

400.4.1

Adopted 02/08/74

Amended 02/13/76

Amended 09/13/85

Amended 01/09/98

Amended 11/11/04

Amended 05/27/16

Amended 03/23/18\*

**Policy on Standards for Licensure of Nonpublic Degree  
Granting Postsecondary Activity**

I. Purpose. This policy implements N.C. Gen. Stat. § 116-15 (hereinafter G.S.), relating to the standards for licensure for nonpublic degree granting postsecondary activity in North Carolina.

II. Definitions

A. "Postsecondary degree" means 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 "postsecondary 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.

B. "Institution" means 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 postsecondary degree activity.

C. "Nonpublic institution" means an institution that is not a constituent institution of the University of North Carolina or the North Carolina Community College System.

D. "Instruction" means delivery of a coherent and formal plan of study constructed for students so that they can demonstrate specific learning outcomes.

E. "Postsecondary degree activity" means:

1. Awarding a postsecondary degree; or

\*Supersedes Section 400.4.1, originally entitled, "Policy on Licensing Nonpublic Institutions to Conduct Postsecondary Degree Activity in North Carolina," adopted February 8, 1974, and last amended May 27, 2016.

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, that may be used toward a postsecondary degree.

Postsecondary degree activity includes conduct with respect to either a complete postsecondary degree program or any study, experience or testing represented as creditable toward a postsecondary degree.

F. “Publicly registered name” means 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.

G. “Board” means the Board of Governors of the University of North Carolina.

### III. Exemption from Licensure

A. Institutions Continuously Conducting Postsecondary Degree Activity in North Carolina since July 1, 1972. Any institution that has been continuously conducting postsecondary 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 postsecondary 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 postsecondary 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)]

C. Institutions Conducting Postsecondary Degree Activity within the Military. To the extent that an institution undertakes postsecondary 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 postsecondary degree activity for other persons, the institution shall be subject to licensure. Institutions declared exempt under this section shall present annual reports to General Administration describing degree activity and enrollments.

D. Distance Education Conducted Pursuant to a State Authorization Reciprocity Agreement. Any institution conducting postsecondary degree activity in North Carolina pursuant to a State Authorization Reciprocity Agreement to which the State of North Carolina is a party shall be exempt from licensure requirements.

IV. Standards for Licensure. To be licensed to conduct postsecondary degree activity in the State of North Carolina, a nonpublic postsecondary 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.

A. Standard 1 (Charter). The institution shall 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)]

1. Charter. The institution is chartered by the Secretary of State of North Carolina and has been issued a Certificate of Authority to Transact Business or to Conduct Affairs in North Carolina, if applicable.

2. Availability of articles of incorporation. A copy of the articles of incorporation or other relevant business formation documents of the institution and all amendments thereto 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.

3. Publication of contact information. The address, telephone number, email address, website, and other pertinent contact information of the institution, and of the principal office of the corporation must be published in a manner accessible to students, prospective students, and the public.

4. Availability of articles of incorporation of controlling corporation(s). If the institution is controlled, directly or indirectly, by one or more other business entities, a copy of the governing documents and amendments thereto of each such business entity must also be on file in the office of the chief executive officer of the institution and be available for review by any person.

5. 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 a manner accessible to students, prospective students, and the public.

B. Standard 2 (Period of Operation). The institution must have been conducting postsecondary 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, postsecondary educational activity not related to a postsecondary degree; provided, that an institution may be relieved temporarily of this standard under the conditions set forth herein. [G.S. 116-15(f)2 and G.S. 116-15(i)]

1. Availability of interim permit. An institution which meets standards for licensure except for having conducted postsecondary degree activity for at least the two years immediately prior to submitting an application for licensure may be granted an interim permit to conduct postsecondary degree activity if the institution can demonstrate stability,

experience, reputation, and performance which two years of operation would normally denote.

