



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

TRANSMITTAL LETTER

Transmittal Number 119

April 16, 2018

THIS LETTER TRANSMITS CHANGES TO THE UNC POLICY MANUAL

<u>The Code</u>	Chapter V, Section 502 B. and Section 502 C* (Amended)
<u>400.4.1</u>	<i>Policy on Standards for Licensure of Nonpublic Degree Granting Postsecondary Activity</i> (Amended)
<u>400.4.1[G]</u>	<i>Guidelines for the Rules and Standards for Licensure</i> (Repealed)
<u>400.4.1.1[R]</u>	<i>Regulation Governing Review of Licensure for Nonpublic Postsecondary Institutions Proposing to Open Additional Campuses or Sites in North Carolina to Offer Degree Programs that have been Previously Licensed by the Board of Governors</i> (Amended)
<u>400.4.1.2[R]</u>	<i>Regulation Governing Review of Changes in Ownership and Legal Reconstitutions of Out-of-State and Nonpublic Institutions</i> (Adopted)
<u>400.4.1.3[R]</u>	<i>Regulation on Procedures for Licensure</i> (Adopted)
<u>400.4.2</u>	<i>Establishing Fees for Licensing Nonpublic Institutions to Conduct Postsecondary Degree Activity</i> (Repealed)
<u>400.4.2</u>	<i>Policy of the Board of Governors of the University of North Carolina with Respect to Exemption from Licensure under N.C. Stat. § 116.15 of Religious Education</i> (Renumbered and Amended)
<u>600.3.4</u>	<i>Granting of Management Flexibility to Appoint and Fix Compensation</i> (Amended)*
<u>1300.6</u>	<i>Policy on Efficiency and Effectiveness</i> (Amended)*

The above *Code* section and policies were adopted, amended, or repealed by the Board of Governors at its March 2018 meeting. The above guideline and regulations were adopted, amended or repealed by the UNC System President on April 5, 2018.

A copy of each above policy, regulation, and guideline is attached and is accessible on the website at: <http://www.northcarolina.edu/apps/policy/index.php>. Redline versions reflecting the changes to any amended policy, regulation, or guideline are attached to this letter.

**This is a correction to Transmittal Letter 115, sent on November 15, 2017. These changes were approved by the Board of Governors at its March 2018 meeting.*

CHAPTER V - OFFICERS OF THE UNIVERSITY
SECTION 502. CHANCELLORS OF CONSTITUENT INSTITUTIONS.

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502 B. Relation of the Chancellor to the Board of Governors and the President.

- (1) It shall be the duty of the chancellor to keep the president, and through the president the Board of Governors, fully informed concerning the operations and needs of the institution. Upon request, the chancellor shall be available to confer with and make reports to the president or with the Board of Governors concerning matters that pertain to the institution. [See G.S. 116-34(c)]
- (2) The chancellor shall make recommendations for development of the educational programs of the institution [See G.S. 116-34(d)] and shall serve as general adviser to the president, and through the president the Board of Governors, with respect to all programs and activities of the institution.
- (3) The chancellor shall be responsible to the president for the administration of the institution, including the enforcement of the decisions, actions, policies, and regulations of the Board of Governors applicable to the institution.
- (4) Subject to policies prescribed by the Board of Governors and by the institutional board of trustees, the chancellor shall make recommendations for the appointment of personnel within the institution. [See G.S. 116-34(d)] With respect to all personnel matters, including appointments, promotions, removals, and compensation for the institution's academic, administrative, and other staffs, which are required to be acted upon by the Board of Governors, the chancellor shall make recommendations to the president.
- (5) The chancellor shall present to the president all matters concerning the institution which are to be considered by the Board of Governors or any of its committees. In accordance with prescribed administrative procedures uniformly applicable to all institutions, the chancellor shall participate in the development of the proposed budget of the University of North Carolina.
- (6) The chancellor shall be the official medium of communication between the president and all deans, heads or chairs of departments, directors, and all other administrative officers, faculty members, students, and employees.

502 C. Relation of the Chancellor to the Board of Trustees.

- (1) It shall be the duty of the chancellor to attend all meetings of the board of trustees and to be responsible for keeping the board of trustees fully informed on the operation of the institution and its needs. [See G.S. 116-34(b)]
- (2) The chancellor shall submit such reports to the board of trustees as the chancellor may deem wise or as the board may require. The chancellor shall seek the counsel of the board of trustees concerning the affairs of the institution.
- (3) The chancellor shall be responsible to the board of trustees for enforcing all policies, rules, and regulations of the board of trustees.
- (4) The chancellor shall be the official medium of communication between the board of trustees and all individuals, officials, agencies, and organizations, both within and without the institution.

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(2) The chancellor shall make recommendations for development of the educational programs of the institution [See G.S. 116-34(d)] and shall serve as general adviser to the president, and through the president the Board of Governors, with respect to all programs and activities of the institution.

(3) The chancellor shall be responsible to the president for the administration of the institution, including the enforcement of the decisions, actions, policies, and regulations of the Board of Governors applicable to the institution.

(4) Subject to policies prescribed by the Board of Governors and by the institutional board of trustees, the chancellor shall make recommendations for the appointment of personnel within the institution. [See G.S. 116-34(d)] With respect to all personnel matters, including appointments, promotions, removals, and compensation for the institution's academic, administrative, and other staffs, which are required to be acted upon by the Board of Governors, the chancellor shall make recommendations to the president.

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(1) It shall be the duty of the chancellor to attend all meetings of the board of trustees and to be responsible for keeping the board of trustees fully informed on the operation of the institution and its needs. [See G.S. 116-34(b)]

(2) ~~As of June 30 of each year, the chancellor shall prepare for the board of trustees a detailed report on the operation of the institution for the preceding year. [G.S. 116-34(a)]~~ The chancellor shall ~~also~~ submit such ~~additional~~ reports to the board of trustees as the chancellor may deem wise or as the board may require. The chancellor shall seek the counsel of the board of trustees concerning the affairs of the institution.

(3) The chancellor shall be responsible to the board of trustees for enforcing all policies, rules, and regulations of the board of trustees.

