.

#### ***(7) Budget and Finance***

An annual library operating budget, which authorizes sufficient financial support, is required to provide, maintain, and insure adequate and suitable library holdings, facilities, and services. Experience suggests that the operating budget at an established and functioning library would be 3 percent of the institution’s annual total educational and general budget. However, libraries with identified deficiencies or determined to be marginally adequate should be provided an appropriately larger percentage of the institutional total educational and general budget. In either event, the operating budget required by these guidelines shall include financial support only for direct operating expenses of the library and should exclude any allowance for institutional overhead, any allocation or distribution of institutional indirect costs, any provision for depreciation, cost allocation, or cost recovery of library facilities, and capital outlays for the library.

#### ***(8) Service and Use***

The library should establish and maintain a range and quality of services that will promote the academic program of the college. In addition to providing basic reference and circulation services, orientation and instruction in the use of libraries should be provided for students and faculty. It would be desirable to have a written library guide and/or handbook for students and faculty members. When appropriate, teaching faculty should require the use of library materials in instructional programs, such as supplementary readings and research papers.

The library should be open to student access for a reasonable number of hours when classes are not scheduled, both during the normal study week and during weekends and vacation periods. Library materials should be circulated to students, faculty members, and other qualified users under equitable policies.

The quality of the collections available locally to patrons should be enhanced by an interlibrary loan service in accordance with the American Library Association (ALA) Interlibrary Loan Code and local, regional, or state interlibrary cooperative agreements.

#### ***(9) Library Quarters***

Space assigned for library usage should convey a pleasant and inviting atmosphere and give a feeling of spaciousness and quietness conducive to study. A central and single location is desirable. The library should have good lighting, adequate ventilation, and proper temperature and humidity control. Layout of the area should stress functionality while retaining as much flexibility as possible. The book collection should be arranged on open shelving readily accessible to patrons who, ideally, will be provided with seating immediately adjacent to the books.

Size or square footage requirements will be dependent upon the size of the student body, number of volumes in the collection, and the type of instructional program emphasized by the college.

- (a) Seating should be provided for at least 10 percent of the largest number of students on campus at any time.
- (b) Space allocated for book and periodical shelving should be sufficient for normal growth, as well as for the current collection. In addition, adequate space should be provided for staff, library services, and other instructional materials, which may require special facilities for safekeeping.

#### ***(10) Equipment***

Furniture, computers, copy machines, audiovisual, digital and general equipment should be operational and in an adequate state of repair.

### ***Standard 5***

#### ***(Faculty and Other Personnel Qualifications)***

The education, experience, and other qualifications of directors, administrators, supervisors, and instructors must be such as may reasonably ensure that the students will receive, or will be reliably certified to have received, education of good quality consistent with the stated objectives of any course or program of study, equivalent experience, or achievement test offered by the institution. [G.S. 116-15(f)(5)]

## **Guidelines**

### ***A. Faculty***

The most important component of an institution in seeking to achieve its purpose is the faculty. Maximum effort should be devoted to recruiting effective faculty and nurturing their professional growth. The institution must employ competent faculty members to accomplish the mission and goals of the institution and must give them the central role in curriculum development and delivery. When determining acceptable qualifications of its faculty, an institution must give primary consideration to the highest earned degree in the discipline in accord with the guidelines listed below. The institution shall also consider competence, effectiveness, and capacity, including, as appropriate, undergraduate and graduate degrees, related work experiences in the field, professional licensure and certifications, honors and awards, continuous documented excellence in teaching, or other demonstrated competencies and achievements that contribute to effective teaching and student learning outcomes. For all cases, the institution is responsible for justifying and documenting the qualifications of its entire faculty, regardless of method of delivery or location.

### ***B. Educational Credentials***

#### ***(1) Faculty Teaching in a Two-Year Institution***

Faculty teaching in a two-year institution offering the associate degree must hold at least the master's degree or the equivalent in the field of specialization in which they are teaching. Exceptions must be justified by special competence in their field of knowledge. A minimum of 18 graduate semester hours in the master's degree must be in the discipline in which they are teaching, from a regionally accredited institution of higher education. Teaching disciplines are those considered appropriate for faculty teaching a subject area by discipline experts.

#### ***(2) Faculty Teaching in a Four-Year Institution***

Faculty teaching in a four-year institution offering the baccalaureate degree must hold at least the master's degree or equivalent in the field of specialization in which they are teaching. A majority of the faculty must have satisfactorily completed work beyond the master's degree in an accredited graduate school, and at least 25 percent of the course hours in each major must be taught by faculty who hold the doctorate or other terminal degree in the field of specialization from a regionally accredited institution of higher education.

#### ***(3) Faculty Teaching General Education Courses***

For faculty teaching general education courses at the undergraduate level: a doctoral or a master's degree in the teaching discipline or a master's degree with a concentration in the teaching discipline (a minimum of 18 graduate semester hours in the teaching discipline) is required.

#### ***(4) Faculty Teaching in Programs Granting Graduate Degrees***

Faculty teaching in programs granting graduate degrees must hold the doctorate or other terminal degree in the teaching discipline or related field.

#### ***(5) Faculty Teaching in First Professional Degree Programs***

Faculty teaching in first professional degree programs must meet recognized standards in their fields.

#### ***(6) Graduate Teaching Assistants***

For baccalaureate instruction, graduate teaching assistants (applicable to graduate degree or professional degree granting institutions) must hold a masters in the teaching field or 18 graduate

semester hours in the teaching discipline. Graduate assistants must be directly supervised by a faculty member experienced in the teaching discipline with regular in-service training and planned and periodic evaluations.

***(7) Size***

The faculty must be sufficient in number, and the proportion of part-time members and the student-teacher ratio must be such as to assure the effectiveness of the educational program, including counseling and advising of students. The faculty must be representative of the principal areas of instruction offered by the institution and have a composition relevant to the number and nature of the courses taught. Further, the faculty should consist of full-time appointments sufficient to insure continuity and stability of the educational programs and to provide adequate educational association between students and faculty. In no instance should the faculty number fewer than four full-time members.

Whatever the size of the faculty, electronically delivered courses must provide for meaningful and continuing interaction between faculty and among students.

***(8) Definition of Responsibilities***

Faculty responsibilities must be defined in writing in terms of hours taught, course development and research required, number of students, level of instruction, research expected, administrative duties, student advising, committee assignments, counseling assignments, and other expectations.

***(9) Faculty Development***

The institution should provide evidence of ongoing professional development of faculty. Faculty individually should engage in continuing professional study or research appropriate to their responsibilities. Provision should be made for attendance at professional meetings and periodic study leaves to encourage continued competence, effectiveness, and productivity. Faculty teaching via an electronic system must be provided appropriate training, support services, equipment, software and communications for interaction with students, faculty, and other institutional personnel.

***(10) Appointment***

Faculty should be appointed by official action of the governing board of the institution upon recommendation by its chief executive officer. Notice of appointment should be in writing and should contain the conditions of employment and personnel policies with regard to academic freedom and economic security.

***(11) Evaluation of Faculty***

The institution must evaluate annually the effectiveness of each faculty member in accord with published criteria, regardless of contractual or tenured status. These data should be available and used for faculty development and appointment decisions.

***(12) Academic Freedom***

The institution should publish policies on academic freedom.

***(13) Faculty Involvement in Decision Making***

The institution should publish policies clearly defining the role of the faculty in decision making in the hiring of other faculty, curriculum development, evaluation of faculty, and the hiring and evaluation of administrative staff.

***(14) Stability***

The faculty conducting classes in upper-division courses should be stable. The institution must provide a roster evidencing such stability in its initial application and in each annual report. The institution should induce such stability with adequate salaries, fringe benefits, desirable working conditions, and tenure status as appropriate.

***C. Administration***

The chief executive and administrative officers should hold at least the master's degree. The chief academic officer and academic officers (e.g., deans, department chairpersons) must also hold a minimum of a master's degree. Exceptions should be justified by special competence or experience in their areas of responsibility and must be documented in personnel files. For baccalaureate or higher-degree granting institutions, the terminal degree in the teaching discipline will normally be expected for academic officers.

***Standard 6  
(Catalog)***

The institution must provide students and other interested persons with a catalog or brochure containing information describing the substance, objectives, and duration of the study, equivalent experience, and achievement testing offered; a schedule of related tuition, fees, and all other necessary charges and expenses; cancellation and refund policies; and such other material facts concerning the institution and the program or course of study, equivalent experience, and achievement testing as are reasonably likely to affect the decision of the student to enroll therein, together with any other disclosures that may be specified by the board. Such information is provided to prospective students prior to enrollment. [G.S. 116-15(f)(6)]

The catalog shall also include a description of the faculty and their qualifications, a description of students' rights, admission policies, transferability, articulation agreements, student code of conduct, and other relevant institutional policies. The catalog must clearly indicate the specific beginning and ending dates defining the time period covered by the catalog. The institution shall provide a statement in its catalog of the transferability of its courses and degrees to other academic institutions that are regionally accredited. The institution shall update its catalog at least biennially.