2. Review of interim permit. Review of an institution's interim permit may be conducted at any time to determine whether the institution demonstrates compliance with these standards.

C. 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)]

1. Support of mission. The program of study offered by an institution must reflect and support the mission of the institution and be reasonably designed to achieve the stated objectives. The academic program must ordinarily 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.

2. 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.

3. 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 must 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 must be appropriate to meet course objectives. Instruction employing distance-learning technology must ensure appropriate interaction between students and faculty and among students.

4. General education. If the institution offers associates or bachelor's degrees, or credit which may be used towards associates or bachelor's degrees, then 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. If the institution requires prior completion of a general education program as a condition of admission to an associates or bachelor's degree program, then the institution shall have a defined and published policy for evaluating, awarding and accepting credit for academic instruction, regardless of its mode of delivery.

5. 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 ordinarily at least 30 weeks in duration.

6. 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 may be awarded:

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.

7. 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.

8. Graduate degree. An institution's graduate 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 postbaccalaureate professional degree are earned through the institution awarding the degree. In the case of graduate and postbaccalaureate 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 may be awarded:

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.

9. Residence. The award of an associate or baccalaureate degree normally entails 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 academic credit for postsecondary degree activity completed elsewhere must be described in writing and disseminated to students and prospective students.

10. Transferability. The institution shall publish its transfer policies and articulation agreements 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.

D. 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)]

1. 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 must be free of traffic hazards and distracting noises.

a. 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. See also Standard 9.

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

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

d. Housing. Student housing owned, leased, maintained, or approved by the institution must be appropriate, safe, and adequate.

e. 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.

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

a. 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 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. The institution must ensure that users have access to regular and timely instruction in the use of the library and other learning/resources. The institution shall have a librarian. The lines of authority, status, tenure, and major duties of the librarian must 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:

- (1) The extent to which the holdings of the other libraries support adequately the institution's educational program and enrollment at the relevant degree level;
- (2) 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;
- (3) 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;
- (4) The degree of authority of the institution's officials in making library policy to support the needs of the institution;
- (5) Financial arrangements or fees for the use of other libraries; and
- (6) 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.

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

c. Administration. The library must be administered in a manner that permits and encourages the most effective use of available library resources. The librarian shall report either to the chief executive officer or the chief academic officer. There must 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 must 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 must 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 must be negotiated with the libraries and these agreements must include the items specified under paragraph IV.D.2.a., above. The institution must assign

responsibility for providing library/learning resources and services and for ensuring continued access to them at each site.

d. 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 must be adequate to support academic programs and courses at levels relevant to the degree objective.

e. The library collection. The holdings of the library must be appropriate for the purpose, course offerings, degree programs, and enrollment of the institution. College libraries must 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 must 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 must be available for selection of current books and periodicals. There must be a continuing evaluation of the quality of the collection by checking holdings against bibliographies, and basic lists.

f. Organization of collection. Materials must 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 must be available for public use. In addition, requisite subordinate files such as serial checking records and shelf lists must be available.

g. 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.

h. Service and use. The library must 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 must be provided for students and faculty. It is ordinarily 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. If the institution maintains a physical library, the library must 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 must be circulated to students, faculty members, and other qualified users under equitable policies. The quality of the collections available locally to patrons should ordinarily 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.

i. Library facilities. If the institution maintains a physical library, then the space assigned for library usage must be conducive to study. A central and single location is desirable. The library must have good lighting, adequate ventilation, and proper temperature and humidity control. The size or square footage shall be appropriate for the student body, number of volumes in the collection, and the type of instructional program emphasized by the college. Seating must be provided for at least 10 percent of the largest number of students on campus at any time. Space allocated for book and periodical shelving must be sufficient for normal growth, as well as for the current collection. In addition, adequate space must be provided for staff, library services, and other instructional materials, which may require special facilities for safekeeping.

j. Equipment. If the institution maintains a physical library, furniture, computers, copy machines, audiovisual, digital and general equipment must be operational and in an adequate state of repair.

