



TRANSMITTAL LETTER

Transmittal Number 146

August 12, 2022

Policy Manual Number	Title	Action
300.2.14[R]	Regulation for Deferred Compensation for Chancellors	Amended 07/18/22 <i>Redline version attached</i>
300.2.14.1[R]	Regulation for Deferred Compensation for Tier I Senior Academic and Administrative Officers Other than Chancellors or the President	Adopted 07/18/22
300.2.21[R]	Regulation on Campus Law Enforcement Officers Exempt from the Provisions of the State Human Resources Act	Adopted 07/25/22
300.8.7[R]	Regulation on Pre-Employment Background Checks and Applicant Salary History	Amended 06/09/22 <i>Redline version attached</i>
400.4.1.3[R]	Regulation on Procedures for Licensure	Amended 06/09/22 <i>Redline version attached</i>
Technical Corrections (see attached chart)		
600.2.1	Policy on Endowment Funds	Technical correction 06/02/22
400.2.3[R]	Regulation on Mission Statements	Technical correction 06/07/22

The actions taken on the above policy, regulations, and technical corrections were recently approved by the Board of Governors and the president for inclusion in the UNC Policy Manual following.

The entire UNC Policy Manual is accessible at: <https://www.northcarolina.edu/apps/policy/index.php>

Regulation for Deferred Compensation for Chancellors

I. ~~1.~~ The Board of Governors, pursuant to its authority to fix the compensation of the chancellors of the constituent institutions,¹ has authorized the participation of each chancellor in deferred compensation in the form of annual contributions to a qualified retirement plan to encourage the chancellors' continued service to their respective institutions and the University of North Carolina (UNC) System. Contributions may be made only upon the recommendation of the president, subject to final review and approval by the Committee on University Personnel. Contributions shall not exceed 10 percent ~~of~~ base salary paid in any year and must derive solely from non-state funding sources. ~~Any~~ campus that seeks to make contributions on behalf of its chancellor shall deliver a written request through the board of trustees to the president that describes its proposal for funding the contributions in accordance with the following requirements:

A. The request must identify and describe in detail the source(s) of funds from which the contributions will be made;

B. The request must state that the funds for the contributions will not, under any circumstances, originate from state funds or tuition revenues;

C. The request must specify the amount of the proposed contributions as a percentage of annual base salary, not to exceed 10 percent;

D. The request must state that any contribution is voluntary, and that contributions may be suspended or discontinued at the discretion of the Board of Governors, ~~or~~ or the board of trustees, or the president;

E. The request must acknowledge that the contributions shall not be made in any year in which the funds identified and described by the campus are insufficient to support the contribution; and

F. The request must specify the vesting period that will apply to the contributions, not to exceed five (5) years.

II. The president may direct additional discretionary contributions to the plan derived from any chancellor incentive compensation. Chancellors will be immediately vested in these additional discretionary contributions and funding for these contributions can be made from any eligible sources of funds, which may be state or non-state appropriations, as long as the funding source permits an expenditure for this purpose.

III. Other Matters

A. Effective Date. The requirements of this regulation shall be effective on the date of adoption of this regulation by the president.

B. Relation to State Laws. The foregoing regulation as adopted by the president 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 regulation.

¹G.S. 116-11(4); Section 500 B of *The Code*.

Regulation on Pre-Employment Background Checks and Applicant Salary History

I. Purpose. This regulation sets forth requirements related to the administration of pre-employment background checks and prior salary history ~~in order to promote a safe and secure environment for the University's faculty, staff, students, and visitors and~~ to ensure that such checks are accomplished in a fair and compliant manner in accordance with industry standards and federal and state requirements and to promote a safe and secure environment for the University's faculty, staff, students, and visitors.

II. Coverage. This regulation applies to faculty, permanent EHRA non-faculty and SHRA staff, and temporary employees, including student employees. Sworn law enforcement personnel are subject to the State of North Carolina's background check requirements for law enforcement certification as well as any specific requirements established by the institution's public safety lead; therefore, the chancellor or their designee may exclude these individuals from the provisions of this regulation at the institution's discretion. Students who seek University employment incidental to their status as a student or otherwise related to their education may be exempted from the background check requirement at the institution's discretion unless a background check is mandated by another policy or regulation.

III. Required Policies and Procedures. Each constituent institution and affiliate of the University of North Carolina System will establish and implement policies and procedures to meet the minimum pre-employment background check requirements set forth in this regulation for all hiring decisions of employees to whom this regulation applies. At a minimum, background check are required for all selected candidates at the time of initial employment. Constituent institutions and affiliates may choose to exceed these requirements as deemed appropriate to meet operational needs as long as any implemented procedures comply with applicable federal and state compliance requirements.

IV. Basic Requirements. The policies and procedures required by this regulation must:

A. Prohibit hiring managers from viewing applicants' responses to questions regarding their criminal history on their employment applications.

B. Prohibit the consideration of a candidate's expunged or pardoned convictions; pending charges; arrests not resulting in a conviction; or charges resulting in dismissal or not guilty; however, separate and apart from a specific judicial status or disposition, the institution may consider a candidate's documented conduct incidental to an arrest (including matters that remain pending) if the conduct is demonstrably related to the position's responsibilities or access to institutional resources.

C. Ensure that employment decisions are not based on the criminal history of an individual unless that criminal history is demonstrably job-related and consistent with business necessity associated with the position, or unless state or federal law prohibits hiring an individual with certain criminal convictions for a particular position.