(4) The chancellor shall be the official medium of communication between the board of trustees and all individuals, officials, agencies, and organizations, both within and without the institution.

**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.

Guidelines for the Rules and Standards for Licensure

The following guidelines for the University of North Carolina Board of Governors *Rules and Standards for Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina (December 2004)* are to assist institutions in the preparation of applications for licensure and Annual Reports.

A. The following additional information and data shall be included in all licensure applications under the specified Standard section headings:

Standard 3.A. Courses: Student retention rates and graduation rates, by degree program, for the most recent three-year period, reported by year. The institution shall state how these rates are calculated, and specify the twelve-month period that defines the institution's "year."

Standard 3.B. Distance Education: For courses delivered electronically, a brief description of the learning management system

Standard 8.B. Purpose of Records: A description of how the institution defines and measures "satisfactory academic progress" for students, and how the institution enforces and utilizes its Satisfactory Academic Progress policy

Standard 8B.D. Job Placement Assistance and Standard 10.B. Organization: Graduating student employment rates, by degree program, for the most recent three-year period, reported by year. The institution shall state how these rates are calculated, and specify the twelve-month period that defines the institution's "year."

Standard 10.A.(2) Adequacy: Respond individually to each of the four items specified in this Standard:

- a. Average annual expenditures per student for educational programs (and explain how that number was calculated)
- b. Average annual income per student from educational activities (and explain how that number was calculated)
- c. The ratio of net profit, adjusted, to debt service costs (as defined in Standard 10.A.(2).(c))
- d. Financial policies, procedures, and practices adopted or utilized by the institution

Standard 10.A.(6)(a). Bonding: Currently licensed institutions shall provide a statement by an independent certified public accountant attesting to the adequacy of the tuition guaranty bond (a copy of which shall be sent with the licensure application), when the institutions are seeking licensure for new degree programs or for the periodic review site visits.

Standard 10.B. Organization: The institution shall demonstrate that it engages in continuous planning, evaluation, and improvement. Specifically, the institution shall provide information on its plans and processes for continuing to improve its student retention, graduation, and employment rates. If the institution has an Institutional Effectiveness Plan (or similar document) it should be attached. The institution shall provide evidence of institutional changes made based upon assessment of institutional effectiveness.

Standard 11 Business Practices and Standard 12 Professional Conduct: The institution shall provide information on any current or pending litigation or regulatory matters that relate to the institution or to a controlling or related entity or individual.

B. The following additional information and data shall be included in all Annual Reports under the specified Standard section headings:

Standard 3.A. Courses: Student retention rates and graduation rates, by degree program, for the most recent three-year period, reported by year. The institution shall state how these rates are calculated, and specify the twelve-month period that defines the institution's "year."

Standard 8B.D. Job Placement Assistance and Standard 10.B. Organization: Graduating student employment rates, by degree program, for the most recent three-year period, reported by year. The institution shall state how these rates are calculated, and specify the twelve-month period that defines the institution's "year."

Standard 10.A.(6)(a). Bonding: Institutions shall provide a statement by an independent certified public accountant attesting to the adequacy of the tuition guaranty bond (a copy of which shall be sent with the Annual Report).

Standard 10.B. Organization: The institution shall demonstrate that it engages in continuous planning, evaluation, and improvement. Specifically, the institution shall provide information on its plans and processes for continuing to improve its student retention, graduation, and employment rates. If the institution has an Institutional Effectiveness Plan (or similar document) it should be attached. The institution shall provide evidence of institutional changes made based upon assessment of institutional effectiveness.

Standard 11 Business Practices and Standard 12 Professional Conduct: The institution shall provide information on any current or pending litigation or regulatory matters that relate to the institution or to a controlling or related entity or individual.

**Regulation Governing Review of Licensure for Nonpublic
Postsecondary Institutions Proposing to Open Additional Campuses or
Sites in North Carolina to Offer Degree Programs that have been
Previously Licensed by the Board of Governors**

- I. Purpose. This regulation applies to institutions with programs licensed pursuant to Section 400.4.1 of the UNC Policy Manual, which open or intend to open additional sites or campuses in North Carolina after having been previously licensed to conduct postsecondary degree granting activity by the Board of Governors.
- II. Application Required
 - A. The institution shall provide an application for the proposed campus or site documenting that the institution will be in compliance with the Section 400.4.1 of the UNC Policy Manual at the proposed new campus or site. Staff from the University of North Carolina System Office (UNC System Office) shall direct the form and content of the application based upon the initial notification received from the institution and may require a site visit to the proposed new campus or site.
 - B. Staff will review the application for the proposed campus or site.
 - C. If appropriate, staff from the UNC System Office will respond in writing that the institution may proceed with its plans to open the new campus or site to offer the proposed postsecondary degree programs that have been previously approved by the Board of Governors. The UNC System Office requires a site visit, within a calendar year of the date of the letter of approval, by a team of examiners with expertise in the field to ascertain the institution's compliance with Section 400.4.1 of the UNC Policy Manual at the new campus or site.
 - D. A report of the site visit by the team of examiners will be forwarded to the UNC System Office for review and recommendation to the president.
 - E. The institution must comply with the Section 400.4.1 of the UNC Policy Manual to maintain its license to offer the degrees at the additional site.
- 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 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.

**Regulation Governing Review of Licensure for Nonpublic,
Postsecondary Institutions Proposing to Open Additional Campuses or
Sites in North Carolina to Offer Degree Programs that have been
Previously Licensed by the Board of Governors**

I. Purpose:

~~_____ This regulation applies to institutions with programs licensed pursuant to Chapter~~Section 400.4.1 ~~of this the UNC Policy Manual, which open or intend to open additional sites or campuses in North Carolina after having been previously licensed to conduct postsecondary degree granting activity by the BOG~~Board of Governors.

~~An institution proposing to open an additional campus or site in North Carolina to offer degree programs that have been previously licensed by the Board of Governors should send a letter of intent to the Office of the President indicating the degree programs it proposes to offer and the city and proposed location for offering them.~~

II. Application Required

A. The institution shall provide an application for the proposed campus or site documenting that the institution ~~is in compliance with, or intends to be in compliance with, will be in compliance with~~ the ~~Rules and Standards~~Section 400.4.1 of the UNC Policy Manual at the proposed new campus or site. ~~This application should be presented at least six month prior to the date the institution proposes to open a campus or site in a new city or locality.~~Staff from the University of North Carolina System Office (UNC System Office) shall direct the form and content of the application based upon the initial notification received from the institution and may require a site visit to the proposed new campus or site.