E. 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)]

1. Faculty. 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. The institution is responsible for justifying and documenting the qualifications of its entire faculty, regardless of method of delivery or location. Electronically delivered courses must provide for meaningful and continuing interaction between faculty and among students.

2. Educational credentials.

a. Faculty teaching in programs leading to an associate's degree and non-degree programs offering credit towards a degree. Faculty teaching in an associate degree program or a non-degree program offering credit towards a degree must hold at least a 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.

b. Faculty teaching in a bachelor's degree program. Faculty teaching in an institution offering a baccalaureate degree must hold at least a 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.

c. 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.

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

e. 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.

f. 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, paid appointments sufficient to insure continuity and stability of the educational programs and to provide adequate educational association between students and faculty. In no instance may the faculty number fewer than four full-time, paid members.

g. 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.

h. Faculty development. The institution must provide evidence of ongoing professional development of faculty. Faculty individually must engage in continuing professional study or research appropriate to their responsibilities. Provisions must 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.

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

j. 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 must be available and used for faculty development and appointment decisions.

k. Academic freedom. The institution must publish policies on academic freedom in a manner accessible to students, prospective students, and the public.

l. Faculty involvement in decision-making. The institution must publish policies, in a manner accessible to students, prospective students, and the public, 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.

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

3. Administration. The chief executive and administrative officers should ordinarily hold at least a master's degree. The chief academic officer and academic officers (e.g., deans, department chairpersons) should ordinarily 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, a terminal degree will ordinarily be required for academic officers.

F. 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. That catalog may be in electronic or hard copy form. The catalog, or if the catalog is electronic, notification of where it may be accessed online, must be provided to students and prospective students prior to enrollment. "Prior to enrollment" as used herein shall mean at least five days prior to the institution receiving any money from the student or prospective student that is not fully refundable. The catalog must contain statements with respect to the following: the mission of the institution, ownership and control of the institution, name, title, and office location of officer responsible for receiving students who wish to file complaints and to seek redress, contact information for North Carolina Postsecondary Education Complaints, location and accessibility of Guaranty Bond (for prepaid tuition held) for review by anyone wishing to see it, 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, availability of health care services and degree of responsibility of the institution for providing such services, the institution's cancellation and refund policy, and a full description of job placement assistance provided to students and

former students. 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.

G. 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)] 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 postsecondary level. The institution assumes responsibility for the academic quality of any course work or credit recorded on the institution's transcript.

H. 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)] 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.

1. Content of records. Records must show attendance, progress, and grades of each enrolled student.
2. 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.
3. Disposition of records. The institution must ensure that student records are provided to the North Carolina State Archives in the event that the institution discontinues operations. In the case of an institution having more than one campus, the institution shall transfer a copy of closing campus's student records, including without limitation each student's transcript, regardless of whether the entire institution is closing. Records must be transmitted in a form acceptable to the North Carolina State Archives.

I. 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 must support the institution's mission, and must be evaluated annually. Sufficient qualified personnel must be employed to ensure the quality and effectiveness of all services for students.

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

1. Admissions. The institution must have a clearly stated admissions policy. High school graduation or an equivalent credential should ordinarily be required to matriculate. A bachelor's degree or demonstrable equivalent must 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.