- D. Provide an applicant a copy of the criminal record and a copy of "Summary of Your Rights Under the Fair Credit Reporting Act" if a criminal record is obtained as part of the employment process, unless the act of sharing the criminal record is prohibited by state or federal law.
- E. Set forth the procedure and criteria for considering an applicant's criminal history, consistent with section VI., of this regulation, the U.S. Equal Employment Opportunity Commission's Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions¹ under Title VII of the Civil Rights Act, and any guidance provided by the North Carolina Office of State Human Resources (OSHR).
- F. If the results of a background check may result in a non-selection decision:
 - 1. Allow the applicant a reasonable opportunity to explain the circumstances surrounding their relevant conviction(s) and/or charge(s) and provide any proof of rehabilitation, including a certificate of relief;
 - 2. Address under what circumstances, if any, a previously completed background check may be used for a subsequent position or appointment; and
 - 3. Include consequences for an applicant or employee either failing to provide the required information in a complete and timely manner or willfully omitting, concealing, or falsifying information.
- V. Minimum Requirements for Pre-Employment Background Checks. The following minimum standards apply to all background checks conducted by the UNC System and its constituent institutions and affiliates.
 - A. Accreditation. Any vendor conducting a background check must be accredited by the Professional Background Screening Association (PBSA).
 - B. Length of criminal history. All background checks must cover a time period of no fewer than seven years as of the date of the check, when available within the relevant jurisdictions, or until age 18 if the applicant is younger than 25 years old, or as required by external, affiliated programs.
 - C. Scope. All background checks must include, at a minimum, federal criminal history, applicable criminal history for all local and state jurisdictions in which an individual has previously lived within the time period of the check, the national sex offender registry, and, for designated positions, a federal System for Award Management (SAM) and Office of Inspector General debarment check. The check should include a good faith attempt to identify any omissions by the candidate with respect to prior residences during the time period being checked.
 - D. Federal Fair Credit Reporting Act (FCRA)² Compliance. The institution shall ensure that all requirements of the FCRA are satisfied in the conduct of its pre-employment background check process. This shall include notification to an applicant of any background check results that are determined to have an impact on a non-selection employment decision and providing an opportunity to receive and respond to such results in accordance with the Act.

E. Confidentiality. Background check applications and results are considered part of an applicant's or employee's confidential personnel record. The results of background checks will be made available to applicants on request in accordance with State personnel policies as well as the requirements of the FCRA.

F. Records Retention. Records of background checks shall be retained in accordance with the State of North Carolina records retention schedules for universities and the UNC General Records Retention schedule.

VI. Assessment of Background Check Results

A. Designated Individuals. The constituent institution or affiliate must designate a specific individual or individuals within Human Resources, the Provost's Office, Legal Affairs, and/or other appropriate administrative office(s) of the institution to make a determination as to whether adverse background check results impact an employment determination. While such designated individuals may consult with department-level hiring managers in reviewing adverse results, the authority and responsibility for a final employment decision based upon adverse background check results lies with the individual designated pursuant to this subparagraph, to ensure consistency of application across the institution.

B. Assessment of Adverse Results. The designated individuals who will make such a determination must consider the following factors with respect to each applicable conviction, infraction, or charge and its bearing on a potential employment decision:

1. The relationship of the conduct to the specific job duties and responsibilities that would be performed by the covered individual, if appointed;
2. The nature, gravity, and context of the events surrounding the conduct, as evidenced by the background check results and any supplementary information that can be obtained by the University or that is promptly provided by the covered individual;
3. The time that has elapsed since the conduct occurred and/or the completion of any sentence served;
4. The individual's demonstrated behavior since any conviction and the future potential for illegal activity by the individual, as might be inferred from a past pattern of conduct; and
5. Any other extenuating circumstances documented by the covered individual or otherwise known to the University (e.g., the age of the candidate at the time of the conduct, the totality of the circumstances), ~~etc.~~

VII. Prohibition on Use of Salary History for Hiring Actions.

A. UNC institutions shall not request an applicant's salary history on the employment application or as part of any supporting documentation provided in the application process.

B. UNC institutions shall not use a selected candidate's salary history to determine the candidate's salary for any hiring action, including new hires, transfers, and promotions. Rather, salary determinations shall be based on other relevant factors including, but not limited to, the

salary range of the proposed position, the qualifications and credentials of the candidate, equity to other similarly situated and qualified employees, and available budget.

C. UNC institutions will utilize only the factors listed in VII.B. above and will not utilize current salary information of state employees who apply for other positions, even though such current salary information is publicly available.

D. UNC Laboratory (Lab) Schools as defined by State law, N.C.G.S. 116-239.5 et seq., may be exempted from this requirement when hiring teachers, school administrators, and non-teaching positions if the Lab School has elected to follow the State Salary Schedules developed specifically for public school employees and published by the Department of Public Instruction (DPI). For the purposes of determining a starting salary, the Lab School may ask the prospective employee and/or the employee's current employing unit to verify the employee's current DPI salary step.

VIII. Other Matters

A. Effective Date. The requirements of this regulation will be effective on the date of adoption of this regulation by the president.

B. Relation to State Laws. The foregoing regulation as adopted by the president is meant to supplement, and does not purport to supplant or modify, those statutory enactments, regulations, and policies which may govern the activities of public officials.

¹See <https://www.eeoc.gov/laws/guidance/enforcement-guidance-consideration-arrest-and-conviction-records-employment-decisions>.

²See 15 U.S.C. § 1681.

Regulation on Procedures for Licensure

I. Purpose. The purpose of this regulation is to set forth the procedures the University of North Carolina System Office (UNC System Office) will implement regarding the application for licensure, review of licensure, and modification and revocation of licensure of institutions conducting postsecondary degree activity in North Carolina pursuant on N.C. Gen. Stat. § 116-15 (hereinafter G.S.).

II. Definitions. This regulation incorporates those definitions found in G.S. 116-15 and in Section 400.4.1 of the UNC Policy Manual.

III. General Provisions

A. Except as provided in subsection B., of this section, before an ~~an private~~ institution subject to G.S. 116-15 or its agent undertakes postsecondary degree activity in North Carolina, the institution or its agent must be licensed in accordance with this policy or declared exempt from licensure in accordance with G.S. 116-15(c), (d), or (e). Undertaking postsecondary activity in North Carolina includes delivery of instruction from another state to residents of North Carolina, whether delivered synchronously or asynchronously.