***Guidelines***

In addition to information specified above, the catalog must contain statements with respect to the following:

- (1) Mission of the institution.
- (2) Ownership and control of the institution, directly and indirectly.
- (3) Name, title, and office location of officer responsible for receiving students who wish to file complaints and to seek redress.
- (4) Location and accessibility of Guaranty Bond (for prepaid tuition held) for review by anyone wishing to see it.
- (5) Location, telephone number, electronic mail and Web address of the principal office of the corporation directly owning the institution and of the institution offering the degrees.



- (6) Availability of health care services and degree of responsibility of the institution for providing such services.
- (7) Cancellation and refund policy.
- (8) In the case of courses delivered electronically, catalogs or brochures must provide students with clear and complete information on the nature of faculty/student interaction, prerequisite technology competencies and skills, technical equipment requirements, and availability of academic support services.

### ***Standard 7***

#### ***(Program Completion Credentials)***

Upon satisfactory completion of study, equivalent experience, or achievement test, the student must be given appropriate educational credentials by the institution, indicating that the relevant study, equivalent experience, or achievement testing has been satisfactorily completed by the student. [G.S. 116-15(f)(7)]

#### **Guidelines**

The institution must employ sound and acceptable practices for determining the amount and level of credit awarded for courses, regardless of format or mode of delivery.

The institution must have a defined and published policy for evaluating, awarding and accepting credit for transfer, experiential learning, advanced placement, and equivalent experiences that is consistent with its mission and ensures that course work and learning outcomes are at the appropriate post-secondary level. The institution assumes responsibility for the academic quality of any course work or credit recorded on the institution's transcript.

A post-secondary degree is a credential conferring on the recipient thereof the title of 'Associate,' 'Bachelor,' 'Master,' or 'Doctor,' or an equivalent title, signifying educational attainment based on (1) study, (2) a substitute for study in the form of equivalent experience or achievement testing, or (3) a combination of the foregoing; provided, that 'post-secondary degree' shall not include any honorary degree or other so-called 'unearned' degree and that the normal periods of study for the degree are met.

### ***Standard 8***

#### ***(Student Records)***

The institution must maintain records that are adequate to reflect the application of relevant performance or grading standards to each enrolled student. [G.S. 116-15(f)(8)]

#### **Guidelines**

Consistent with federal and state law, the institution must protect the security, confidentiality, and integrity of its student records. The institution shall maintain student records for each student, whether or not the student completes the educational program.

### ***A. Content of Records***

Records should show attendance, progress, or grades of each enrolled student.

### ***B. Purpose of Records***

Adequate student records must be maintained by the institution to substantiate student attendance, academic progress, grades earned, and to provide evidence that satisfactory standards are enforced relative to attendance, progress, and performance.

### ***C. Disposition of Records***

Provision should be made for the disposition of permanent and other critical student records in the event that the institution discontinues operations. The records must be disposed of in accord with regulations of the Division of Archives and History of the State of North Carolina, Raleigh.

## ***Standard 8B (Student Services)***

The institution must provide adequate services for students in addition to formal instructional experiences of the classroom and laboratory. These services normally include admissions, orientation, counseling and guidance, academic advising, financial assistance, health care, job placement, student records, and extracurricular activities. Student services should support the institution's mission, and they should be evaluated annually. Sufficient qualified personnel should be employed to ensure the quality and effectiveness of all services for students.

### ***Guidelines***

Consistent with its mission, the institution should provide student support programs, services, and activities that promote student learning and enhance the development of its students.

#### ***A. Admissions***

The institution must have a clearly stated admissions policy. High school graduation or demonstrable equivalent should be required for freshman matriculation. A bachelor's degree or demonstrable equivalent should be required for admission into graduate or professional degree programs. Admission is determined by the readiness and ability of a student to gain knowledge from the instructional offerings.

#### ***B. Counseling and Guidance***

Appropriate counseling and guidance services should be available to students. An advisor should be assigned to assist each student in program planning, course selection, and other academic matters. Special care should be exercised to maintain and protect confidentiality of counseling records.

#### ***C. Health Care Services***

Suitable health care services should be readily available in or near the institution. The character of these services and degree of institutional responsibility should be stated in the catalog and other appropriate literature.

#### ***D. Job Placement Assistance***

If an institution represents to the public, in any manner, that an educational curriculum leads to employment, there must be annual written employer data, graduation rates, and employment rates, available upon request. Additionally, the institution should report job placement statistics yearly.

There should be a clear description of the job placement assistance that the institution provides in the enrollment application or materials. The quality of placement services at an institution must be consistent with its published statements.

#### ***E. Financial Aid***

Normally, financial aid to students is administered through a single campus office. The four principal programs through which students may receive financial aid while in college are scholarships, grants, loans, and jobs. The financial aid officer may combine different types of assistance into a single aid “package” for a needy student. The administration and distribution of financial assistance must be performed according to written institutional policies and procedures that are consistent with basic principles of financial aid.

#### ***F. Records***

A plan must be developed for disposition of permanent and other critical student records in the event that the institution discontinues operations. These records must be disposed of in accordance with regulations of the Division of Archives and History of the State of North Carolina, Raleigh.

### ***Standard 9 (Compliance with Ordinances and Laws)***

The institution must be maintained and operated in compliance with all pertinent ordinances and laws, including rules and regulations adopted pursuant thereto, relative to the safety and health of all persons upon the premises of the institution. [G.S. 116-15(f)(9)]

### ***Standard 10 (Finance and Organization)***

The institution must be financially sound and capable of fulfilling its commitments to students. [G.S. 116-15(f)(10)]

#### **Guidelines**

##### ***A. Finances***

The institution must possess and maintain adequate financial resources to sustain its mission and purpose.

***(1) Stability***

Financial resources should be characterized by stability that indicates the institution is capable of maintaining operational continuity for an extended period of time. The minimum “extended period of time” is the duration of the most lengthy post-secondary degree program offered, e.g., associate degree program, two years; bachelor’s degree program, four years; master’s degree program, five years or more; doctor’s degree program, seven years or more.

***(2) Adequacy***

Adequacy of financial support is based, in part, on

- (a) Average annual expenditures per student for educational programs;
- (b) Average annual income per student from educational activities;
- (c) The ratio of net profit, adjusted, to debt service costs (Normally, the formula components are annual net profit plus interest on debt plus expenses not requiring an outlay of funds, such as depreciation, divided by debt service costs, consisting primarily of payments on principal and interest); and
- (d) Financial policies, procedures, and practices adopted or utilized by the institution.

***(3) Plan for Financial Development***

A coordinated, comprehensive, flexible financial plan (budget) for long-range management of the institution must be maintained.

***(4) Financial Records and Audit Report***

The institution’s recent financial history must demonstrate financial stability. The institution shall present documents consistent with generally accepted accounting standards reflecting its financial condition during the application process and yearly, thereafter, in the reporting process.

The institution must maintain adequate and sufficient financial records, and its financial statements must be audited annually by an independent certified public accountant (CPA) according to generally accepted auditing standards. The independent certified public accountant should render an unqualified opinion as to the fairness of presentation of financial statements and as to their conformity with generally accepted accounting principles.

An institution shall submit the following financial information with its initial application:

- Reviewed financial statements for the extension location.
- A copy of the most recent audit report for the institution.
- A detailed description of any material changes in any of the information contained in the audit report or a statement indicating that there are no material changes.
- A detailed disclosure of legal and binding relationships with any parent or subsidiary corporation or institution.

***(5) Insurance***

Adequate casualty and liability insurance must be maintained to protect the institution’s financial interests.

***(6) Bonding***

Tuition guaranty bond, or equivalent, of not less than \$10,000 and at least equal to or higher than the maximum amount of prepaid tuition held (i.e., unearned tuition held) existing at any time during the most recent fiscal year must be maintained.

- (a) The institution must provide a statement by an independent certified public accountant specifying the existing principal amount of tuition guaranty bond and that the principal amount is not less than \$10,000 and is at least equal to or higher than the maximum amount of prepaid tuition held (i.e., unearned tuition held) existing at any time during the most recent fiscal year.

Such statement should be expressed as follows:

The guaranty tuition bond in the amount of \_\_\_\_\_ (amount) maintained by \_\_\_\_\_ (name) College as of the date of this statement is not less than \$10,000 and is at least equal to or higher than the maximum amount of prepaid tuition held (i.e. unearned tuition held) existing at any time during the fiscal year ended \_\_\_\_\_.