B. ~~The Staff Office of the President~~ will review the application for the proposed campus or site.

C. If appropriate, ~~the Office of the President~~staff from the UNC System Office will respond in writing that the institution may proceed with its plans to open the new campus or site to offer the proposed postsecondary degree programs that have been previously approved by the Board of Governors. The ~~Office of the President~~UNC System Office requires a site visit, within a calendar year of the date of the letter of approval, by a team of examiners with expertise in the field to ascertain the institution's compliance with ~~the Rules and Standards~~Section 400.4.1 of the UNC Policy Manual at the new campus or site.

D. A report of the site visit by the team of examiners will be forwarded to the ~~Office of the President~~UNC System Office for review and recommendation to the president.

E. The institution must comply with the ~~Rules and Standards~~Section 400.4.1 of the UNC Policy Manual to maintain its license to offer the degrees at the additional site.

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 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.

**Regulation Governing Review of Changes in Ownership and
Legal Reconstitutions of Out-of-State and Nonpublic Institutions**

I. Purpose. Pursuant to N.C. Gen. Stat. § 116-15(g) (hereinafter G.S.), and Section 400.4.3[R], VI.B., subsections 3., and 4., of the UNC Policy Manual, the University of North Carolina System Office (UNC System Office) staff will review the license of an institution when the institution is legally reconstituted and when a preponderance of all of the assets of the institution changes pursuant to a single transaction or a recognizable sequence of transactions or agreements.

II. Definitions

A. “Change in ownership,” as used herein, means a change in the ownership of a preponderance of an institution’s or corporate parent’s assets pursuant to a single transaction or a recognizable sequence of transactions or agreements. Change of ownership does not include:

1. A transfer of the entire portion of a natural person’s ownership interest to that person’s parent, stepparent, sibling, stepsibling, spouse, child or stepchild, grandchild or step-grandchild; spouse’s parent or stepparent, spouse’s sibling or stepsibling, spouse’s child or stepchild, spouse’s grandchild or stepgrandchild; child’s spouse, and sibling’s spouse; or
2. A transfer of the entire portion of a natural person’s ownership interest, upon the retirement or death of that person, to a natural person with a pre-existing ownership interest in the school who has been involved in management of the school for at least two years preceding the transfer, and who has established and retained the pre-existing ownership interest for at least two years prior to the transfer.

B. “Legal reconstitution” means a change in the corporate form of the institution or its corporate parent, including a change from a for-profit to a nonprofit corporation or from a nonprofit to a for-profit corporation.

C. “Preponderance of the Assets” means:

1. Greater than 50 percent of the ownership interest of an institution or its corporate parent; or
2. Assets worth greater than 50 percent of the institution’s or corporate parent’s fair market value.

III. UNC System Office Staff Response. Upon notification from the institution, UNC System Office staff will timely respond with initial inquiries to determine the size and scope of the required review. Staff will consider, among other factors, the proposed purchaser’s projected changes to the institution in determining the review’s size and scope. Upon completion of the review of licensure, staff will notify the parties to the transaction.

IV. Relationship of Change in Ownership reviews to Applications for New Licensure. A change in ownership which results in an already authorized institution becoming a branch campus of an unauthorized institution ordinarily requires the unauthorized institution to become authorized to conduct postsecondary degree granting activity in North Carolina. As long as the new branch campus remains

otherwise authorized, it may continue to conduct postsecondary degree granting activity pending adjudication of the unauthorized parent institution's application to become authorized. UNC System Office staff determines whether the change in ownership will cause an already authorized institution will become a branch campus of an unauthorized institution. In making that determination, staff may consider whether the authorized institution will be considered a branch campus for accreditation or for Federal Student Aid purposes. A review of licensure because of a change in ownership ordinarily focuses on the immediate effects of the change in ownership on North Carolina students. The unauthorized parent institution's application to become authorized is based upon the standards found in G.S. § 116-15. Notification from staff that a change in ownership licensure review is complete does not imply that the unauthorized parent institution's application to be authorized to conduct postsecondary degree activity in North Carolina will be granted.

V. 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.

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 a private institution 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).

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 in a time, place, and manner prescribed by the University of North Carolina System.

B. Application for Licensure. Following the preliminary conference, the institution shall submit a formal application 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, 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 be appointed chair, with responsibility for leading the examination and preparing the team's report and recommendations.

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. 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 (“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 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. 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 the Council for Higher Education Accreditation. If the institution is not so accredited, then review of licensure shall occur 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 1964, 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, including any petition for bankruptcy 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 such a license to remain in effect past the next regularly scheduled meeting of the Board, the Board must ratify the issuance of the license at its next regularly scheduled 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:

A. It is revoked as provided herein; or

B. The licensed or permitted postsecondary degree activity ceases to have any students enrolled, 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

C. 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

D. 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

E. The Board fails to ratify the president's issuing of a license or interim permit at the next regularly scheduled meeting of the Board occurring after the president issues a license pursuant to section VIII., above, of this regulation.

X. 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.

400.4.2

Adopted 09/14/01

Repealed 03/23/18

**Establishing Fees for Licensing Nonpublic Institutions to Conduct
Postsecondary Degree Activity¹**

The Board of Governors authorizes the President to charge a fee to license nonpublic institutions to conduct postsecondary degree activity in North Carolina. A reasonable fee shall periodically be set by the Board, on recommendation of the president, for initial licensure and for the addition of degrees for previously licensed institutions. This policy is effective June 1, 2001.

¹This policy implements a Board resolution adopted June 8, 2001.