B. An institution may advertise postsecondary degree activity that is not yet licensed if all of the following conditions are met:

1. An application for licensure made in accordance with this regulation for the postsecondary degree activity has been received by the UNC System Office, and the UNC System Office has acknowledged receipt of that application.
2. The advertisement contains a disclaimer stating that the institution has an application for licensure of the postsecondary degree activity pending before the University of North Carolina Board of Governors and that licensure is required prior to the start date of the postsecondary degree activity.
3. Such other conditions as the UNC System Office may for good cause require, including the prohibition of advertising prior to licensure.

Except as provided herein, an institution may not advertise postsecondary degree activity that is not licensed or declared exempt from licensure.

C. An institution may not receive funds that are not fully refundable from students or prospective students for enrollment in an unlicensed postsecondary degree activity. If the postsecondary degree activity is not licensed by the projected start date, funds received from students or prospective students for enrollment in the postsecondary degree activity must be refunded within ten business days of the projected start date. If the institution withdraws its

application for licensure, funds received from students or prospective students for enrollment in the postsecondary degree activity must be refunded within ten business days of that withdrawal.

D. Licensure authorizes an institution to conduct postsecondary degree activity only as specified by the Board of Governors.

IV. Interim Permit. An institution wishing to conduct one or more postsecondary degree activities in North Carolina which meet the standards for licensure set out in Section 400.4.1 of the UNC Policy Manual (except for the requirement regarding the length of time the institution has been in operation), may be granted an interim permit to conduct the postsecondary degree activity if the institution can demonstrate a quality of stability, experience, reputation, and performance which two years of operation would normally denote. An interim permit expires two years after it is issued by the Board. Before expiration of the interim permit, the postsecondary degree activity will be re-evaluated to determine if it qualifies for a license. An interim permit may be issued contingent upon those conditions that the Board imposes. Except as set forth in this subsection, the procedures for issuing, modifying, and revoking an interim permit are the same as those set out in section V., below, of this regulation.

V. Procedures for Licensure. Institutions applying for licensure to conduct a postsecondary degree activity or activities shall follow the following steps:

A. Preliminary Conference. The institution seeking licensure shall contact the UNC System Office and arrange for a preliminary conference to discuss the standards and procedures for applying for licensure. The preliminary conference shall occur only once and in a time, place, and manner prescribed by the ~~University of North Carolina UNC-System Office. The institution will be provided access to the online application system after the Preliminary Conference.~~

B. Application for Licensure. Following the preliminary conference, the institution shall submit a formal application through the online application system that demonstrates the proposed postsecondary degree activity will be in compliance with each standard enumerated in G.S. 116-15(f) and Section 400.4.1. The application must also contain a letter stating the intent of the institution to apply for licensure. This letter must describe the mission of the institution, the proposed postsecondary degree activity submitted for approval, and projected enrollment. ~~The application shall be made in the manner prescribed by the UNC System Office.~~ Fees for applications will be set by the UNC System Office.

C. Site Visit

1. If the application indicates that the proposed postsecondary activity is reasonably likely to meet the standards enumerated in G.S. 116-15(f) and Section 400.4.1 of the UNC Policy Manual, and if appropriate in accordance with this subsection, the UNC System Office may arrange with the institution for a visit by a team of examiners to the campus and, if needed, other sites hosting the proposed postsecondary degree activity. 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. The team of examiners shall be composed of at least one officer of the UNC System Office, and may include faculty members with the appropriate levels and fields of education, and other persons necessary for a sound examination. The team of examiners shall be appointed

by the president of the University of North Carolina, or the president's designee, and selected based on their expertise in specific fields related to the licensure proposal. One member of the examining committee ~~shall~~ may be appointed chair, with responsibility for leading the examination and preparing the team's report and ~~recommendations requirements~~.

2. Applications for licensure to conduct postsecondary activity submitted by institutions which have not been previously licensed to conduct postsecondary activity require a site visit. Applications for licensure to conduct postsecondary activity submitted by institutions which have been previously licensed to conduct other postsecondary activity will ordinarily require a site visit when the field of study is a significant departure from previously licensed activity; when the proposed postsecondary activity is a different degree level than was previously licensed; when the proposed postsecondary degree activity relies on labs or other physical facilities which have not been previously reviewed or which will now be used in a substantively different way; and in accordance with 400.1.1[R] of the UNC Policy Manual, governing new sites and campuses in North Carolina. The UNC System Office may for good cause require a site visit for any proposed postsecondary activity. When the UNC System Office does not require a site visit, the proposed postsecondary activity will ordinarily be reviewed by a team of examiners remotely. Costs and honoraria for a site visits and other reviews of proposed postsecondary activity are borne by the institution.

3. A site visit conducted pursuant to an application for licensure or a review of licensure will be conducted not less than once every six years in the case of an institution accredited by an accreditor recognized by the Council for Higher Education Accreditation (CHEA) and not less than every two years for an institution which is not so accredited. Such costs and honoraria will be set by the UNC System Office.

D. Report of Team of Examiners, Staff Report, Institutional Response, and Board Action

1. Following the site visit or other review of the proposed postsecondary activity, the team of examiners shall prepare a report and a statement of ~~recommendations requirements~~ ("the team report"). The team of examiners shall submit 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 UNC System Office. The UNC System shall forward those finding of the team report it concurs with, together with those other matters UNC System staff believe are pertinent to the Board's decision, to the institution for response. Prior to any action by the Board, the institution shall be provided the opportunity to respond to those findings in writing (the institutional response). ~~The statement of recommendations accompanying the team of examiners' report should contain one of the following as concluding advice:~~

- a. ~~That the institution be issued a license;~~
- ~~b. That the institution be issued a license subject to specified conditions; or~~
- ~~c. That the institution be denied a license.~~

~~———— Prior to any action by the Board, the institution shall be provided the report and have the opportunity to respond to it in writing (the institutional response).~~

2. The UNC System Office shall review the team report and any institutional response and submit a report to the president or the president's designee (the staff report). After reviewing the team report, the institutional response, and the staff report, and after making any revisions to the staff report, the president or designee shall place the application for licensure on the Board's agenda and inform the institution of the date on which the application will be considered by the Board. The staff report will be included in the Board's materials for that meeting.