- (b) The amount of “prepaid tuition held” by an institution should be determined as follows:
- (i) The amount of prepaid tuition held is the excess of cumulative collections of tuition and related required fees over the cumulative amount of earned tuition and related required fees.
  - (ii) Cumulative collections are the amount of cash received by an institution for a student’s account as payment for the applicable tuition and related required fees.
  - (iii) Tuition and related required fees are recognized as earned revenue on a daily pro rata basis during a contract period for each separate contract.
  - (iv) A contract period, i.e., the period of providing instructional services, extends from the first day of classes for an academic term through termination of the academic term’s final examinations.
  - (v) A separate contract for instructional services exists for each academic term for each individual student. An institution is contractually committed to individual students rather than all students collectively. Therefore, the bond must be sufficient to reimburse each individual student who has remitted prepaid tuition to an institution. In those instances where negative amounts of “prepaid tuition held” exist, students are indebted to the institution for instructional services provided but which are unpaid.
  - (vi) The amount of “prepaid tuition held” must be determined for each individual student and in the aggregate for the institution at least once each month (on a recurring date) during the most recently concluded fiscal year.
  - (vii) Negative amounts of “prepaid tuition held” for individual students on any measurement date must not be offset against positive amounts of prepaid tuition held when determining the aggregated amount of prepaid tuition held.
  - (viii) The principal amount of the guaranty bond must be the greater of \$10,000 or the highest monthly amount of aggregated “prepaid tuition held” for all students with positive balances during the fiscal year measurement period.
  - (ix) The amount of “prepaid tuition held” is verifiable by an alternative calculation; i.e., it is equivalent to the excess of unearned tuition and related required fees (determined on an individual student basis) over the student’s unpaid tuition and related required fees. Negative amounts of “excess” so derived must be excluded from the aggregating calculation. The summation of individual amounts so derived will equal “prepaid tuition held” determined by the method described in steps numbered i through viii above.

## ***B. Organization***

The institution must be organized to provide efficient and effective administrative, program, and resource support for the attainment of its mission and purpose. The institution should demonstrate that there is an ongoing planning and evaluation process that guides its decision-making and actions.

The institution shall demonstrate that it engages in continuous planning, evaluation, and improvement. The institution must be able to demonstrate that it accomplishes its mission by presenting student data, faculty data, employment data, and other evaluative data consistent with an appropriate standard.

### ***(1) Statement of Mission***

The broad purpose of degree-granting institutions of higher education is threefold: a) the preservation and transmission of knowledge through teaching at a more advanced level than secondary education, (b) the discovery of knowledge through research, and c) the application of knowledge through public service. Diverse and varied autonomous institutions, each with its own special mission, offer a multiplicity of programs, which collectively constitute efforts in the United States to achieve the broad purpose of higher education.

Each institution pronounces its role in the higher educational spectrum through a mission statement. This statement, comprising the philosophy and objectives of the institution, should include definitions of the educational climate to be maintained, the character of education that students are expected to possess upon graduation, the occupational and other outcomes expected from available programs, and characteristics of attained individual growth. The statement should be operationally effective and should be periodically reviewed for possible improvement and restatement. An interval of five years is suggested as a maximum period between reviews.

The statement should describe both the concept and practice of the institution. The institution must be prepared to present evidence that the various elements of its operation (i.e., faculty work, educational program, student life, finances, physical facilities, organization, and administration) are designed to support the stated mission. The institution's integrity is to be judged according to its stated mission, its efforts to achieve this mission, and the degree of attainment. The statement of mission must be published in the institution's catalog.

### ***(2) Incorporation***

The institution must be incorporated.

### ***(3) Governance***

The institution should operate under control of a governing board of directors. The board should be responsible for:

- (a) Achievement of all legal requirements pertaining to incorporation and operation.
- (b) Formulation of institutional policy, including policies concerning related and affiliated corporate entities and all auxiliary service(s).
- (c) Selection and evaluation of a chief executive officer.
- (d) Appointment of subordinate staff and professional personnel.
- (e) Fiscal stability of the institution.
- (f) The institutional mission.

- (g) Development and maintenance of bylaws consistent with the institution's mission and specifying the number, manner of appointment, and terms of officers and members of the board; frequency of minimum meetings per annum; format of official minutes of board meetings; and all matters related to duties, responsibilities, and procedures of the governing board and its members.

If the governing board delegates any of its policymaking or other powers, duties, or responsibilities to other parties, such delegations must be approved by a majority of the membership of the board, be in writing, be recorded in the minutes, and not compromise the institution's present or future financial stability and/or capability of fulfilling commitments to students.

#### ***(4) Management***

The institution shall have a governing board with specific policy making authority over the institution. There must be a clear and appropriate distinction, in writing and practice, between the policy-making functions of the governing board and the responsibility of the administration and faculty to administer and implement policy. The institution shall have a chief executive officer whose primary responsibility is to the institution and who is not the presiding officer of the board.

The governing board shall have a policy and a process to monitor conflicts of interest.

Business and financial management should be centralized and administered in a qualified and bonded business office responsible to the chief executive officer charged with supervision of the budget.

#### ***(5) Administration***

Administrative responsibilities and concomitant authority should be clearly stated in writing.

- (a) Organizational charts showing lines of authority and relationships among component units, positions, and personnel should be communicated and continuously updated.
- (b) The role of each group comprising an institution (i.e., governing board, administrators, faculty, students) and the nature and extent of the involvement of each group in resolution of issues and determination of the policies should be available in writing for distribution to all constituent groups.

### ***Standard 11***

#### ***(Business Practices)***

The institution, through itself or those with whom it may contract, must not engage in promotion, sales, collection, credit, or other practices of any type which are false, deceptive, misleading, or unfair. [G.S. 116-15(f)(11)]

#### **Guidelines**

##### ***A. Form of Policies***

Policies pertaining to promotion, sales, collection, credit, and other practices of any type must be accurate, written, and readily available for review.

### ***B. Availability of Promotional Materials***

Promotional materials should be readily available for review.

### ***Standard 12 (Professional Conduct)***

The chief executive officer, trustees, directors, owners, administrators, supervisors, staff, instructors, and employees of the institution must not have a record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution. [G.S.116-15(f)(12)]

#### **Guidelines**

Credentials; accurate records of academic, administrative, and other employment; and personal history resumes must be readily available for review.

### ***Standard 13 (Student Housing)***

Any student housing owned and maintained or approved by the institution, if any, must be appropriate, safe, and adequate. [G.S. 116-15(f)(13)]

#### **Guidelines**

All North Carolina laws shall be met with reference to the safety and health of occupants and with reference to other applicable matters.

### ***Standard 14 (Cancellation and Refund Policy)***

The institution must have a fair and equitable cancellation and refund policy. [G.S. 116-15(f)(14)]

#### **Guidelines**

The institution must have and maintain a fair and equitable cancellation and refund policy which applies equally to all students and that is published and disseminated to the public. Such policy must appear in the catalog of the institution and other appropriate publications.

### ***Standard 15 (Institutional Agent)***

No person or agency with whom the institution contracts may have a record of unprofessional conduct, or incompetence that would reasonably call into question the overall quality of the institution. [G.S. 116-15(f)(15)]

#### **Guidelines**

Appropriate information should be readily available for review concerning any person or agency with whom the institution contracts for academic or support services.



## **V. Regular License**

To undertake post-secondary degree activity in North Carolina, an institution, through itself or through an agent, must be licensed by the Board of Governors of the University of North Carolina. [G.S. 116-15(b)]

To be issued a regular license, the institution shall satisfy the Board that standards are met as required by the General Statutes of North Carolina [G.S. 116-15(f)], and comply with rules, regulations, and procedures established by the Board to effect provisions of the General Statutes [G.S. 116-15(i)].

## **VI. Initial License**

For a new degree program proposed for licensure, the Board of Governors may in some circumstances approve an initial license that will allow institutions to offer the degree program in North Carolina but whose continuing validity must be reaffirmed based on a visit by a team of examiners and action by the Board of Governors.

Normally this visit will take place within a year of the program's starting, but no later than eighteen months from the date of initiation. An initial license is normally valid for one year but in no case can it be valid for more than eighteen months.

## **VII. Interim Permit**

An institution which meets standards for regular licensure except for having conducted post-secondary degree activity for at least two years immediately prior to submitting an application for licensure may be granted an interim permit to conduct post-secondary degree activity if the institution can demonstrate a quality of stability, experience, reputation, and performance which two years of operation would normally denote. Before the end of the period of the interim permit, the institution will be re-evaluated to determine if it qualifies for a regular license. The procedure for seeking an interim permit is the same as that for seeking regular licensure.

## **VIII. Procedures for Seeking Licensure**

### ***A. Preliminary Conference***

The chief executive officer of an institution seeking licensure contacts the University of North Carolina General Administration and arranges for a preliminary conference to discuss the Standards and procedures for applying for licensure. The mandatory, preliminary conference will take place in North Carolina at The University of North Carolina.

### ***B. Letter of Intent***

If, following the preliminary conference, the chief executive officer of the institution concludes that the institution will seek licensure in the State of North Carolina, the chief executive officer writes a letter to the University of North Carolina General Administration stating the intent of the institution to apply for licensure. This letter must describe the mission of the institution, the proposed degree programs for approval, and projected enrollment.

### ***C. Application for Licensure***

Following receipt of the letter of intent, the University of North Carolina General Administration requires that the institution submit a formal application that demonstrates it is in compliance (or will be in compliance once it hires faculty and secures appropriate facilities) with each licensure standard.

The application shall be accompanied by appropriate documentation that the institution meets and can maintain standards for licensure for an extended period of time. Documentation for each standard should be included in an indexed notebook. Additionally, the application shall contain a description of the policies and procedures used by the institution to monitor and assure compliance with licensure rules and procedures and continuously to evaluate and improve the quality of its programs and student services.