**Policy of the Board of Governors of the University of North Carolina with
Respect to Exemption from Licensure under
N.C. Gen. Stat. § 116-15 of Religious Education**

- I. Purpose. The purpose of this policy is to implement N.C. Gen. Stat. § 116-15(d) (hereinafter G.S.).
- II. Delegation. It shall be the responsibility of the president to apply the provisions of G.S. 116-15 and relevant policies and procedures of the Board of Governors, including these policies, to any application for exemption pursuant to G.S. 116-15(d) from licensure to undertake postsecondary degree activity with reference to religious education and in each case to determine the propriety of such exemption, and to assess reasonable fees for evaluating initial applications and conducting subsequent reviews regarding such exemption.
- III. Definitions
 - A. The definitions set forth in G.S. 116-15(a2) are hereby incorporated by reference into these policies.
 - B. "Program of study" means each academic program offered by an institution and includes without limitation all majors, minors, concentrations, and degrees.
- IV. Standards for Exemption. Exemption from licensure with respect to religious education under G.S. 116-15(d) shall rest upon one of the following:
 - A. That the subject education constitutes 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
 - B. That the subject education constitutes a program of study, equivalent experience, or achievement testing, other than that identified in paragraph A., above, that is designed by the offering institution primarily for career preparation in a religious vocation.
- V. Extent of exemption. An institution shall be conferred exemption from licensure only with respect to each program of study, equivalent experience, or achievement test that the institution demonstrates to the satisfaction of the president comes within one of the standards for exemption set forth in section IV., above.
- VI. Determination of Eligibility for Exemption. The president shall determine whether to confer exemption with respect to religious education as provided in G.S. 116-15 only upon the president's receipt from staff of a recommendation concerning exemption based upon the following:
 - A. Staff summary of a site visit to the petitioning institution (if appropriate).
 - B. Documents and information relevant to the qualifying nature of the petitioning institution and the subject curriculum, which shall include:

1. If the institution is a business entity, the articles of incorporation or articles of organization of the institution, including all current amendments thereto.
2. The title of each degree program for which exemption is sought.
3. The educational credential proposed to be given by the institution upon satisfactory completion of each program of study, equivalent experience, or achievement test for which exemption is sought.
4. The catalog statement and any other institutional statement (such as curriculum outline) for each program of study, equivalent experience, or achievement test for which exemption is sought.
5. Those other documents that the president may determine are necessary to establish that the institution conforms to the standards for exemption set out in section IV., above.

C. Assurances from the petitioning institution that it has conformed, or will conform, institutional literature and educational credentials to the conditions of licensure exemption pursuant to these policies, which shall include:

1. Designating any degree program of study or academic credential for which exemption from licensure is to pertain by a title that clearly indicates its religious nature so that the institutional objective of the program for its use in attainment of a degree in theology, divinity, or religious education, or its institutional design primarily for career preparation in a religious vocation is apparent.
2. Prominently displaying in relevant institutional publications a statement that the relevant degree program of study has been declared by the appropriate state authority exempt from the requirements for licensure, under provisions of G.S. 116-15(d), for exemption from licensure with respect to religious education.
3. Prominently displaying in relevant institutional publications a statement that Exemption from licensure is not based upon assessment of program quality under established licensing standards.

VII. Duration of Exemption. At least annually, staff shall make inquiry of institutions conferred exemption with respect to religious education to ascertain the continuation of those bases upon which there was conferred exemption from licensure. An exemption shall continue unless suspended or revoked by the president following the president's consideration of a corresponding recommendation from staff. An exemption shall also end when the institution ceases to have students enrolled in the exempt program, except that in such case staff may continue the exemption for a reasonable period for good cause shown.

VIII. Pursuit of Licensure. An institution shall seek licensure to conduct postsecondary activity with respect to any program of study, equivalent experience, or achievement test for which exemption from licensure has been denied for failure of the institution to satisfy these policies but which postsecondary the institution intends to offer.

IX. Violation of Conditions. If the president determines that an institution (1) has failed to seek and obtain licensure or exemption from licensure, as required by these policies; or (2) has failed to fulfill any obligation attendant to exemption from licensure under these policies, the president may

suspend or revoke the exemption and shall request that the Attorney General of North Carolina take appropriate action against the offending institution.

X. 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.

400.4.~~1-12~~

Adopted 08/11/95

Amended 09/12/97

Amended 03/23/18

**Policy of the Board of Governors of the University of North Carolina with
Respect to Exemption from Licensure under
N.C. Gen. Stat. § 116-15 of Religious Education**

I. Purpose. The purpose of this policy is to implement N.C. Gen. Stat. § 116-15(d) (hereinafter G.S.).

1II. Delegation. It shall be the responsibility of the president to apply the provisions of G.S. 116-15 and relevant policies and procedures of the Board of Governors, including these policies, to any application for exemption pursuant to G.S. 116-15(d) from licensure to undertake postsecondary degree activity with reference to religious education and in each case to determine the propriety of such exemption, and to assess reasonable fees for evaluating initial applications and conducting subsequent reviews regarding such exemption.

2III. Definitions

A. The definitions set forth in G.S. 116-15(a2) are hereby incorporated by reference into these policies.

A.B. “Program of study” means each academic program offered by an institution and includes without limitation all majors, minors, concentrations, and degrees.

3IV. Standards for Exemption. Exemption from licensure with respect to religious education under G.S. 116-15(d) shall rest upon one of the following:

a.A. That the subject education constitutes 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

b.B. That the subject education constitutes a program of study, equivalent experience, or achievement testing, other than that identified in paragraph A.a, above, that is designed by the offering institution primarily for career preparation in a religious vocation.

4V. Extent of exemption. An institution shall be conferred exemption from licensure only with respect to each program of study, equivalent experience, or achievement test that the institution demonstrates to the satisfaction of the president comes within one of the standards for exemption set forth in section IV.3, above.

5VI. Determination of eligibility for Exemption. The president shall determine whether to confer exemption with respect to religious education as provided in G.S. 116-15 only upon the president’s receipt from staff of a recommendation concerning exemption based upon the following:

Aa. Staff summary of a site visit to the petitioning institution-~~-(if appropriate)}~~.

b.B. Documents and information relevant to the qualifying nature of the petitioning institution and the subject curriculum, which shall include:

1. If the institution is a business entity, the Aarticles of incorporation or articles of organization of the institution, including all current amendments thereto.

2. The title of each degree program for which exemption is sought.

3. The educational credential proposed to be given by the institution upon satisfactory completion of each program of study, equivalent experience, or achievement test for which exemption is sought.