3. At the request of the institution, the team report and the institutional response shall be provided to the Board for consideration prior to the Board taking action on the application. An institution requesting that the team report and the institutional response be provided to the Board shall make such request to the UNC System Office in writing not less than 30 days prior to the date on which the Board will consider the application.

4. The Board's action is the final administrative action with respect to an application for licensure.

E. Procedure for Modification and Revocation of Licensure

1. The Board may modify or revoke a license or interim permit as provided herein. Modification of a license or interim permit may include imposing conditions on the license or interim permit or imposing an expiration date on a license or interim permit.

2. Modification or revocation of a license or interim permit may be based on a failure on the institution's part to maintain one or more of the standards enumerated in G.S. 116-15(f) and Section 400.4.1 of the UNC Policy Manual, or on the institution or any of its agents making a material misrepresentation to the Board, UNC System Office, or to students or prospective students.

3. When the president or designee determines that an institution has failed to maintain one or more of the standards or has made a material misrepresentation as described herein, the president or designee shall prepare a report for the Board detailing the basis for the revocation or modification and recommending the action to be taken (the violation report). The violation report will be served on the institution by United States mail to the address last provided by the institution on its annual report. The institution shall have 33 days from the mailing of the violation report to respond in writing, which time may be extended by the president or designee for good cause shown.

4. The violation report and the institution's response, if any, shall be provided to the Board for action, if the Board deems action appropriate. Notwithstanding the existence of a violation, the Board may allow an institution to remain licensed if the institution is deemed by the Board to be making substantial and expeditious progress towards remedying its licensure deficiencies.

The Board's action, if any, is the final administrative action with respect to modifications and revocations of licensure.

VI. Annual Reports and Review of Licensure

A. Licensure of any licensed postsecondary degree activity shall be subject at any time to review by the Board to determine whether the postsecondary degree activity continues to meet standards for licensure. ~~To conduct reviews of licensure, staff may engage a team of examiners. In the discretion of the Board, review of licensure may necessitate use of a team of examiners.~~ Costs and honoraria of teams of examiners conducting reviews is borne by the institution and set by the UNC System Office.

B. Review of licensure of all of an institution's postsecondary degree activity conducted in North Carolina shall occur when:

1. Two years have elapsed since the Board first licensed the institution to conduct any postsecondary degree activity (the two-year review).

2. Subsequent to the two-year review, six years have elapsed, and again every six years subsequently, if the institution is accredited by an accreditor recognized by CHEA, ~~the Council for Higher Education Accreditation~~. If the institution is not so accredited, then review of licensure shall occur at least every two years.

3. The institution is legally reconstituted.

4. 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.

5. The institution proposes to open a new campus or site, except that the UNC System Office may in its discretion elect to review only the postsecondary degree activity which the institution proposes to offer at the new campus or site.

C. Institutions offering licensed postsecondary degree activity shall file annual reports with the UNC System Office in a form and manner prescribed by the UNC System Office. Annual reports shall provide evidence of the institution's continued compliance with the standards set forth in G.S. 116-15(f) and Policy 400.4.1. Annual fees for postsecondary degree activity shall be set by the UNC System Office.

VII. Notifications from Licensed Institutions. Institutions which are licensed to conduct postsecondary activity shall provide notice to the UNC System Office in the form prescribed by the UNC System Office upon the occurrence of any of the following:

A. If the institution or any of its programs are accredited, any change in status to any such accreditation, including being placed on warning or probation;

B. If the institution or any of its programs are accredited, upon notification that any such accreditation is being reviewed, including regularly scheduled reviews;

- C. The filing of any petition or application by the institution to become accredited by an accrediting body;
- D. If the institution participates in Federal Student Aid (FSA) funding pursuant to Title IV of the Higher Education Act of 1965, as amended (Title IV), upon:
1. Notification that FSA is seeking to limit, suspend, terminate, or fine the institution, pursuant to 34 C.F.R. 668 Subpart G;
 2. Notification that FSA is seeking an emergency action against the institution;
 3. Notification that the Department of Education's Office of the Inspector General is auditing the institution;
 4. Any change in the status or terms of the institution's Program Participation Agreement (PPA), including the PPA's expiration or the issuance of a provisional PPA;
 5. The institution applying for recertification of its PPA and the Department of Education's determination whether the institution will be recertified or not;
 6. If the institution is required to report to the Department of Education the proportion of its revenue which is derived from sources authorized by Title IV, upon a determination made by the institution or by the Department of Education, or any of its offices or components, that the institution has derived more than 90 percent of its revenue from sources authorized by Title IV for any year;
 7. The institution posting a letter of credit or increasing an existing letter of credit, or the Department of Education demanding that the institution does so;
 8. The institution being placed on any heightened cash-monitoring method of payment from FSA; or
 9. A determination made by the institution or by the Department of Education, or any of its offices or components, that the institution's financial responsibility composite score is 1.5 or below.
- E. The institution or its corporate parent learning that a governmental entity has begun a criminal, civil, or administrative investigation of the institution or any person or entity with an ownership interest in the institution;
- F. In any audit conducted on the institution or corporate parent, including without limitation a yearly audit conducted to meet FSA requirements, the opinion expressed by the auditor is adverse, qualified, or disclaimed, or the auditor expresses doubt about the continued existence of the institution or corporate parent as a going concern;
- G. The filing of any lawsuit, including a counterclaim or cross claim, against the institution, ~~when; including any petition for bankruptcy of the institution or corporate parent;~~

1. The action is filed or becomes pending in a federal or state court in North Carolina,
2. One or more of the plaintiffs or claimants is a resident of North Carolina, or
3. The claims include any petition for bankruptcy or receivership of the institution or corporate parent.

H. Any loss of authorization to operate in another state, or a postsecondary education licenser of another state putting the institution on probation, warning, or a similar status;

I. Any substantive change in a licensed program. If the institution is accredited and the institution's accreditor has a substantive change policy, the term "substantive change" as used herein shall include all circumstances considered by the institution's accreditor to be a substantive change. "Substantive change" as used herein shall also include a change in the delivery method of more than one-fourth of the courses constituting a licensed program; or

J. The institution undergoes a change in ownership, as described in section 400.4.2[R] of the UNC Policy Manual. Notification of a change in ownership should be made not less than 90 days prior to the projected closing date of the change in ownership.