The application should include a copy of the institution's catalog, including addenda reflecting newly approved educational services, in published or proposed-to-be-published form. Website and electronic address(es) should also be included in the catalog.

Depending on the institution's mission, and the proposed degrees, review of the licensure application may take from six to twelve months. If an institution's application is adequate, a site visit by a Team of Examiners will be scheduled. The visit and the Team of Examiners report and recommendations may take another three to four months.

### ***D. Examination Visit***

If the application and supporting documentations indicate that the institution is ready for an examination visit, the University of North Carolina General Administration arranges with the chief executive officer of the institution for a visit by a Team of Examiners to the campus and, if needed, other degree activity sites.

The purpose of the visit is to confirm documentation submitted by the institution evidencing compliance with standards of good quality education and to confirm whether the institution meets the other requirements established by the Board of Governors.

The Team of Examiners is composed of at least one officer of the University of North Carolina General Administration, faculty members representative of public and private sectors with the appropriate levels and fields of education, and other persons deemed necessary for a sound examination. All are appointed by the President of the University of North Carolina, or his or her designee, and they are selected based on their expertise in specific fields related to the licensure proposal.

One member of the examining committee is appointed chair, with responsibility for leading the examination and preparing the team's report and recommendations.

Costs connected with the examination visit and subsequent visits, as may be necessary, such as travel, meals, lodging, and honoraria, are paid by the institution seeking licensure.

### ***E. Examiners' Report and Recommendations***

Following the examination visit, the Team of Examiners prepares a report of its visit and a statement of recommendations concerning the institution's application for licensure.

The Team of Examiners submits the report and statement of recommendations to the President of the University of North Carolina or the President's designee within thirty days, or as soon as possible after completion of the examination.

All recommendations are advisory to the University of North Carolina General Administration. The statement of recommendations accompanying the Team of Examiners' report should contain one of the following as concluding advice: (1) that the institution be issued a regular license, (2) that the institution be issued a license subject to completion of specified conditions, (3) that the institution be issues an initial license, or (4) that the institution be denied a license.

### ***F. Institutional Hearing***

After the Team of Examiners' report and recommendations have been transmitted to the University of North Carolina General Administration, the chief executive officer of the institution may be invited to General Administration to discuss further the report and recommendations.

### ***G. Staff Review and Proposal***

The staff of General Administration reviews the Team of Examiners' report and recommendations and any additional information that may result from an institutional hearing and submits a staff report to the President.

### ***H. Action of Board of Governors***

Following submission of the Team of Examiners' report and recommendations along with a staff report, the President of the University of North Carolina submits a recommendation for action on the application of the institution for licensure to the Board of Governors. Following consideration, the Board of Governors acts on the application.

### ***I. Certificate of Licensure***

If the Board of Governors approves the application of an institution for licensure, the staff narrative of the proposal in the Board Book for the meeting of the Board of Governors will be extracted, signed by the Secretary of the University and is forwarded to the chief executive officer of the institution. The extract officially certifies that the institution is licensed to conduct post-secondary degree activity as specified.

### ***J. Restriction***

Licensure authorizes an institution to conduct post-secondary degree activity, only as specified by the Board of Governors.

### ***K. Review of Licensure***

Any institution that acquires licensure shall be subject at any time to review by the Board of Governors to determine whether the institution continues to meet standards for licensure.

An institution, which seeks to conduct post-secondary activity not previously licensed, shall also be subject to review. Review may necessitate use of a Team of Examiners. Cost of reviews is borne by the institution.

***(1) Review of License***

Review of licensure shall always occur if:

- (a) Two years have elapsed since the institution was licensed by the Board of Governors, or
- (b) The institution is legally reconstituted, or
- (c) Ownership of a preponderance of all the assets of the institution changes pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements, or
- (d) The institution seeks to grant additional degrees or add academic credit activity, regardless of the mode of delivery ( i.e., distance education), or
- (e) The institution opens another campus in another city or locality in North Carolina.

Review of licensure may occur if:

- (a) The institution changes facilities within the same North Carolina city/town, or
- (b) General Administration receives substantial complaints regarding compliance with the standards, or
- (c) The institution adds concentrations or majors in a degree program that has been approved by the Board of Governors.

***(2) Continuance of License***

A regular license issued to an institution prior to the effective date of these revised rules and standards shall continue in effect following the effective date of these revised rules and standards. Institutions licensed at the time the Board of Governors approves revisions in the rules and standards will have two years to meet requirements in the revised rules and standards. Any applicant for licensure after the approval of the revised standards will be required to meet the revised rules and standards to qualify for licensure.

***L. Annual Reporting***

Each institution licensed by the Board of Governors shall complete an Annual Report and submit it to the University of North Carolina General Administration along with a copy of its financial statements audited by an independent certified public accountant, a statement by an independent certified public accountant that the indemnificatory value of the tuition penal bond maintained by the institution is in excess of the maximum amount of prepaid tuition held by the institution at anytime during its fiscal year, and other information as specified by General Administration.

An institution shall notify General Administration, in writing, if it plans to change the location of its main campus or satellite campus in North Carolina. The written notification shall be submitted at least 60 days prior to the proposed date of the change of location, unless the change is necessitated by an emergency. The institution will be contacted within 30 days of receipt of the notification, if further information is needed. General Administration must receive written notification of the intention of the institution to add concentrations or majors. Proposals for new concentrations and majors will be reviewed by General Administration to determine if any further action is needed.

## **IX. Procedures for Seeking Licensure for New Degree Activity**

An institution holding a regular license issued by the Board of Governors, which seeks to conduct post-secondary degree activity not previously licensed shall complete a new degree application, similar to its original application and provide documentation that the new activity complies with the rules and standards for licensure as specified herein. The documentation should include information, which evidences compliance with the standards for licensure. The Board of Governors shall conduct such inquiry and examination, as it deems appropriate, including a review of the entire institution, to insure that the proposed degree activity meets those standards and that they can be maintained.

### ***Denial and Revocation of Licensure***

Any institution seeking licensure under these rules and standards that fails to meet them shall be denied a license to conduct post-secondary degree activity in North Carolina. Any institution holding a license to conduct post-secondary degree activity in North Carolina that is found by the Board of Governors not to satisfy these licensure requirements shall have its license to conduct post-secondary degree activity revoked by the Board, provided that the Board of Governors may continue in force the license of an institution deemed by the Board to be making substantial and expeditious progress toward remedying its licensure deficiencies. The institution shall be notified in writing of any staff recommendations that might result in revocation, with the grounds set forth for the action contemplated. The institution may request, in writing, within ten days of receipt of the notification, an interview to respond to the recommendation of noncompliance. In the event that the Board of Governors revokes the license, the institution shall be notified in writing within ten days.

## **X. Exemptions**

### ***A. Institutions Continuously Conducting Post-Secondary Degree Activity in North Carolina Since July 1, 1972***

Any institution that has been continuously conducting post-secondary degree activity in this State under the same publicly registered name or series of publicly registered names since July 1, 1972 shall be exempt from the provisions for licensure upon presentation to the Board of Governors of information acceptable to the Board to substantiate such post-secondary degree activity and public registration of the institution's names. Any institution that, pursuant to a predecessor statute, had presented to the Board proof of activity and registration such that the Board granted exemption from licensure, shall continue to enjoy such exemption without further action by the Board. [G.S. 116-15(c)]

### ***B. Programs Relative to Religious Education***

No institution shall be subject to licensure under this section with respect to post-secondary degree activity based upon a program of study, equivalent experience, or achievement testing, the institutionally planned objective of which is the attainment of a degree in theology, divinity, or religious education or in any other program of study, equivalent experience, or achievement testing that is designed by the institution primarily for career preparation in a religious vocation. This exemption shall be extended to any institution with respect to each program of study, equivalent experience, and achievement test that the institution demonstrates to the satisfaction of the Board should be exempt from licensure requirements. [G.S. 116-15(d)] Institutions seeking a religious exemption shall complete the application for religious exemption and follow directions contained therein.

### ***C. Institutions Conducting Post-Secondary Degree Activity within the Military***

To the extent that an institution undertakes post-secondary degree activity on the premises of military posts or reservations located in this State for military personnel stationed on active duty there, or their dependents, or employees of the military, the institution shall be exempt from licensure requirements. [G.S. 116-15(e)] If the institution offers or conducts post-secondary degree activity for other persons, the institution shall be subject to licensure. Institutions seeking a military exemption shall send written correspondence to General Administration identifying the military base and the degrees that will be offered. Institutions shall also present annual reports to General Administration describing degree activity and enrollments.

## **XI. Enforcement**

The Board of Governors shall call to the attention of the Attorney General, for such action as the Attorney General may deem appropriate, any institution failing to comply with these requirements for licensure.

## **XII. Licensure Fees**

All institutions applying for or receiving licensure to conduct educational activities in North Carolina must pay licensing fees and annual fees based on the schedule in Appendix B.