4. The catalog statement and any other institutional statement (such as curriculum outline) for each program of study, equivalent experience, or achievement test for which exemption is sought.

5. Those other documents that the president may determine are necessary to establish that the institution conforms to the standards for exemption set out in paragraphsection -IV., above.

€C. Assurances from the petitioning institution that it has conformed, or will conform, institutional literature and educational credentials to the conditions of licensure exemption pursuant to these policies, which shall include:

1. Designating any degree program of study or academic credential for which exemption from licensure is to pertain by a title that clearly indicates its religious nature so that the institutional objective of the program for its use in attainment of a degree in theology, divinity, or religious education, or its institutional design primarily for career preparation in a religious vocation is apparent.

2. Prominently displaying in relevant institutional publications a statement that the relevant degree program of study has been declared by the appropriate state authority exempt from the requirements for licensure, under provisions of ~~North Carolina General Statutes Section (G.S.)~~ 116-15(d), for exemption from licensure with respect to religious education.

3. Prominently displaying in relevant institutional publications a statement that Exemption from licensure is not based upon assessment of program quality under established licensing standards.

~~6~~VII. Duration of ~~e~~Exemption. At least annually, Sstaff shall make ~~annual~~ inquiry of institutions conferred exemption with respect to religious education to ascertain the continuation of those bases upon which there was conferred exemption from licensure. An exemption shall continue unless suspended or revoked by the president following the president's consideration of a corresponding recommendation from staff. An exemption shall also end when the institution ceases to have students enrolled in the exempt program, except that in such case staff may continue the exemption for a reasonable period for good cause shown.

~~7~~VIII. Pursuit of ~~I~~Licensure. An institution shall seek licensure to conduct ~~post-secondary~~postsecondary activity with respect to any program of study, equivalent experience, or achievement test for which exemption from licensure has been denied for failure of the institution to satisfy these policies but which postsecondary~~-activity-~~ the institution ~~continues to offer or~~ intends ~~imminently t~~o offer.

~~8-IX.~~ Violation of ~~e~~C~~o~~nditions. If the president determines that an institution (1) has failed to seek and obtain licensure or exemption from licensure, as required by these policies; or (2) has failed to fulfill any obligation attendant to exemption from licensure under these policies, the president may suspend or revoke the exemption and shall request that the Attorney General of North Carolina take appropriate action against the offending institution.

~~9. Effective date. These policies, as amended, are effective September 12, 1997.~~

X. 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.

600.3.4

Adopted 01/11/02

Amended 07/12/02

Amended 01/09/04

Amended 02/11/05

Amended 07/01/07

Amended 07/29/16

Amended 03/23/18

Granting of Management Flexibility to Appoint and Fix Compensation

I. Purpose

A. Pursuant to N.C.G.S. § 116-11(13), and other North Carolina law as referenced herein, and in an effort to enhance the administrative efficiency of the University, the Board of Governors has delegated to the president the authority to establish a human resources program and to approve management flexibility plans at constituent institutions for faculty and EHRA non-faculty (those employees exempt from Chapter §126 of the North Carolina General Statutes). (Section 200.6 of the UNC Policy Manual.)

B. In accordance with this authority, the president may further delegate authority for approving human resources matters within the UNC General Administration.

C. Also in accordance with this authority, the president hereby further delegates the authority to administer certain human resources actions as described in Section II of this policy to the boards of trustees for all constituent institutions.

D. Also in accordance with this authority, the president hereby further delegates additional authority to administer certain human resources actions as described in Section III of this policy to the boards of trustees for institutions with management flexibility (Special Responsibility Constituent Institutions).

E. The authority granted by the Board of Governors through the president is subject to the *Code* of the University of North Carolina, policies of the Board of Governors, and all applicable federal and state laws, policies, regulations, and rules. (See Section 200.6 of the UNC Policy Manual for limitations on the president's delegated authority.) Along with any other rules and regulations the Board of Governors and/or the president adopt, this policy requires each constituent institution to comply with all rules and regulations concerning equal employment opportunity; to act in recognition of funding availability and constraints within each institution's budget; and to take into account the actions of the Governor, the Office of State Budget and Management, and the General Assembly.

II. Authority Delegated to All Constituent Institutions

A. The president delegates to the board of trustees for each constituent institution the authority to execute the following personnel actions for faculty and EHRA non-faculty instructional, research, and public service (IRPS) employees:

1. Permanent and temporary appointments and salaries
2. Promotion, including faculty rank changes but excluding tenure
3. Permanent and temporary salary increases or stipends

B. The president further authorizes the boards of trustees for the constituent institutions to delegate any of these actions to their chancellors, or to specific designees of the chancellor by title, as they deem appropriate.

C. Notwithstanding the delegations above, the president may establish regulations and guidelines that limit delegation for certain actions (for example, salary adjustments) within these categories.

III. Delegation of Authority to Boards of Trustees of Institutions with Management Flexibility

A. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is delegated the authority to execute the following personnel actions, which it shall not delegate further unless the president or the Board of Governors shall allow:¹

1. Upon recommendation of the chancellor, appoint² and fix the salary and non-salary compensation³ for all vice chancellors and other Tier 1 senior academic and administrative officers (as defined in Section I.A., of Policy 300.1.1) with the exclusion of the chancellor.

2. Approve appointments and salary changes for SAAO Tier 1 appointments, with the exclusion of the chancellor.

3. Upon recommendation of the chancellor, establish salary ranges for SAAO Tier 2 positions, consistent with both the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC General Administration for these positions.

4. Upon recommendation of the chancellor, and consistent with the approved tenure policies and regulations of each institution, confer permanent tenure.

B. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is also delegated the authority for the following personnel actions, which it may further delegate to the chancellor and may authorize the chancellor to further delegate on a limited basis.⁴

1. Establish faculty salary ranges within different academic disciplines, based on relevant data.

2. Appoint and fix the compensation for faculty awarded the designation of Distinguished Professors.

¹ The delegation authorized by this policy is in addition to the delegation by the Board of Governors to the boards of trustees contained in the Appendix to *The Code of the University of North Carolina*.