2. Counseling and guidance. Appropriate counseling and guidance services must be available to students. An advisor must be assigned to assist each student in program planning, course selection, and other academic matters. Special care must be exercised to maintain and protect confidentiality of counseling records.
  3. Health care services. Suitable health care services must be readily available in or near the institution. The character of these services and degree of institutional responsibility must be stated in the catalog and other appropriate literature.
  4. Outcome data. Institutions shall provide graduation and retention data to students, prospective students, and the University of North Carolina System Office (UNC System Office) upon request, along with the methodology used to calculate that graduation and retention data. If the institution calculates job placement data for any purpose, that data must be provided to students, prospective students, and the UNC System Office upon request. Institutions must maintain records sufficient to verify graduation, retention, and job placement data which is reported to students, prospective students, and the UNC System Office on a student-by-student basis.
- J. 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)]
- K. 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)]
1. Finances. The institution must possess and maintain adequate financial resources to sustain its mission and purpose.
    - a. 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 one and one-half times the duration of the most lengthy postsecondary degree program offered.
    - b. Adequacy. Average annual expenditures per student for educational programs; average annual income per student from educational activities; 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 all financial policies, procedures, and practices must be in keeping with industry standards and reasonably likely to produce an education of good quality for students.
    - c. Plan for financial development. A coordinated, comprehensive, flexible financial plan (budget) for long-range management of the institution must be maintained.
    - d. 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 must render an unqualified opinion as to

the fairness of presentation of financial statements and as to their conformity with generally accepted accounting principles.

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

f. Bonding. A 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. The bond must secure the institution's compliance with G.S. 116-15 and Section 400.1 of the UNC Policy Manual. The bond must continue in effect until cancelled by the institution, and it must recite that such cancellation may not be effective prior to 30 days' notice of cancellation to the Board. 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 \_\_\_\_\_." The UNC System Office shall promulgate regulations relating to the proper calculation of the bond.

2. 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.

a. Mission statement. Institutions must have 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 (e.g., faculty work, educational program, student life, finances, physical facilities, organization, and administration) are designed to support the stated mission. The mission statement must be published in a manner accessible to students, prospective students, and the public.

b. Governance. The institution should operate under control of a governing board. The board should be responsible for formulation of institutional policy, including policies concerning related and affiliated corporate entities and all auxiliary service(s), selection and evaluation of a chief executive officer,

appointment of subordinate staff and professional personnel, fiscal stability of the institution, the institutional mission, 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.

c. 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 must be centralized and administered in a qualified and bonded business office responsible to the chief executive officer charged with supervision of the budget.

d. Administration. Administrative responsibilities and concomitant authority must be clearly stated in writing. Organizational charts showing lines of authority and relationships among component units, positions, and personnel must be communicated and continuously updated. 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 must be available in writing for distribution to all constituent groups. The institution must substantively follow all of its internal policies and procedures.

L. 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)]

M. 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)]

N. 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)] All federal, state, and local laws and regulations must be complied with respect to the safety and health of occupants and visitors to student housing.

O. Standard 14 (Cancellation and Refund Policy). The institution must have a fair and equitable cancellation and refund policy. [G.S. 116-15(f)(14)] The institution must have and maintain a fair and equitable cancellation and refund policy which applies equally to all students. Such policy must be published in a manner accessible to students, prospective students, and the public.

- P. 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)] Appropriate information must be readily available for review concerning any person or agency with whom the institution contracts for academic or support services.
- V. License and Interim Permit. To be issued a license, the institution shall satisfy the Board that standards enumerated in section IV., above, are met. An institution which meets standards for licensure except for having conducted postsecondary degree activity for at least two years immediately prior to submitting an application for licensure may be granted an interim permit to conduct postsecondary 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 license. Procedural regulations regarding licenses and interim permits, including without limitation rules regarding reviewing, revoking, suspending, and modifying licenses and interim permits, shall be promulgated by the UNC System Office. These procedural regulations may include regulations allowing the president or the president's designee to grant licenses to be later ratified by the Board. Unless issued a license or interim permit, or declared exempt from licensure, postsecondary degree activity may not be undertaken in North Carolina by nonpublic institutions.
- VI. Enforcement. The UNC System Office 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.
- VII. Licensure Fees. All institutions applying for or receiving licensure to conduct educational activities in North Carolina must pay licensing fees and annual fees as set by the UNC System Office.
- VIII. Other Matters
- A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy by the Board of Governors.
- B. Relation to Federal and State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.
- C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.