## **Appendix A. North Carolina General Statutes Section 116-15, Licensing of Certain Nonpublic Post-Secondary Educational Institutions to Conduct Post-Secondary Degree Activity in North Carolina**

From the General Statutes of North Carolina

### **§ 116-15. Licensing of certain nonpublic post-secondary educational institutions.**

(a1) The General Assembly of North Carolina in recognition of the importance of higher education and of the particular significance attached to the personal credentials accessible through higher education and in consonance with statutory law of this State making unlawful any “unfair or deceptive acts or practices in the conduct of any trade or commerce,” hereby declares it the policy of this State that all institutions conducting post-secondary degree activity in this State that are not subject to Chapter 115 or 115D of the General Statutes, nor some other section of Chapter 116 of the General Statutes shall be subject to licensure under this section except as the institution or a particular activity of the institution may be exempt from licensure by one or another provision of this section.

(a2) Definitions. As used in this section the following terms are defined as set forth in this subsection:

- (1) “Post-secondary degree.” A credential conferring on the recipient thereof the title of “Associate,” “Bachelor,” “Master,” or “Doctor,” or an equivalent title, signifying educational attainment based on (i) study, (ii) a substitute for study in the form of equivalent experience or achievement testing, or (iii) a combination of the foregoing; provided, that “post-secondary degree” shall not include any honorary degree or other so-called “unearned” degree.
  - (2) “Institution.” Any sole proprietorship, group, partnership, venture, society, company, corporation, school, college, or university that engages in, purports to engage in, or intends to engage in any type of post-secondary degree activity.
  - (3) “Post-secondary degree activity.” Any of the following is “post-secondary degree activity”:
    - a. Awarding a post-secondary degree.
    - b. Conducting or offering study, experience, or testing for an individual or certifying prior successful completion by an individual of study, experience, or testing, under the representation that the individual successfully completing the study, experience, or testing will be awarded therefore, at least in part, a post-secondary degree.
  - (4) “Publicly registered name.” The name of any sole proprietorship, group, partnership venture, society, company, corporation, school, college, or institution that appears as the subject of any Articles of Incorporation, Articles of Amendment, or Certificate of Authority to Transact Business or to Conduct Affairs, properly filed with the Secretary of State of North Carolina and currently in force.
  - (5) “Board.” The Board of Governors of The University of North Carolina.
- (b) Required License. No institution subject to this section shall undertake post-secondary degree activity in this State, whether through itself or through an agent, unless the institution is licensed as provided in this section to conduct post-secondary degree activity or is exempt from licensure under this section as hereinafter provided.
- (c) Exemption from Licensure. Any institution that has been continuously conducting post-secondary degree activity in this State under the same publicly registered name or series of publicly registered names since July 1, 1972, shall be exempt from the provisions for licensure under this section upon presentation to the Board of information acceptable to the Board to

substantiate such post-secondary degree activity and public registration of the institution's names. Any institution that, pursuant to a predecessor statute to this subsection, had presented to the Board proof of activity and registration such that the Board granted exemption from licensure, shall continue to enjoy such exemption without further action by the Board.

- (d) **Exemption of Institutions Relative to Religious Education.** Notwithstanding any other provision of this section, no institution shall be subject to licensure under this section with respect to post-secondary degree activity based upon a program of study, equivalent experience, or achievement testing the institutionally planned objective of which is the attainment of a degree in theology, divinity, or religious education or in any other program of study, equivalent experience, or achievement testing that is designed by the institution primarily for career preparation in a religious vocation. This exemption shall be extended to any institution with respect to each program of study, equivalent experience, and achievement test that the institution demonstrates to the satisfaction of the Board should be exempt under this subsection.
- (e) **Post-Secondary Degree Activity within the Military.** To the extent that an institution undertakes post-secondary degree activity on the premises of military posts or reservations located in this State for military personnel stationed on active duty there, or their dependents, the institution shall be exempt from the licensure requirements of this section.
- (f) **Standards for Licensure.** To receive a license to conduct post-secondary degree activity in this State, an institution shall satisfy the Board that the institution has met the following standards:
  - (1) That the institution is state-chartered. If chartered by a state or sovereignty other than North Carolina, the institution shall also obtain a Certificate of Authority to Transact Business or to Conduct Affairs in North Carolina issued by the Secretary of State of North Carolina;
  - (2) That the institution has been conducting post-secondary degree activity in a state or sovereignty other than North Carolina during consecutive, regular-term, academic semesters, exclusive of summer sessions, for at least the two years immediately prior to submitting an application for licensure under this section, or has been conducting with enrolled students, for a like period in this State or some other state or sovereignty, post-secondary educational activity not related to a post-secondary degree; provided, that an institution may be temporarily relieved of this standard under the conditions set forth in subsection (i), below;
  - (3) That the substance of each course or program of study, equivalent experience, or achievement test is such as may reasonably and adequately achieve the stated objective for which the study, experience, or test is offered or to be certified as successfully completed;
  - (4) That the institution has adequate space, equipment, instructional materials, and personnel available to it to provide education of good quality;
  - (5) That the education, experience, and other qualifications of directors, administrators, supervisors, and instructors are such as may reasonably insure that the students will receive, or will be reliably certified to have received, education consistent with the stated objectives of any course or program of study, equivalent experience, or achievement test offered by the institution;
  - (6) That the institution provides students and other interested persons with a catalog or brochure containing information describing the substance, objectives, and duration of the study, equivalent experience, and achievement testing offered, a schedule of related tuition, fees, and all other necessary charges and expenses, cancellation and refund policies, and such other material facts concerning the institution and the program or course of study, equivalent experience, and achievement testing as are reasonably likely to affect the decision of the student to enroll therein, together with any other disclosures that may be specified by the Board; and that such information is provided to prospective students prior to enrollment;



- (7) That upon satisfactory completion of study, equivalent experience, or achievement test, the student is given appropriate educational credentials by the institution, indicating that the relevant study, equivalent experience, or achievement testing has been satisfactorily completed by the students;
- (8) That records are maintained by the institution adequate to reflect the application of relevant performance or grading standards to each enrolled student;
- (9) That the institution is maintained and operated in compliance with all pertinent ordinances and laws, including rules and regulations adopted pursuant thereto, relative to the safety and health of all persons upon the premises of the institution;
- (10) That the institution is financially sound and capable of fulfilling its commitments to students and that the institution has provided a bond as provided in subsection (f1) of this section;
- (11) That the institution, through itself or those with whom it may contract, does not engage in promotion, sales, collection, credit, or other practices of any type which are false, deceptive, misleading, or unfair;
- (12) That the chief executive officer, trustees, directors, owners, administrators, supervisors, staff, instructors, and employees of the institution have no record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution;
- (13) That the student housing owned, maintained, or approved by the institution, if any, is appropriate, safe, and adequate;
- (14) That the institution has a fair and equitable cancellation and refund policy; and
- (15) That no person or agency with whom the institution contracts has a record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution.

(f1)

- (1) A guaranty bond is required for each institution that is licensed. The Board may revoke the license of an institution that fails to maintain a bond pursuant to this subsection. If the institution has provided a bond pursuant to G.S. 115D-95, the Board may waive the bond requirement under this subsection. The Board may not waive the bond requirement under this subsection if the applicant has provided an alternative to a guaranty bond under G.S.115D-95©.
- (2) When application is made for a license or license renewal, the applicant shall file guaranty bond with the clerk of the superior court of the county in which the institution will be located. The bond shall be in favor of the students. The bond shall be executed by the applicant as principal and by a bonding company authorized to do business in this State. The bond shall be conditioned to provide indemnification to any student, or his parent or guardian, who has suffered a loss of tuition or any fees by reason of the failure of the institution to offer or complete student instruction, academic services, or other goods and services related to course enrollment for any reason, including the suspension, revocation, or non-renewal of an institution's license, bankruptcy, foreclosure, or the institution ceasing to operate. The bond shall be in an amount determined by the Board to be adequate to provide indemnification to any student, or his parent or guardian, under the terms of the bond. The bond amount for an institution shall be at least equal to the maximum amount of prepaid tuition held at any time during the last fiscal year by the institution. The bond amount shall also be at least ten thousand dollars (\$10,000). Each application for a license shall include a letter signed by an authorized representative of the institution showing in detail the calculations made and the

method of computing the amount of the bond, pursuant to this subdivision and the rules of the Board. If the Board finds that the calculations made and the method of computing the amount of the bond are inaccurate or that the amount of the bond is otherwise inadequate to provide indemnification under the terms of the bond, the Board may require the applicant to provide an additional bond. The bond shall remain in force and effect until cancelled by the guarantor. The guarantor may cancel the bond upon 30 days notice to the Board. Cancellation of the bond shall not affect any liability incurred or accrued prior to the termination of the notice period.