² For the purpose of this policy, the term "appoint" means the initial appointment reappointment, or an appointment that constitutes a promotion or a significant change in position responsibilities.

³ Throughout this policy, all actions of a board of trustees of a Special Responsibility Constituent Institution to "fix the compensation" of employees are subject to the limitations contained in Sections II and III of this policy; the policies of the Board of Governors; guidelines and regulations established by the president; and institutional plans, policies, and procedures.

⁴ The chancellor may delegate authority only to the executive vice chancellor, provost, chief financial officer/chief business officer, and/or chief human resources officer, or any other director-level or senior officer with responsibility for campus-wide EHRA human resources actions.

3. Establish IRPS positions and salary ranges.

C. Salaries and salary ranges shall be consistent with salary ranges established or authorized by the UNC General Administration and consistent with guidelines established by the president. Notwithstanding the delegations above and the provisions of any existing approved management flexibility plan, the Board of Governors and/or the president may establish policies, regulations, or guidelines that limit delegation for certain actions (such as establishing mandatory salary ranges or salary adjustments) within the delegations listed in III.A., and III.B.

IV. Responsibility of the Board of Governors and the President

A. The Board of Governors shall:

1. Issue a resolution each year that (a) interprets legislative action regarding salaries and (b) sets annually the salary range for the president and, in consultation with the president, the salary ranges for the chancellors. These ranges will be based upon relevant available data.
2. Authorize the president's salary and, based on recommendations from the president, the chancellors' salaries.
3. Authorize appointments and employment contracts for the chancellors, the president, the general manager of UNC-TV, and the chief executive officer of the UNC Health Care System as well as authorize certain contract terms and conditions for athletic directors and head coaches at constituent institutions as defined in § 1100.3.

B. The president shall:

1. Establish SAAO Tier 1 and SAAO Tier 2 positions and their salary ranges, with the exclusion of those defined in IV.A., above. In addition, the president will consult with the Board's Committee on Personnel and Tenure for appointments and compensation for senior officers who report directly to the president.
2. The president may authorize any significant changes in the organizational structure of a constituent institution, such as re-organization resulting in the creation of a new vice chancellor, dean, or equivalent administrative position.
3. Review annually the salaries set by the medical schools at the University of North Carolina at Chapel Hill and East Carolina University to ensure that the salaries are coordinated and are consistent with relevant data in a national medical labor market.
4. Provide at least annually to the constituent institutions guidelines regarding EHRA appointments and salary actions.
5. Provide periodic faculty salary studies based on peer data.
6. Withdraw or further limit the delegation of management flexibility from any institution that does not adhere to the policies and procedures set forth in this policy. The president will notify the institution of the discrepancies, and if these are not adequately addressed in the judgment of the president, then the president shall withdraw the delegation. The president may reinstate delegation or remove restrictions to a constituent institution upon further review and following the requirements established in section V of this policy.

- C. The Board of Governors and/or the president shall:
 - 1. Conduct performance audits on policies, practices, and other matters related to delegation of management flexibility.
 - 2. For institutions without management flexibility, the president and the Board of Governors shall have the same responsibilities and authority as set forth in the policy on Selection Criteria and Operating Guidelines for Special Responsibility Constituent Institutions.⁵

V. Submitting Institutional Plans for Management Flexibility for Personnel Appointments

The president has the authority to approve institutional management flexibility plans for personnel appointments. Upon approval, the board of trustees of a Special Responsibility Constituent Institution⁶ shall have the authority delegated by this policy. An institutional plan shall include the following:

- A. Policies and procedures for promotion and tenure of faculty.
 - 1. An institutional policy for promotion and tenure⁷ that complies with *The Code* of the University of North Carolina, complies with current federal and state law, and provides clear requirements for promotion and the conferral of permanent tenure.
 - 2. A schedule and process for periodic review of promotion and tenure policies, including a process for amending promotion and tenure policies subject to review by the president or president's designee.
- B. Policies and procedures for senior academic and administrative officers (SAAO) and EHRA non-faculty.
 - 1. Policies and procedures for establishing salary ranges for SAAO Tier 2 and for instructional, research, and public service (IRPS) EHRA non-faculty positions, consistent with the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC General Administration for these positions.
 - 2. Policies and procedures for the recruitment and selection of senior academic and administrative officers and other EHRA non-faculty positions.
- C. Policies and procedures for compensation policies for faculty and EHRA non-faculty.
 - 1. An institutional policy on non-salary compensation of faculty and EHRA non-faculty, and on compensation from non-state sources such as grants, endowment funds, practice plan funds, etc.

⁵ See Section 600.3.1 of the UNC Policy Manual and in particular Section 600.3.1.A.2.

⁶ In order for an institution to have management flexibility for personnel appointments, the institution must be designated and maintain the status of a Special Responsibility Constituent Institution.

⁷ As applied to the North Carolina School of the Arts and the North Carolina School of Science and Mathematics, the terms "tenure policy" or "policy for promotion and tenure," as used herein, refer to the institution's policy governing the appointment of faculty.

2. Documentation of comprehensive salary studies that establish salary ranges for tenured faculty within different disciplines based on relevant data and for EHRA non-faculty, including methodology and relevant data.⁸

3. Documentation of EHRA salary-setting guidelines provided to institutional management.

D. Policies and procedures for audits and accountability.

1. Documentation that the institution has not had audit findings related to personnel practices, salary, or payroll for the previous three years or, if there have been audit findings in this period, documentation supporting that any findings have been remedied.

2. Documentation of appropriate accountability procedures in the event that the board of trustees delegates the authority granted pursuant to this policy to the chancellor.

VI. Implementation of the Delegated Authority under Management Flexibility

The president shall determine the effective date of the delegation authorized by this policy upon approval of the institution's management flexibility plan.

⁸ When used in this policy, the phrase "relevant data" indicates that the institution shall draw comparisons to peer institutions as approved by the Board of Governors. Data from peer institutions will be used when available except in instances in which a campus can demonstrate legitimate labor market differences that justify the use of a supplemental or alternative set of peer institutions.

