

**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.

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

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 the UNC System Office 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. 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.

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)]

Availability of interim permit. An institution which meets the standards for licensure set forth herein 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.

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.
2. Programs and Courses. Programs and courses will have academic curricula that are designed to achieve stated educational objectives. The institution shall demonstrate that each academic program is approved by the faculty and the administration and evaluated on a regular basis to determine its effectiveness. This evaluation must include assessment of student learning outcomes, retention and graduation rates, and student and faculty satisfaction.
3. Distance education. Academic standards, student learning outcomes, and student satisfaction for distance education courses must be substantively the same as for courses delivered in-person. The technology used must be appropriate to meet course objectives. Distance education must promote interaction between students and faculty and among students.
4. General education. If the institution offers associates or bachelor's degrees, then the institution shall offer a general education program that is a substantial component of each such degree. One or more courses, or their equivalencies, must be taken from each of humanities/fine arts, social/behavioral sciences, and natural science/mathematics. The institution must identify appropriate general education competencies and provide evidence that graduates have attained those competencies.
5. Associate degrees. The general education component of an associate's degree ordinarily consists of a minimum of 15 semester hours or the equivalent. Associate degree programs will ordinarily consist of a minimum of 60 semester credit hours or the equivalent.
6. Baccalaureate degrees. The general education component of a baccalaureate degree ordinarily consists of a minimum of 30 semester hours or the equivalent. Baccalaureate degree programs must include clearly defined requirements for majors in academic disciplines. Baccalaureate degree programs will ordinarily consist of courses carrying a minimum of 120 semester credit hours or the equivalent.
7. Graduate degrees. An institution's graduate degree programs must be more advanced in academic content than its associates and baccalaureate degree programs. Graduate degree programs must be designed to encourage independent learning and contributions to a profession or field of study. A graduate degree program ordinarily requires one or more academic year of full-time course work or the equivalent in part-time attendance, independent study, work-study, or other similar programs. However, 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 objectives of the program.
8. Residence. Institutions may only award postsecondary degrees to students who have completed at least twenty-five percent (25%) of the degree's required credit hours or equivalent at the institution. The UNC System Office may waive this provision for good

cause shown, which good cause may include an institution teaching out the students of a recently closed institution.

9. Transferability. The institution shall publish its transfer policies in the institution's catalog. These policies 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 facilities that are adequate to serve the needs of the institution's educational programs, support services, and mission-related activities.

a. Compliance with safety and health laws. The institution shall comply with all ordinances and laws relative to the safety and health of persons on the campus.

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

c. Experiential Learning Sites. Institutions must ensure that sites used in field placement, internships, externships, clinical rotations, and similar experiential learning activities are safe and adequate. Institutions must publish policies regarding how experiential learning sites will be evaluated prior to hosting students and on an ongoing basis. Institutions which seek to offer experiential learning must show that there are adequate sites and supervisors available to the institution's students. Institutions must clearly communicate to students and prospective students whether it is the institution's responsibility or the student's responsibility to locate any required experiential learning site. .

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

e. Nonownership. If the facilities from which the institution operates are not owned by the institution, the institution must demonstrate that facilities from which it operates or other acceptable facilities are likely to be available to it for one and one-half times the duration of the most lengthy postsecondary degree program offered.

f. Equipment. Equipment required to fulfill the institution's mission must be operational and in an adequate state of repair.

2. Library and electronic resources. The institution must have an adequate library or access to a library and information resources.

a. Objectives and policies. The library must have a mission statement and objectives that are compatible with the institution's mission. The library must

engage in a formal, iterative planning and assessment process that includes faculty and students. The institution's students must have access to regular and timely instruction in the use of the library.

b. Consortia agreements. Institutions may demonstrate compliance with subsection (D)(2) of this policy through entering consortia agreements with existing libraries. Consortia 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 institution for replacement of materials lost or otherwise misused by students of the institution. The details of the contractual arrangements with other libraries must meet the criteria outlined in these standards.

c. Staff and Administration. The institution must have a librarian. The librarian will ordinarily have a graduate library degree from a school of library science that is accredited by the American Library Association. The librarian must report to an appropriate senior administrator. The librarian must perform duties of a professional nature involving organization of the library program, supervision or performance of acquisitions, cataloging, reference, circulation and use functions, and coordination of the library with the academic program of the institution. Any additional library staff must be of a size and quality adequate to meet the objectives of the library and the academic programs it supports. The institution must publish hours during which an appropriate library staff member will be available to assist students. 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. The library must have a formal channel for soliciting input from and communicating with the user community, including a selection of faculty members representative of the academic programs of the institution.