- (g) **Review of Licensure.** Any institution that acquires licensure under this section shall be subject to review by the Board to determine that the institution continues to meet the standard for licensure of subsection (f), above. Review of such licensure by the Board shall always occur if the institution is legally reconstituted, or if ownership of a preponderance of all the assets of the institution changes pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements, or if two years has elapsed since licensure of the institution was granted by the Board. Notwithstanding the foregoing paragraph, if an institution has continued to be licensed under this section and continuously conducted post-secondary degree activity in this State under the same publicly registered name or series of publicly registered names since July 1, 1979, or for six consecutive years, whichever is the shorter period, and is accredited by an accrediting commission recognized by the Council on Post-Secondary Accreditation, such institution shall be subject to licensure review by the Board every six years to determine that the institution continues to meet the standard for licensure of subsection (f), above. However, should such an institution cease to maintain the specified accreditation, become legally reconstituted, have ownership of a preponderance of all its assets transferred pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements to a person or organization not licensed under this section, or fail to meet the standard for licensure of subsection (f), above, then the institution shall be subject to licensure review by the Board every two years until a license to conduct post-secondary degree activity and the requisite accreditation have been restored for six consecutive years.
- (h) **Denial and Revocation of Licensure.** Any institution seeking licensure under the provisions of this section that fails to meet the licensure requirements of this section shall be denied a license to conduct post-secondary degree activity in this State. Any institution holding a license to conduct post-secondary degree activity in this State that is found by the Board of Governors not to satisfy the licensure requirements of this section shall have its license to conduct post-secondary degree activity in this State revoked by the Board; provided, that the Board of Governors may continue in force the license of an institution deemed by the Board to be making substantial and expeditious progress toward remedying its licensure deficiencies.
- (i) **Regulatory Authority in the Board.** The Board shall have authority to establish such rules, regulations, and procedures as it may deem necessary or appropriate to effect the provisions of this section. Such rules, regulations, and procedures may include provision for the granting of an interim permit to conduct post-secondary degree activity in this State to an institution seeking licensure but lacking the two-year period of activity prescribed by subsection (f)(2), above.
- (j) **Enforcement Authority in the Attorney General.** The Board shall call to the attention of the Attorney General, for such action as he may deem appropriate, any institution failing to comply with the requirements of this section.

- (k) Severability. The provisions of this section are severable, and, if any provision of this section is declared unconstitutional or invalid by the courts, such declaration shall not affect the validity of the section as a whole or any provision other than the provision so declared to be unconstitutional or invalid. (1971, c. 1244, s. 1; 1973, c. 1331, s. 3; 1975, c. 268; 1977, c. 563, ss. 1-4; 1979, c. 896, s. 13; 1979, 2<sup>nd</sup> Sess., c. 1130, s. 1; 1983 (Reg. Sess., 1984), c. 1006; 1989 (Reg. Sess., 1990), c. 824, s. 2; 1997-456, s. 27.)

## **Appendix B. Fee Structure for Licensing Post-Secondary Institutions in North Carolina (Revised October 2006)**

**Initial Fee:**      \$5,000

Fee includes up to 4 degrees at the associate or bachelor's level or two degrees at the master's level or one degree at the doctoral or first professional level if reviewed at the time of initial application.

### **Fee per degree program for additional degree Programs (initially or later):**

Courses	\$500
Associate	\$1,000
Bachelor's	\$1,500
Master's	\$2,000
Doctoral/First Professional	\$3,000

### **Annual Fees for existing programs:**

Courses only              \$1,000

### **Number of Existing Degree Program:**

0-5	\$4,000
6-10	\$6,000
11-15	\$8,000
16-20	\$10,000
21-25	\$12,000
26-30	\$14,000
Over 30	\$16,000
Each Add. Site	\$1,000

### **Normal Stipend for Visiting Team:**

Chair & Report Writer:	\$1,800
Committee Members	\$800

The institution seeking licensure shall be responsible for the stipends and all travel expenses for the visiting team of examiners and for the travel expenses for representatives of General Administration.

## **Appendix C. Regulation 400.4.1 [R] Adopted 1/21/05**

Regulations governing review of licensure for nonpublic, post-secondary institutions proposing to open additional campuses or sites in North Carolina to offer degree programs that have been previously licensed by the Board of Governors.

1. An institution proposing to open an additional campus or site in North Carolina to offer degree programs that have been previously licensed by the Board of Governors should send a letter of intent to General Administration indicating the degree programs it proposes to offer and the city and proposed location for offering them.
2. The institution shall provide an application for the proposed campus or site documenting that the institution is in compliance with, or intends to be in compliance with, the Rules and Standards at the proposed new campus or site. This application should be presented at least six month prior to the date the institution proposes to open a campus or site in a new city or locality.
3. General Administration will review the application for the proposed campus or site.
4. If appropriate, General Administration will respond in writing that the institution may proceed with its plans to open the new campus or site to offer the proposed postsecondary degree programs that have been previously approved by the Board of Governors. General Administration requires a site visit, within a calendar year of the date of the letter of approval, by a Team of Examiners with expertise in the field to ascertain the institution's compliance with the Rules and Standards at the new campus or site.
5. A report of the site visit by the Team of Examiners will be forwarded to General Administration for review and recommendation to the President.
6. The institution must comply with the Rules and Standards to maintain its license to offer the degrees at the additional site.

# APPENDIX B



1 of 1 DOCUMENT

GENERAL STATUTES OF NORTH CAROLINA  
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\*\*\* STATUTES CURRENT THROUGH THE 2009 REGULAR SESSION \*\*\*  
\*\*\* ANNOTATIONS CURRENT THROUGH APRIL 30, 2010 \*\*\*

CHAPTER 116. HIGHER EDUCATION  
ARTICLE 1. THE UNIVERSITY OF NORTH CAROLINA  
PART 2. ORGANIZATION, GOVERNANCE AND PROPERTY OF THE UNIVERSITY

**Go to the North Carolina Code Archive Directory**

N.C. Gen. Stat. § 116-15 (2010)

§ 116-15. Licensing of certain nonpublic post-secondary educational institutions

(a1) The General Assembly of North Carolina in recognition of the importance of higher education and of the particular significance attached to the personal credentials accessible through higher education and in consonance with statutory law of this State making unlawful any "unfair or deceptive acts or practices in the conduct of any trade or commerce," hereby declares it the policy of this State that all institutions conducting post-secondary degree activity in this State that are not subject to Chapter 115 or 115D of the General Statutes, nor some other section of Chapter 116 of the General Statutes shall be subject to licensure under this section except as the institution or a particular activity of the institution may be exempt from licensure by one or another provision of this section.

(a2) Definitions. -- As used in this section the following terms are defined as set forth in this subsection:

(1) "Post-secondary degree". -- A credential conferring on the recipient thereof the title of "Associate", "Bachelor", "Master", or "Doctor", or an equivalent title, signifying educational attainment based on (i) study, (ii) a substitute for study in the form of equivalent experience or achievement testing, or (iii) a combination of the foregoing; provided, that "post-secondary degree" shall not include any honorary degree or other so-called "unearned" degree.

(2) "Institution". -- Any sole proprietorship, group, partnership, venture, society, company, corporation, school, college, or university that engages in, purports to engage in, or intends to engage in any type of post-secondary degree activity.

(3) "Post-secondary degree activity". -- Any of the following is "post-secondary degree activity":

- a. Awarding a post-secondary degree.
- b. Conducting or offering study, experience, or testing for an individual or certifying prior successful completion by an individual of study, experience, or testing, under the representation that the individual successfully completing the study, experience, or testing will be awarded therefor, at least in part, a post-secondary degree.

(4) "Publicly registered name". -- The name of any sole proprietorship, group, partnership, venture, society, company, corporation, school, college, or institution that appears as the subject of any Articles of Incorporation, Articles of Amendment, or Certificate of Authority to Transact Business or to Conduct Affairs, properly filed with the Secretary of State of North Carolina and currently in force.

(5) "Board". -- The Board of Governors of The University of North Carolina.

(b) Required License. -- No institution subject to this section shall undertake post-secondary degree activity in this State, whether through itself or through an agent, unless the institution is licensed as provided in this section to conduct post-secondary degree activity or is exempt from licensure under this section as hereinafter provided.

(c) Exemption from Licensure. -- Any institution that has been continuously conducting post-secondary degree activity in this State under the same publicly registered name or series of publicly registered names since July 1, 1972, shall be exempt from the provisions for licensure under this section upon presentation to the Board of information acceptable to the Board to substantiate such post-secondary degree activity and public registration of the institution's names. Any institution that, pursuant to a predecessor statute to this subsection, had presented to the Board proof of activity and registration such that the Board granted exemption from licensure, shall continue to enjoy such exemption without further action by the Board.

(d) Exemption of Institutions Relative to Religious Education. -- Notwithstanding any other provision of this section, no institution shall be subject to licensure under this section with respect to post-secondary degree activity based upon a program of study, equivalent experience, or achievement testing the institutionally planned objective of which is the attainment of a degree in theology, divinity, or religious education or in any other program of study, equivalent experience, or achievement testing that is designed by the institution primarily for career preparation in a religious vocation. This exemption shall be extended to any institution with respect to each program of study, equivalent experience, and achievement test that the institution demonstrates to the satisfaction of the Board should be exempt under this subsection.