600.3.4

Adopted 01/11/02

Amended 07/12/02

Amended 01/09/04

Amended 02/11/05

Amended 07/01/07

Amended 07/29/16

Amended 03/23/18

Granting of Management Flexibility to Appoint and Fix Compensation

I. Purpose

A. Pursuant to N.C.G.S. § 116-11(13), and other North Carolina law as referenced herein, and in an effort to enhance the administrative efficiency of the University, the Board of Governors has delegated to the president the authority to establish a human resources program and to approve management flexibility plans at constituent institutions for faculty and EHRA non-faculty (those employees exempt from Chapter §126 of the North Carolina General Statutes). (Section 200.6 of the UNC Policy Manual.)

B. In accordance with this authority, the president may further delegate authority for approving human resources matters within the UNC General Administration.

C. Also in accordance with this authority, the president hereby further delegates the authority to administer certain human resources actions as described in Section II of this policy to the boards of trustees for all constituent institutions.

D. Also in accordance with this authority, the president hereby further delegates additional authority to administer certain human resources actions as described in Section III of this policy to the boards of trustees for institutions with management flexibility (Special Responsibility Constituent Institutions).

E. The authority granted by the Board of Governors through the president is subject to the *Code* of the University of North Carolina, policies of the Board of Governors, and all applicable federal and state laws, policies, regulations, and rules. (See Section 200.6 of the UNC Policy Manual for limitations on the president's delegated authority.) Along with any other rules and regulations the Board of Governors and/or the president adopt, this policy requires each constituent institution to comply with all rules and regulations concerning equal employment opportunity; to act in recognition of funding availability and constraints within each institution's budget; and to take into account the actions of the Governor, the Office of State Budget and Management, and the General Assembly.

II. Authority Delegated to All Constituent Institutions

A. The president delegates to the board of trustees for each constituent institution the authority to execute the following personnel actions for faculty, ~~EHRA non-faculty Tier 2 Senior Academic and Administrative Officers (SAAO Tier 2)~~, and EHRA non-faculty instructional, research, and public service (IRPS) employees:

1. Permanent and temporary appointments and salaries
2. Promotion, including faculty rank changes but excluding tenure
3. Permanent and temporary salary increases or stipends

B. The president further authorizes the boards of trustees for the constituent institutions to delegate any of these actions to their chancellors, or to specific designees of the chancellor by title, as they deem appropriate.

C. Notwithstanding the delegations above, the president may establish regulations and guidelines that limit delegation for certain actions (for example, salary adjustments) within these categories.

III. Delegation of Authority to Boards of Trustees of Institutions with Management Flexibility

A. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is delegated the authority to execute the following personnel actions, which it shall not delegate further unless the president or the Board of Governors shall allow:¹

1. Upon recommendation of the chancellor, appoint² and fix the salary and non-salary compensation³ for all vice chancellors and other Tier 1 senior academic and administrative officers (as defined in Section I.A., of Policy 300.1.1) with the exclusion of the chancellor.
2. Approve appointments and salary changes for SAAO Tier 1 appointments, with the exclusion of the chancellor.
3. Upon recommendation of the chancellor, establish salary ranges for SAAO Tier 2 positions, consistent with both the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC General Administration for these positions.
4. Upon recommendation of the chancellor, and consistent with the approved tenure policies and regulations of each institution, confer permanent tenure.

B. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is also delegated the authority for the following personnel actions, which it may further delegate to the chancellor and may authorize the chancellor to further delegate on a limited basis.⁴

1. Establish faculty salary ranges within different academic disciplines, based on relevant data.
2. Appoint and fix the compensation for faculty awarded the designation of Distinguished Professors.
3. Establish ~~SAAO Tier 2 positions and~~ IRPS positions and salary ranges.

C. Salaries and salary ranges shall be consistent with salary ranges established or authorized by the UNC General Administration and consistent with guidelines established by the president. Notwithstanding the delegations above and the provisions of any existing approved management flexibility plan, the Board of Governors and/or the president may establish policies, regulations, or guidelines that limit delegation for certain actions (such as establishing mandatory salary ranges or salary adjustments) within the delegations listed in III.A., and III.B.

~~D. — The chancellor, or chancellor's designee, on behalf of each board of trustees of each institution with management flexibility:~~

¹ The delegation authorized by this policy is in addition to the delegation by the Board of Governors to the boards of trustees contained in the Appendix to *The Code of the University of North Carolina*.

² For the purpose of this policy, the term "appoint" means the initial appointment reappointment, or an appointment that constitutes a promotion or a significant change in position responsibilities.

³ Throughout this policy, all actions of a board of trustees of a Special Responsibility Constituent Institution to "fix the compensation" of employees are subject to the limitations contained in Sections II and III of this policy; the policies of the Board of Governors; guidelines and regulations established by the president; and institutional plans, policies, and procedures.

⁴ The chancellor may delegate authority only to the executive vice chancellor, provost, chief financial officer/chief business officer, and/or chief human resources officer, or any other director-level or senior officer with responsibility for campus-wide EHRA human resources actions.

~~1. Shall submit to the president or president's designee new or revised salary ranges for positions covered by this delegation on a schedule determined by the president or president's designee.~~

~~2. Shall submit to the president or president's designee an annual summary of personnel actions covered by this delegation. The president shall determine the content of the annual summary as deemed appropriate and necessary to monitor delegations.~~

IV. Responsibility of the Board of Governors and the President

A. The Board of Governors shall:

1. Issue a resolution each year that (a) interprets legislative action regarding salaries and (b) sets annually the salary range for the president and, in consultation with the president, the salary ranges for the chancellors. These ranges will be based upon relevant available data.

2. Authorize the president's salary and, based on recommendations from the president, the chancellors' salaries.

3. Authorize appointments and employment contracts for the chancellors, the president, the general manager of UNC-TV, and the chief executive officer of the UNC Health Care System as well as authorize certain contract terms and conditions for athletic directors and head coaches at constituent institutions as defined in § 1100.3.

B. The president shall:

1. Establish SAAO Tier 1 ~~and SAAO Tier 2~~ positions and their salary ranges, with the exclusion of those defined in IV.A., above. In addition, the president will consult with the Board's Committee on Personnel and Tenure for appointments and compensation for senior officers who report directly to the president.