VIII. Delegation to the President. If the staff report is complete pursuant to section V.D.2., above, an institution which seeks to begin postsecondary degree activity prior to the next regularly scheduled meeting of the Board may be issued a license by the president or designee. The issuance of such a license is committed to the discretion of the president or designee and should ordinarily only occur upon a showing of hardship to the institution, students, or prospective students. ~~In order for~~ For such a license to remain in effect past the next regularly scheduled meeting of the Board at which postsecondary degree licensure matters are on the agenda, the Board must ratify the issuance of the license at ~~its next regularly scheduled~~ that meeting.

IX. End of Licensure

A. A license issued under this regulation continues in effect except as provided in this subsection.

B. A license or interim permit to conduct postsecondary activity ends when:

A1. It is revoked as provided herein; or

~~B2.~~ After enrolling students in North Carolina, t~~The licensed or permitted postsecondary degree activity institution~~ ceases to have any students enrolled in North Carolina, except that the license or interim permit may be continued in the discretion of the president or the president's designee for good cause shown; or

~~C3.~~ The institution fails to file a complete annual report in the form and manner prescribed by UNC System Office, or pay its assessed annual fee, by December 31st of a given year, except that the license or interim permit may be continued in the discretion of the president or the president's designee for good cause shown; or

~~¶4.~~ If the institution was issued a license or interim permit subject to specified conditions, or its license was modified pursuant to section V.E., above, to include specified conditions (which conditions may include an expiration date), when the Board determines that the institution has failed to meet those conditions or that expiration date is reached; or

~~¶5.~~ In the case of a license or interim permit issued pursuant to section VIII above, ~~The the~~ Board fails to ratify the president's issuing of a license or interim permit at the next regularly scheduled meeting of the Board at which postsecondary degree licensure matters are on the agenda.~~occurring after the president issues a license pursuant to section VIII., above, of this regulation.~~

X. Scope of Licensure

A. With respect to licenses and interim permits issued after November 1, 2021, a license or interim permit authorizes postsecondary degree activity to be undertaken by an institution with a distinct eight digit OPEID. Institutions under common ownership with different eight digit OPEIDs must separately apply for and maintain licensure. A licensed institution may operate additional sites which will not have separate eight digit OPEIDs if allowable under section 400.4.1.1[R] of the UNC Policy Manual.

B. Unless otherwise limited by the Board, a license or interim permit authorizes all postsecondary degree activity for the designated program or programs. A license or interim permit issued to operate an "administrative campus" means that an institution may offer advising, enrollment, recruiting, and similar postsecondary degree activity from a physical location in North Carolina, but may not offer instruction, including experiential learning, a a physical location in North Carolina unless otherwise licensed or exempted from licensure.

XI. Bonding. The amount of the tuition recovery bond required by G.S. § 116-15(f1) and Policy Manual § 400.4.1 (IV)(K)(1)(f) shall be calculated as follows: An institution must maintain a tuition guarantee bond equal or greater than the maximum amount of prepaid tuition held by the institution in its preceding fiscal year. The institution shall recalculate the amount of the bond at least annually. "Prepaid tuition held" means tuition which is not yet "earned." In the case of an institution accredited by an accreditor recognized by CHEA, tuition is earned when the institut8ion awards the tuition payor the academic credit for which he or she paid. In the case of an institution which is not accredited by an accreditor recognized by CHEA, tuition is earned when a student completed the entire course of study in which he or she is enrolled.

X.XII. Other Matters

A. Effective Date. The requirements of this regulation shall be effective on the date of adoption of this regulation by the president.

B. Relation to Federal and State Laws and Policies. The foregoing regulation is meant to supplement, and does not purport to supplant or modify, those statutory enactments, regulations, and policies which may govern or relate to the subject matter of this regulation.

Report on Technical Corrections to *The Code* UNC Policy Manual

<i>The Code</i> /UNC Policy Manual	UNC Policy Manual - Chapter	Policy/Regulation/Guideline	Section(s)	Technical Correction(s)	Effective Date (Posted to Webpage)
UNC Policy Manual	Section 600.2.1, <i>Policy on Endowment Funds</i>	Policy	I.	Correct word "and" to "an" in the sentence "G.S. 116-36 provides the Board of Governors with authority to prescribe such terms and conditions under which each of the board of trustees of each constituent institution shall establish and maintain <i>an</i> endowment fund for the constituent institution."	6/6/2022
UNC Policy Manual	Section 400.2.3[R]	Regulation	I. A.B.C.D.E.	Corrected the sequence of items under I. from "A.B.C.D.D.E." to "A.B.C.D.E."	6/7/2022

Policy on Endowment Funds

I. Authority. G.S. 116-36 provides the Board of Governors with authority to prescribe such terms and conditions under which each of the board of trustees of each constituent institution shall establish and maintain ~~an~~ an endowment fund for the constituent institution. Pursuant to and consistent with its authority under the North Carolina General Statutes, including G.S. 116-36, the Board of Governors adopts the following policy regarding the establishment and maintenance of endowment funds.

II. Endowment Property Exclusively for the Benefit of One Constituent Institution

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the board of trustees of each constituent institution shall establish and maintain an endowment fund for the constituent institution.

B. It is not the statutory intent underlying this policy that the proceeds from any endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that the constituent institution may improve and increase its functions, may enlarge its area of service, and may become more useful to a greater number of people.

C. Pursuant to this policy each board of trustees shall appoint an investment board to be known as the "Board of Trustees of the Endowment Fund of _____" (here shall be inserted the name of the constituent institution).