(e) Post-secondary Degree Activity within the Military. -- To the extent that an institution undertakes post-secondary degree activity on the premises of military posts or reservations located in this State for military personnel stationed on active duty there, or their dependents, the institution shall be exempt from the licensure requirements of this section.

(f) Standards for Licensure. -- To receive a license to conduct post-secondary degree activity in this State, an institution shall satisfy the Board that the institution has met the following standards:

(1) That the institution is State-chartered. If chartered by a state or sovereignty other than North Carolina, the institution shall also obtain a Certificate of Authority to Transact Business or to Conduct Affairs in North Carolina issued by the Secretary of State of North Carolina;

(2) That the institution has been conducting post-secondary degree activity in a state or sovereignty other than North Carolina during consecutive, regular-term, academic semesters, exclusive of summer sessions, for at least the two years immediately prior to submitting an application for licensure under this section, or has been conducting with enrolled students, for a like period in this State or some other state or sovereignty, post-secondary educational activity not related to a post-secondary degree; provided, that an institution may be temporarily relieved of this standard under the conditions set forth in subsection (i), below;

(3) That the substance of each course or program of study, equivalent experience, or achievement test is such as may reasonably and adequately achieve the stated objective for which the study, experience, or test is offered or to be certified as successfully completed;

(4) That the institution has adequate space, equipment, instructional materials, and personnel available to it to provide education of good quality;

(5) That the education, experience, and other qualifications of directors, administrators, supervisors, and instructors are such as may reasonably insure that the students will receive, or will be reliably certified to have received, education consistent with the stated objectives of any course or program of study, equivalent experience, or achievement test offered by the institution;

(6) That the institution provides students and other interested persons with a catalog or brochure containing information describing the substance, objectives, and duration of the study, equivalent experience, and achievement testing offered, a schedule of related tuition, fees, and all other necessary charges and expenses, cancellation and refund policies, and such other material facts concerning the institution and the program or course of study, equivalent experience, and achievement testing as are reasonably likely to affect the decision of the student to enroll therein, together with any other disclosures that may be specified by the Board; and that such information is provided to prospective students prior to enrollment;



(7) That upon satisfactory completion of study, equivalent experience, or achievement test, the student is given appropriate educational credentials by the institution, indicating that the relevant study, equivalent experience, or achievement testing has been satisfactorily completed by the students;

(8) That records are maintained by the institution adequate to reflect the application of relevant performance or grading standards to each enrolled student;

(9) That the institution is maintained and operated in compliance with all pertinent ordinances and laws, including rules and regulations adopted pursuant thereto, relative to the safety and health of all persons upon the premises of the institution;

(10) That the institution is financially sound and capable of fulfilling its commitments to students and that the institution has provided a bond as provided in subsection (f1) of this section;

(11) That the institution, through itself or those with whom it may contract, does not engage in promotion, sales, collection, credit, or other practices of any type which are false, deceptive, misleading, or unfair;

(12) That the chief executive officer, trustees, directors, owners, administrators, supervisors, staff, instructors, and employees of the institution have no record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution;

(13) That the student housing owned, maintained, or approved by the institution, if any, is appropriate, safe, and adequate;

(14) That the institution has a fair and equitable cancellation and refund policy; and

(15) That no person or agency with whom the institution contracts has a record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution.

(f1) (1) A guaranty bond is required for each institution that is licensed. The Board may revoke the license of an institution that fails to maintain a bond pursuant to this subsection.

If the institution has provided a bond pursuant to G.S. 115D-95, the Board may waive the bond requirement under this subsection. The Board may not waive the bond requirement under this subsection if the applicant has provided an alternative to a guaranty bond under G.S. 115D-95(c).

(2) When application is made for a license or license renewal, the applicant shall file a guaranty bond with the clerk of the superior court of the county in which the institution will be located. The bond shall be in favor of the students. The bond shall be executed by the applicant as principal and by a bonding company authorized to do business in this State. The bond shall be conditioned to provide indemnification to any student, or his parent or guardian, who has suffered a loss of tuition or any fees by reason of the failure of the institution to offer or complete student instruction, academic services, or other goods and services related to course enrollment for any reason, including the suspension, revocation, or nonrenewal of an institution's license, bankruptcy, foreclosure, or the institution ceasing to operate.

The bond shall be in an amount determined by the Board to be adequate to provide indemnification to any student, or his parent or guardian, under the terms of the bond. The bond amount for an institution shall be at least equal to the maximum amount of prepaid tuition held at any time during the last fiscal year by the institution. The bond amount shall also be at least ten thousand dollars (\$ 10,000).

Each application for a license shall include a letter signed by an authorized representative of the institution showing in detail the calculations made and the method of computing the amount of the bond, pursuant to this subdivision and the rules of the Board. If the Board finds that the calculations made and the method of computing the amount of the bond are inaccurate or that the amount of the bond is otherwise inadequate to provide indemnification under the terms of the bond, the Board may require the applicant to provide an additional bond.

The bond shall remain in force and effect until cancelled by the guarantor. The guarantor may cancel the bond upon 30 days notice to the Board. Cancellation of the bond shall not affect any liability incurred or accrued prior to the termination of the notice period.

(g) Review of Licensure. -- Any institution that acquires licensure under this section shall be subject to review by the Board to determine that the institution continues to meet the standard for licensure of subsection (f), above. Review of such licensure by the Board shall always occur if the institution is legally reconstituted, or if ownership of a preponder-

ance of all the assets of the institution changes pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements, or if two years has elapsed since licensure of the institution was granted by the Board.

Notwithstanding the foregoing paragraph, if an institution has continued to be licensed under this section and continuously conducted post-secondary degree activity in this State under the same publicly registered name or series of publicly registered names since July 1, 1979, or for six consecutive years, whichever is the shorter period, and is accredited by an accrediting commission recognized by the Council on Post-Secondary Accreditation, such institution shall be subject to licensure review by the Board every six years to determine that the institution continues to meet the standard for licensure of subsection (f), above. However, should such an institution cease to maintain the specified accreditation, become legally reconstituted, have ownership of a preponderance of all its assets transferred pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements to a person or organization not licensed under this section, or fail to meet the standard for licensure of subsection (f), above, then the institution shall be subject to licensure review by the Board every two years until a license to conduct post-secondary degree activity and the requisite accreditation have been restored for six consecutive years.

(h) Denial and Revocation of Licensure. -- Any institution seeking licensure under the provisions of this section that fails to meet the licensure requirements of this section shall be denied a license to conduct post-secondary degree activity in this State. Any institution holding a license to conduct post-secondary degree activity in this State that is found by the Board of Governors not to satisfy the licensure requirements of this section shall have its license to conduct post-secondary degree activity in this State revoked by the Board; provided, that the Board of Governors may continue in force the license of an institution deemed by the Board to be making substantial and expeditious progress toward remedying its licensure deficiencies.

(i) Regulatory Authority in the Board. -- The Board shall have authority to establish such rules, regulations, and procedures as it may deem necessary or appropriate to effect the provisions of this section. Such rules, regulations, and procedures may include provision for the granting of an interim permit to conduct post-secondary degree activity in this State to an institution seeking licensure but lacking the two-year period of activity prescribed by subsection (f)(2), above.

(j) Enforcement Authority in the Attorney General. -- The Board shall call to the attention of the Attorney General, for such action as he may deem appropriate, any institution failing to comply with the requirements of this section.

(k) Severability. -- The provisions of this section are severable, and, if any provision of this section is declared unconstitutional or invalid by the courts, such declaration shall not affect the validity of the section as a whole or any provision other than the provision so declared to be unconstitutional or invalid.

**HISTORY:** 1971, c. 1244, s. 1; 1973, c. 1331, s. 3; 1975, c. 268; 1977, c. 563, ss. 1-4; 1979, c. 896, s. 13; 1979, 2nd Sess., c. 1130, s. 1; 1983 (Reg. Sess., 1984), c. 1006; 1989 (Reg. Sess., 1990), c. 824, s. 2; 1997-456, s. 27.

**NOTES:** LOCAL MODIFICATION. --Cabarrus College of Health Sciences: 2007-113, s. 1(b); Cabarrus Memorial Hospital (known as Northeast Medical Center after July 1, 2007): 1998-204, as amended by 2004-67, as amended by 2007-113, s. 1(a), as amended by 2007-484, s. 41.

**EDITOR'S NOTE.** --The first paragraph of this section and subsection (a) of this section were renumbered as subsections (a1) and (a2) pursuant to Session Laws 1997-456, s. 27 which authorized the Revisor of Statutes to renumber or reletter sections and parts of sections having a number or letter designation that is incompatible with the General Assembly's computer database.

Chapter 115, referred to in the introductory paragraph, was rewritten by Session Laws 1981, c. 423, s. 1, and has been recodified as Chapter 115C.

**LEGAL PERIODICALS.** --For survey of 1982 law on administrative law, see 61 N.C.L. Rev. 961 (1983).

#### CASE NOTES

**THIS SECTION EXPRESSLY AUTHORIZES THE BOARD TO LICENSE ONLY THE CONFERRAL OF DEGREES, and not teaching.** *Nova Univ. v. Board of Governors*, 305 N.C. 156, 287 S.E.2d 872 (1982).