2. The president may authorize any significant changes in the organizational structure of a constituent institution, such as re-organization resulting in the creation of a new vice chancellor, dean, or equivalent administrative position.

3. Review annually the salaries set by the medical schools at the University of North Carolina at Chapel Hill and East Carolina University to ensure that the salaries are coordinated and are consistent with relevant data in a national medical labor market.

4. Provide at least annually to the constituent institutions guidelines regarding EHRA appointments and salary actions.

5. Provide periodic faculty salary studies based on peer data.

6. Withdraw or further limit the delegation of management flexibility from any institution that does not adhere to the policies and procedures set forth in this policy. The president will notify the institution of the discrepancies, and if these are not adequately addressed in the judgment of the president, then the president shall withdraw the delegation. The president may reinstate delegation or remove restrictions to a constituent institution upon further review and following the requirements established in section V of this policy.

C. The Board of Governors and/or the president shall:

1. Conduct performance audits on policies, practices, and other matters related to delegation of management flexibility.

2. For institutions with ~~out~~ management flexibility, the president and the Board of Governors shall have the same responsibilities and authority as set forth in the policy on

Selection Criteria and Operating Guidelines for Special Responsibility Constituent Institutions.⁵

V. Submitting Institutional Plans for Management Flexibility for Personnel Appointments

The president has the authority to approve institutional management flexibility plans for personnel appointments. Upon approval, the board of trustees of a Special Responsibility Constituent Institution⁶ shall have the authority delegated by this policy. An institutional plan shall include the following:

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 - 2. A schedule and process for periodic review of promotion and tenure policies, including a process for amending promotion and tenure policies subject to review by the president or president's designee.
- B. Policies and procedures for senior academic and administrative officers (SAAO) and EHRA non-faculty.
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 - 2. Policies and procedures for the recruitment and selection of senior academic and administrative officers and other EHRA non-faculty positions.
- C. Policies and procedures for compensation policies for faculty and EHRA non-faculty.
 - 1. An institutional policy on non-salary compensation of faculty and EHRA non-faculty, and on compensation from non-state sources such as grants, endowment funds, practice plan funds, etc.
 - 2. Documentation of comprehensive salary studies that establish salary ranges for tenured faculty within different disciplines based on relevant data and for EHRA non-faculty, including methodology and relevant data.⁸
 - 3. Documentation of EHRA salary-setting guidelines provided to institutional management.
- D. Policies and procedures for audits and accountability.
 - 1. Documentation that the institution has not had audit findings related to personnel practices, salary, or payroll for the previous three years or, if there have been audit findings in this period, documentation supporting that any findings have been remedied.
 - 2. Documentation of appropriate accountability procedures in the event that the board of trustees delegates the authority granted pursuant to this policy to the chancellor.

⁵ See Section 600.3.1 of the UNC Policy Manual and in particular Section 600.3.1.A.2.

⁶ In order for an institution to have management flexibility for personnel appointments, the institution must be designated and maintain the status of a Special Responsibility Constituent Institution.

⁷ As applied to the North Carolina School of the Arts and the North Carolina School of Science and Mathematics, the terms "tenure policy" or "policy for promotion and tenure," as used herein, refer to the institution's policy governing the appointment of faculty.

⁸ When used in this policy, the phrase "relevant data" indicates that the institution shall draw comparisons to peer institutions as approved by the Board of Governors. Data from peer institutions will be used when available except in instances in which a campus can demonstrate legitimate labor market differences that justify the use of a supplemental or alternative set of peer institutions.

VI. Implementation of the Delegated Authority under Management Flexibility

~~A.~~ The president shall determine the effective date of the delegation authorized by this policy upon approval of the institution's management flexibility plan.

~~B.~~ The president shall report to the Board of Governors those institutions approved for management flexibility prior to the effective date of the delegation.

Policy on Efficiency and Effectiveness

The Board of Governors, consistent with its responsibility for the general direction and control of the University of North Carolina, is committed to ensuring continuous improvement in the consistency, efficiency and effectiveness of the operations of the University of North Carolina system, including the constituent institutions. It shall be the policy of the Board of Governors, the University's General Administration and the constituent institutions to identify and implement efficiencies that strengthen processes and productivity, that compete favorably with our peers and that generate cost or resource savings that may be reinvested to support key initiatives, approved by the Board of Governors, within the University's core mission of teaching, research, and public service.

The Board of Governors delegates to the president authority and responsibility to lead the University in the identification, implementation, and realization of academic and non-academic efficiencies in any area including, but not limited to, expanded shared services, strategic sourcing, non-instructional or instructional positioning, credit hour production, information technology infrastructure, utilization of facilities, energy consumption and such other areas as recommended by the Board of Governors. The Board of Governors shall, on recommendation of the president or on its own initiative, adopt metrics to track operational performance and shall use its best efforts to ensure that the University has the resources and expertise necessary to identify and implement efficiencies. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president consistent with this policy.

1300.6

Adopted 08/01/14

Amended 03/23/18

Policy on Efficiency and Effectiveness

The Board of Governors, consistent with its responsibility for the general direction and control of the University of North Carolina, is committed to ensuring continuous improvement in the consistency, efficiency and effectiveness of the operations of the University of North Carolina system, including the constituent institutions. It shall be the policy of the Board of Governors, the University's General Administration and the constituent institutions to identify and implement efficiencies that strengthen processes and productivity, that compete favorably with our peers and that generate cost or resource savings that may be reinvested to support key initiatives, approved by the Board of Governors, within the University's core mission of teaching, research, and public service.

The Board of Governors delegates to the president authority and responsibility to lead the University in the identification, implementation, and realization of academic and non-academic efficiencies in any area including, but not limited to, expanded shared services, strategic sourcing, non-instructional or instructional positioning, credit hour production, information technology infrastructure, utilization of facilities, energy consumption and such other areas as recommended by the Board of Governors. The Board of Governors shall, on recommendation of the president or on its own initiative, adopt metrics to track operational performance and shall use its best efforts to ensure that the University has the resources and expertise necessary to identify and implement efficiencies. ~~The president shall report to the Board of Governors at least annually starting with calendar year 2014 on the progress of these initiatives and identified metrics.~~ This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president consistent with this policy.