D. The board of trustees of the endowment fund shall consist of no fewer than six members and no more than nine members, as determined by the board of trustees of the constituent institution. One member of the board of trustees of the endowment fund shall be the chair of the board of trustees of the constituent institution, one member shall be the chancellor of the constituent institution, and a third ex officio member shall be designated by the board of trustees of the constituent institution from among the officers of that board or of the committees of that board. The remainder of the members may be (but need not be) members of the board of trustees of the constituent institution and shall be elected by the board of trustees of the constituent institution for overlapping terms of three years each. The terms of the three elected members of the board of trustees shall be initially for one, two, and three years each. All elections thereafter shall be for a regular term of three years, except that any person elected by the board of trustees to fill a vacancy created otherwise than by the expiration of a term shall be elected to serve the remainder of the term of the person whom he or she succeeds. The chair of the board of trustees of the constituent institution shall be *ex officio* the chair of the board of trustees of the endowment fund of that institution. The board of trustees of the endowment fund may establish procedures, consistent with this policy, for executing business and shall at least establish a quorum and a necessary vote for the transaction of business and require the keeping of minutes for meetings of the endowment board.

E. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises and any other property of any kind that may come to them from the Board of Governors of the University of North Carolina or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the institution.

F. Any gift or devise of real or personal property to the constituent institution shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the constituent institution. This presumption shall not apply to property made available to the institution prior to June 8, 1977.

G. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the chancellor of the institution through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the constituent institution for its endowment fund shall be presented by the chancellor to the trustees of the endowment fund as provided in this paragraph unless the chancellor finds that the property: (1) though presumptively made available to the institution for its endowment fund, was in fact made available to the institution for some other purpose; (2) has been made available to the institution under conditions which make its acceptance or use illegal; or (3) is unsuitable for use as property of the endowment fund.

H. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

I. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their credit or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget by the board of trustees of the endowment fund through successive endorsements by the Board of trustees of the institution and the Board of Governors; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the board of trustees of the institution upon recommendation of the chancellor. Notwithstanding any other provision of this Policy, any real property transaction or capital project that will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the

meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

J. The board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph II.I., to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Director of the Budget as otherwise provided in paragraph II.I. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

K. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph II.J. may expend or use interest and principal of gifts and devises,; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph II.I.

L. To realize the statutory intent underlying this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the constituent institution; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the board of trustees of the institution and for the purpose identified by the board of trustees of the institution, upon recommendation of the chancellor.

M. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the constituent institution or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund

N. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund through the board of trustees of the institution to the Board of Governors. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

O. The board of trustees of each constituent institution shall within a reasonable time establish an endowment fund as provided in this policy.

P. After a constituent institution has established an endowment fund as provided in this policy, the board of trustees of the institution shall direct that the chancellor inventory, consider, and present for placement in the endowment fund, as provided in paragraph II.G., all property that reposes in any institutional endowment, trust, or account as endowment property. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

Q. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph II.P ., the provisions of the "Policy on Endowments" of April 11, 1974, of the Board of Governors and any resolution of the Board of Governors made in consequence of the "Policy on Endowments" shall be deemed inoperative with respect to the pertinent constituent institution; provided that, the transfer of title to any property by the Board of

Governors to the endowment fund of the constituent institution shall be deemed to have continued in effect.

III. Endowment Property for the Benefit of the University of North Carolina (UNC) as a Whole or for the Benefit of Two or More Constituent Institutions

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the UNC Board of Governors hereby establishes an endowment fund for all endowment funds now held or hereafter acquired by the University of North Carolina for the benefit of the University as a whole, or for the joint benefit of any two or more constituent institutions of the University.

B. It is not the statutory intent underlying this policy that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that UNC and its constituent institutions may improve and increase their functions, may enlarge their areas of service, and may become more useful to a greater number of people.

C. The Committee on Budget and Finance of the UNC Board of Governors shall constitute the board of trustees of all endowment funds now held or hereafter acquired by the University of North Carolina for the benefit of the University System as a whole or for the joint benefit of any two or more constituent institutions of the University, to be known as the "Board of Trustees of the Endowment Fund of the University of North Carolina." The chair of the Committee on Budget and Finance shall be *ex officio* the chair of the board of trustees of the endowment fund. Procedure for the conduct of business by the board of trustees of the endowment fund shall be consistent with Section 302C of *The Code*.

D. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises, and any other property of any kind that may come to them from the UNC Board of Governors or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the institution.

E. Any gift or devise of real or personal property to the University of North Carolina System shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be to the endowment fund. This presumption shall not apply to property made available to the University of North Carolina prior to June 8, 1977.

F. Any gift or devise of real or personal property to the University of North Carolina for the benefit of the University as a whole or for the joint benefit of any two or more constituent institutions that reposes in any endowment, trust, or account as endowment property shall be inventoried, considered, and presented by the president for placement in the endowment fund as provided in paragraph II.H. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

G. Any gift or devise of real or personal property jointly to two or more constituent institutions shall be presented through written description of the property by the chancellors of the beneficiary institutions to the president for his consideration and action as provided in paragraph II.H. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

H. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the endowment fund shall be presented by the president to the trustees of the endowment fund as provided in this paragraph unless the president finds that the property:

1. Though presumptively made available to the University of North Carolina System for its endowment fund, was in fact made available to the University for some other purpose;
2. Has been made available under conditions which make its acceptance or use illegal; or
3. Is unsuitable for use as property of the endowment fund.

I. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

J. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their credit or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes, provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget by the board of trustees of the endowment fund upon the endorsement of the Board of Governors; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the Board of Governors upon recommendation of the president. Notwithstanding any other provision of this Policy, any real property transaction or capital project that will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

K. The board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph II.J. relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Director of the Budget otherwise provided in paragraph II.J. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

L. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph II.K. may expend or use interest and principal of gifts and devises; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph II.J..

M. To realize the statutory intent underlying this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina or to constituent institutions provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer, and provided further that, such transfer be executed only by direction of the UNC Board of Governors of the and for the purpose identified by the Board of Governors, upon recommendation of the president.

N. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina, to a constituent institution, or to any other recipient, any instrument of transfer shall indicate that the donor, grant or, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund.

O The trustees of the endowment fund shall maintain discrete accounts for property received into the endowment fund identified as to those institutions made beneficiaries of the respective properties by their donors; and, upon distribution, the income and other proceeds from the various properties shall be provided only to those beneficiary institutions intended by the donor and in the proportion intended by the donor.

P. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the Board of Governors. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

Q. The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph II.H., all property that presently reposes in any endowment, trust, or account as endowment property for the benefit of the University of North Carolina as a whole or for the benefit of two or more constituent institutions. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3.

R. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph II.Q., the provisions of the "Policies on Endowments" of April 11, 1974, of the Board of Governors concerning endowment funds for the benefit of the University as a whole or for the joint benefit of any two or more constituent institutions shall be deemed inoperative.

IV. Endowment Property for the Benefit of The University of North Carolina Press

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the UNC Board of Governors hereby establishes an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Press.

B. It is not the statutory intent underlying this policy that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that the University of North Carolina Press may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

C. The Board of Governors of the University of North Carolina Press shall constitute the board of trustees of all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Press, to be known as "the Board of Trustees of the Endowment Fund of the University of North Carolina Press." The chair of the Board of Governors of the University of North Carolina Press shall be *ex officio* the chair of the board of trustees of the endowment fund. Procedures for the conduct of business by the board of trustees of the endowment fund shall be consistent with procedures for the conduct of business by the Board of Governors of the University of North Carolina Press, Incorporated.

D. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises and any other property of any kind that may come to them from the UNC Board of Governors or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the University.

E. Any gift or devise of real or personal property to the University of North Carolina Press shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the University of North Carolina Press. This presumption shall not apply to property made available to the University of North Carolina Press prior to June 8, 1977.

F. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president of the UNC System through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the University of North Carolina Press for its endowment fund shall be presented by the president of the University of North Carolina to the trustees of the endowment fund as provided in this paragraph unless the president, in consultation with the director of the University of North Carolina Press, finds that the property: (1) though presumptively made available to the University of North Carolina Press for its endowment fund, was in fact made available to the Press for some other purpose; (2) has been made available under conditions which make its acceptance or use illegal; or (3) is unsuitable for use as property of the endowment fund.

G. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

H. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging the credit of the State of North Carolina or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the

General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget by the board of trustees of the endowment fund upon the endorsement of the UNC Board of Governors; and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the Board of Governors of the University of North Carolina Press upon recommendation of the president. Notwithstanding any other provision of this Policy, any real property transaction or capital project will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

I. The board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph III.H., relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Director of the Budget as otherwise provided in paragraph III.H. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

J. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph III.I., may expend or use interest and principal of gifts and devises; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph III.H.

K. To realize the statutory intent underlying these this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina Press; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the Board of Governors of the University of North Carolina Press and for the purpose identified by the Board of Governors of the University of North Carolina Press, upon recommendation of the president.

L. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina Press or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transfer or, as the case may be, is the board of trustees of the endowment fund.

M. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the UNC Board of Governors, through the president. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

N. The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph III.F., all property that presently reposes in any endowment, trust, or account as endowment property for the benefit of the University of North Carolina Press. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identity other than under G.S. 116-3 or the University of North Carolina Press, Incorporated.

O. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph III.N., the provisions of the "Policies on Endowments" of April 11, 1974, of the Board of Governors of the University of North Carolina concerning endowment funds for the benefit of the University of North Carolina Press shall be deemed inoperative.

P. When the trustees of the endowment fund acknowledge in writing receipt of property pursuant to paragraph III.N., the resolution of May 10, 1974, of the Board of Governors of the University of North Carolina concerning property held for the use and benefit of the University of North Carolina Press shall be deemed inoperative; provided that, the transfer of title to property under Section 1 of the resolution of May 10, 1974, to the Board of Governors of the University of North Carolina Press shall be deemed to have continued in effect.

V. Endowment Property for the Benefit of the University of North Carolina Center for Public Media

A. Under the provisions of G.S. 116-36, and pursuant to this policy, uniformly applicable to all constituent institutions, the UNC Board of Governors hereby establishes an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Center for Public Media.

B. It is not the statutory intent underlying this policy that the proceeds from the endowment fund shall take the place of state appropriations or any part thereof, but it is the statutory intent underlying this policy that those proceeds shall supplement the state appropriations to the end that the University of North Carolina Center for Public Media may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

C. The Board of Trustees of the University of North Carolina Center for Public Media shall constitute the board of trustees of all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Center for Public Media, to be known as "the Board of Trustees of the Endowment Fund of the University of North Carolina Center for Public Media." The chair of the Board of Trustees of the University of North Carolina Center for Public Media shall be *ex officio* the chairman of the board of trustees of the endowment fund. Procedures for the conduct of business by the board of trustees of the endowment fund shall be consistent with procedures for the conduct of business by the Board of Trustees of the University of North Carolina Center for Public Media.

D. The trustees of the endowment fund may receive and administer as part of the endowment fund gifts and devises and any other property of any kind that may come to them from the UNC Board of Governors or that may come to the trustees of the endowment fund from any other source, excepting always the moneys received from state appropriations and from tuition and fees collected from students and used for the general operation of the University.

E. Any gift or devise of real or personal property to the University of North Carolina Center

for Public Media shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the University of North Carolina Center for Public Media. This presumption shall not apply to property made available to the University of North Carolina Center for Public Media or its functional predecessor prior to May 28, 1979.

F. Property shall not be deemed a part of the corpus of the endowment fund until it has been presented by the president through written description of the property to the trustees of the endowment fund and has been acknowledged in writing as received by the trustees of the endowment fund. Property expressly or presumptively made available to the University of North Carolina Center for Public Media for its endowment fund shall be presented by the president to the trustees of the endowment fund as provided in this paragraph unless the president, in consultation with the director of the University of North Carolina Center for Public Media finds that the property:

1. Though presumptively made available to the University of North Carolina Center for Public Media for its endowment fund, was in fact made available to the center for some other purpose;
2. Has been made available under conditions which make its acceptance or use illegal; or
3. Is unsuitable for use as property of the endowment fund.

G. The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested. Provided, however, that Chapter 36E of the North Carolina General Statutes shall apply to the endowment fund.