**INHERENT IN THE POWER TO LICENSE DEGREES IS THE POWER TO ESTABLISH MINIMUM CRITERIA** which a North Carolina institution must meet in order to be licensed to grant degrees, and this is sufficient power for the

Board to ensure that degrees conferred by North Carolina institutions are backed by curricula meeting the minimum standards of quality prescribed by the Board's regulations. *Nova Univ. v. Board of Governors*, 305 N.C. 156, 287 S.E.2d 872 (1982).

**BOARD HAS NO AUTHORITY TO REGULATE OUT-OF-STATE UNIVERSITY.** --This section does not authorize the Board of Governors of The University of North Carolina to regulate through a licensing procedure teaching in North Carolina by an out-of-state university when the teaching leads to conferral of academic degrees in Florida and pursuant to Florida law. *Nova Univ. v. Board of Governors*, 305 N.C. 156, 287 S.E.2d 872 (1982).

#### OPINIONS OF THE ATTORNEY GENERAL

**REVIEW IN LESS THAN MANDATORY SIX-YEAR REVIEW PERIOD.** --An institution, duly licensed pursuant to this section prior to its 1984 amendment, and falling within the six-year mandatory review exception to the amendment, is subject to review by the board of governors for licensure renewal in less than the mandatory six-year review period. See opinion of Attorney General to Mr. Richard Robinson, Assistant to the President, The University of North Carolina, 56 N.C.A.G. 1 (1986).

# APPENDIX C



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## Obama Administration Proposes Student Aid Rules to Protect Borrowers and Taxpayers; Key Elements of Gainful Employment on a Separate Track

JUNE 16, 2010

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The Obama administration today proposed a broad set of rules and definitions to strengthen the federal student aid programs by protecting students from aggressive or misleading recruiting practices, providing consumers with better information about the effectiveness of career college and training programs, and ensuring that only eligible students or programs receive aid.

Formally known as a Notice of Proposed Rulemaking (NPRM), today's action followed a year-long negotiation between the U.S. Department of Education and the higher education community around 14 specific issues (outlined below). Education Secretary Arne Duncan thanked the higher education community for working with the administration to strengthen student aid programs, adding, "We share a goal of ensuring that all Americans get the education and training needed to find meaningful and rewarding work. Every institution of higher education is our partner in that effort."

Today's notice addresses 13 of the 14 issues in their entirety, and partially addresses the 14th issue, which involves the definition of "gainful employment." To qualify for federal aid, most career college and training programs must show they are preparing students for gainful employment in recognized occupations.

The Department is proposing to require proprietary institutions of higher education and postsecondary vocational institutions to provide prospective students with their programs' graduation and job placement rates, and that colleges provide the Department with information that will allow it to determine student debt levels and incomes after program completion. The Department is still developing metrics to hold programs accountable for preparing their students for gainful employment. We intend to publish a separate NPRM later this summer.

Education Secretary Arne Duncan said: "We have many areas of agreement where we can move forward. But some key issues around gainful employment are complicated and we want to get it right so we will be coming back with that shortly."

The NPRM is subject to public comment, and the Department encourages institutions of higher education and other entities to comment both on these rules and their impact. The Department plans to closely review all the comments it receives, with the goal of publishing a final rule by November 1 so it would take effect beginning July 2011.

The over 6,000 institutions of higher education supported by federal aid—community colleges, state universities, private nonprofit colleges and universities, and for-profit institutions—play an increasingly important role in training young people and adults for jobs and are critical to helping to meet the President's goal of America leading the world in the number of college graduates by 2020.

The Department's proposed regulations will help ensure that consumers and taxpayers are well served. The full NPRM may be found here: <http://www.ed.gov/news/student-aid-rules-protect-borrowers-and-taxpayers> (<http://www.ed.gov/news/student-aid-rules-protect-borrowers-and-taxpayers>)


Additional information on the Department's negotiated rulemaking efforts may be found on the web at: <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/negreg-summerfall.html> (<http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/negreg-summerfall.html>)

The issues covered in this NPRM are the following:

**Ensuring that only eligible students receive federal funds.** Generally students are eligible for aid only if they have a high school diploma or pass an "ability to benefit" test, and only if their academic standing is satisfactory. The NPRM proposes some clarifications:

- **High School Diploma:** The proliferation of high school diploma mills has called the validity of some secondary school credentials into question. The proposed regulations would require institutions to develop and follow procedures to evaluate the validity of a student's high school diploma if the institution or the Secretary has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education.
- **College Credits:** The proposed regulations would extend eligibility for federal student aid to students without high school diplomas after they successfully complete six credits of college work. This implements a provision that was included in the Higher Education Opportunity Act of 2008.
- **Ability To Benefit:** The Department is responsible for approving test materials developed by testing companies. The Government Accountability Office recommended a number of ways that the Department could improve its oversight of how ATB tests are approved and administered. The NPRM follows up on those recommendations.
- **Satisfactory Academic Progress:** Every institution is required to have satisfactory academic progress policies. Audits and institutional program reviews have uncovered policies that meet the current regulatory standards but permit students to receive funds even though they may not be meeting the institution's progress standards. The proposed regulations would require a structured and consistent approach to evaluating a student's academic work, while continuing to provide flexibility to institutions in establishing their policies.
- **Verification:** Each year, a number of students are required to confirm the information on their Free Application for Federal Student Aid (FAFSA). Due to changes in the law and a new data retrieval process with the Internal Revenue Service, the proposed changes would, in many cases, reduce the amount of information students would have to provide to institutions.

#### Related Resources

 **Notice of Proposed Rulemaking**  
(<http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/negreg-summerfall.html>)  
(6:18.doc)


Protecting consumers from misleading or overly aggressive recruiting practices, and clarifying State oversight responsibilities. The NPRM strengthens three current rules that are designed to protect students and taxpayers:

- **Misrepresentation:** During public hearings and negotiated rulemaking sessions, the Department heard numerous complaints from students enrolled in programs where they felt misled on what was and was not being offered, the way programs could be paid for, and their job prospects upon completion. To protect consumers, the proposed regulations strengthen the Department's authority to take action against institutions engaging in deceptive advertising, marketing, and sales practices.
- **Incentive Compensation:** The Department heard reports of aggressive recruiting practices resulting in students being encouraged to take out loans they could not afford, or enroll in programs where they were either unqualified or could not succeed. Though current laws prohibit schools from compensating admissions recruiters based solely on success in securing student enrollment, regulations known as "safe harbors" allowed this practice to go on under certain circumstances, which we believe violate the spirit of the law. The proposed regulations will remove all the "safe harbor" provisions.
- **State Authorization:** State authorization is required by the Higher Education Act for a postsecondary institution to participate in federal student aid, and other federal funding programs. Some states have failed to establish how they approve and monitor postsecondary programs. The proposed regulations would clarify this important State responsibility.

**Clarifying the courses that are eligible for federal aid, and the amount of aid that is appropriate.**

- **Credit Hour:** Credit hours are the metric used by the Department to measure eligibility for federal funding. Currently there is no standard definition for a credit hour, which has led to reports of institutions awarding more credits (and drawing down more federal funds) than are deserved. To address this issue, the regulations define a credit hour and establish procedures for accrediting agencies to determine whether an institution's assignment of a credit hour is acceptable. Recognizing that "seat time" is not the goal, the proposal allows for equivalent measurement of learning outcomes.
- **Written Agreements:** A postsecondary institution is allowed to deliver a portion of another institution's educational program through a written arrangement. Problems have surfaced when the two institutions are controlled by the same entity or do not meet certain participation requirements. The proposed regulations limit the amount of a program that can be provided by a school in an arrangement and prohibit arrangements between ineligible institutions that have had their Federal student aid participation revoked.
- **Retaking Coursework:** Currently students who repeat coursework cannot have the course they repeat count towards the calculation of a full-time course load. The proposed regulations would expand the definition of full-time student by allowing such courses to count if the student is in a program that registers by the term or semester.
- **Determining When a Student Has Withdrawn:** Currently, loopholes complicate the measure of how much federal funding must be paid back if a student drops out of a program. The proposed regulations would eliminate loopholes and clarify the calculation of returning federal funds to the Department by defining when a student is considered to have withdrawn from a program. It will also clarify the circumstances under which an institution is required to take attendance for the purpose of calculating a return of federal funds.
- **Disbursing Federal Student Aid Funds:** As it stands now, many students are not receiving their Federal student aid funds in enough time to obtain their books and before the start of school. The proposed regulations would ensure that the neediest recipients can acquire books and supplies by the seventh day of their payment period.
- **Disclosures regarding Gainful Employment:** The Department is proposing that proprietary institutions of higher education and postsecondary vocational institutions provide prospective students with each eligible program's graduation and job placement rates, and that colleges provide the Department with information that will allow determination of student debt levels and incomes after program completion. The Department is still developing metrics to hold programs accountable for meeting federal requirements. We intend to publish a separate NPRM on this topic later in the summer.

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