H. The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging the credit of the State of North Carolina or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget by the board of trustees of the endowment fund upon the endorsement of the UNC Board of Governors and provided further that, unless approved by the Board of Governors, any acquisition, disposition, or capital project shall not materially alter the value or functionality of any State property; and provided further that, any gratuitous transfer of property or funds from the endowment fund shall be only upon direction of the board of trustees of the University of North Carolina Center for Public Media upon recommendation of the president. Notwithstanding any other provision of this Policy, any real property transaction or capital project that will require an increase of state funds, tuition revenue, or student fees must be approved in advance by the Board of Governors. Requests for Board of Governors' approval shall be made in a manner as prescribed by the president, or designee, and

may include the redaction of trade secret or other confidential or proprietary information not considered a public record within the meaning of Chapter 132 of the General Statutes and may be considered in closed session, as permitted by applicable law.

I. The board of trustees of the endowment fund may appoint a fiscal agent or agents having all the privileges, powers, and immunities set forth in paragraph IV.H relative to the trustees of the endowment fund except that no fiscal agent shall have authority to approach the Director of the Budget as otherwise provided in paragraph IV.H. The board of trustees of the endowment fund may from time to time change its appointed fiscal agent or agents.

J. In the process of prudent investment of the fund (including the acquisition and maintenance of property for the fund) or to realize the intent underlying this policy, the board of trustees of the endowment fund or a fiscal agent appointed pursuant to paragraph IV.I may expend or use interest and principal of gifts and devises; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used nor violate the provisions of paragraph IV.H.

K. To realize the statutory intent underlying this policy, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the University of North Carolina Center for Public Media; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer; and provided further that, such transfer be executed only by direction of the board of trustees of the University of North Carolina Center for Public Media and for the purpose identified by the board of trustees of the University of North Carolina Center for Public Media upon recommendation of the president.

L. Whenever any property of the endowment fund is disposed of or otherwise transferred from the endowment fund to the University of North Carolina Center for Public Media or to any other recipient, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund.

M. The board of trustees of the endowment fund shall annually submit a comprehensive report on the endowment fund to the UNC Board of Governors, through the president. The annual comprehensive report shall include at least a consolidated financial statement, list of current real estate holdings, and current funding commitment for capital projects.

N. The president shall inventory, consider, and present for placement in the endowment fund, as provided in paragraph IV.F, all property that presently reposes in any endowment, trust, or account as endowment property for the benefit of the University of North Carolina Center for Public Media. The provisions of this paragraph shall not apply to property reposing in any endowment, trust, or foundation that has corporate identify other than under G.S. 116-3.

V. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy of the Board of Governors.

B. Relation to 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 related 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.

Regulation on Mission Statements

I. Purpose. The following regulation is designed to provide consistency and clarity regarding implementation of Section 400.2.1 of the UNC Policy Manual and Section 301 C of *The Code*, examination and determination of the mission and purpose of each University of North Carolina (UNC) System constituent institution.

A. N.C. Gen. Stat. § 116-1 (hereinafter G.S.) identifies that each constituent institution of the UNC System shares in a single mission, “. . . to discover, create, transmit, and apply knowledge to address the needs of individuals and society.” This overall mission is achieved in a coordinated manner by ensuring that each constituent institution is assigned a mission and function that is aligned with the overall needs of the state.

B. G.S. 116-1 further notes that the UNC System mission is accomplished through instruction; research, scholarship, and creative activities; and public service. Teaching and learning are identified as the primary responsibility of each constituent institution. The relative importance and inclusion of research and public service varies by institutional mission.

C. In order to ensure a well-planned and coordinated system of higher education, each UNC constituent institution has a mission that summarizes their unique and complementary role as part of the statewide System. That mission addresses teaching and learning, as well as the relative importance of research and public service.

ED. Mission statements shall reflect national, state, and regional needs, from the System perspective, so that the programs and resources of all institutions serve the state and its regions in a manner that complement each other, maximize resources, and avoid unnecessary duplication.

E. The Board of Governors has sole responsibility for formally reviewing and approving the mission and associated mission statement of each constituent institution. Section 301 C of *The Code* notes that the “Committee on Educational Planning, Policies, and Programs shall receive the advice and recommendations of the president and make recommendations to the board in all areas pertaining to the development of a coordinated system of higher education in North Carolina, including (a) the definition of mission and assignment of functions of each constituent institution. . . .”

###I. Definitions. The following operational definitions apply to this regulation:

A. “Mission.” The overall purpose of the constituent institution is articulated through the mix and level of academic programs offered, the range of colleges, schools, and departments on campus, and the scope and scale of teaching, research, and public service activities.

B. "Mission Statement." The official document that broadly captures the core focus of the constituent institution and the distinctiveness of its approach to: teaching; research, scholarship, and creative activity; and public service.

C. "Other Statement." Institutions often develop and publish other related statements that provide additional history, context, and future objectives (e.g., vision statements). These statements do not require approval by the Board of Governors, but cannot contradict the institution's approved mission statement nor provide a broader or more expansive purpose than what is assigned to it through that statement.

~~IV~~-III Requirements and Timeline

A. The president shall submit to the Board of Governors a review and recommendation on institutional mission statements on a periodic basis, typically at five-year intervals.

B. Chancellors shall be responsible for overseeing the institutional mission statement review process in accordance with the process identified by the president. This shall include review and consultation with faculty, staff, students, and the board of trustees.

C. While the mission statement is not intended to capture the full contribution of the constituent institution to the state, it should be specific and focused enough to provide a clear understanding of the distinctive role of each institution. The mission statement shall include, at a minimum the:

1. Distinctiveness of the institution and its values;
2. Role of teaching and learning at the institution, including the relative importance of research, scholarship, creative activity, and public service; and
3. Full scope of educational programs and level of degrees offered at the institution

~~V~~IV. Other Matters

A. Effective Date. The requirements of this regulation shall be effective on the date of adoption of this regulation by the president.

B. Relation to State Laws. The foregoing regulation as adopted by the president 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 regulation.