d. Budget. The institution must provide the library an operating budget, sufficient to provide, maintain, and insure adequate and suitable library holdings, facilities, and services.

e. Library facilities. If the institution maintains a physical library, then the space assigned for library usage must be conducive to study. The size must be appropriate for the student body, number of volumes in the collection, and the type of instructional program emphasized by the institution. Space allocated for book and periodical shelving must be sufficient for growth, as well as for the current collection. Adequate space must be provided for staff, library services, and other instructional materials.

f. The library collection. The holdings of the library must be appropriate for the purpose, course offerings, degree programs, and enrollment of the institution. The library must have a collecting strategy that must assure the quality and appropriateness of the collection. The institution must evaluate of the collection by checking holdings against bibliographies and basic lists, reviewing circulation and interlibrary loan or consortial lending statistics, and processing faculty and student feedback.

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 a central role in curriculum development and delivery.

2. Educational credentials. The institution must document and justify the qualifications of its faculty members.

a. Faculty teaching in programs leading to a baccalaureate degree, associate's degree, or non-degree programs offering credit towards a degree. Faculty teaching in a baccalaureate's degree program, an associate's degree program or a non-degree program offering credit towards a degree must hold either (i) a master's degree from an institution accredited by an accreditor recognized by the Council for Higher Education Accreditation (CHEA) with a minimum of eighteen graduate semester hours or the equivalent in the discipline the faculty member is teaching, or (ii) a baccalaureate degree from an institution accredited by an accreditor recognized by CHEA and such work experience, professional licensures and certifications, and other demonstrated competencies and achievements that reasonably prepare the faculty member to teach at the postsecondary level in the discipline.

b. Faculty teaching in programs leading to graduate or professional degrees. Faculty teaching in programs granting graduate or professional degrees must hold either (i) the doctorate or other terminal degree in the teaching discipline or related field from an institution accredited by an accreditor recognized by CHEA, or (ii) a graduate degree from an institution accredited by an accreditor recognized by CHEA and such work experience, professional licensures and certifications, and

other demonstrated competencies and achievements that reasonably prepare the faculty member to teach at the graduate level in the discipline.

c. Graduate teaching assistants. Graduate teaching assistants must hold a master's degree or 18 graduate semester hours in the teaching discipline from an institution accredited by an accreditor recognized by CHEA. Graduate assistants must be directly supervised by a faculty member experienced in the teaching discipline with planned and periodic evaluations.

3. Size. The number of faculty, proportion of part-time to full-time faculty members, and ratio of faculty to students must be sufficient to ensure the effectiveness of the educational program, including counseling and advising of students.

4. Appointment, Definition of responsibilities, and evaluation. The institution must publish and implement policies regarding the appointment, employment, and regular evaluation of faculty members, regardless of contract or tenure status. Faculty responsibilities must be defined in writing. The institution must evaluate the effectiveness of each faculty member in accordance with published criteria, regardless of contractual or tenured status.

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

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

7. 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.

8. 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.

9. Administration. The executive, administrative, and academic officers of the institution must have a graduate or professional degree from an institution accredited by an accreditor recognized by CHEA, or a baccalaureate degree and such work experience, professional licensures and certifications, and other demonstrated competencies and achievements that reasonably prepare them for their positions.

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)]

1. The catalog may be hard copy, or may consist of one or more webpages. 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. As used in this subsection (F), “prior to enrollment” means at least five days prior to the institution receiving any money from the student or prospective student that is not fully refundable.
2. In addition to those items enumerated in G.S. 116-15(f)(6), the catalog must also include:
  - a. A description of the faculty and their qualifications;
  - b. A description of students’ rights and the student code of conduct;
  - c. The institution’s admission policies;
  - d. A statement regarding the transferability of its academic credit to other academic institutions that are accredited by an accreditor recognized by the CHEA. For those institutions which are not accredited, their catalog must include a disclaimer that academic credit earned may not transfer to accredited institutions and that degrees earned may not be accepted for admission to higher degree programs at accredited intuitions;
  - e. The procedures used by the institution to evaluate and grant academic credit for postsecondary degree activity completed elsewhere;
  - f. The dates defining the time period covered by the catalog, which may not be longer than two years;
  - g. The institution’s mission;
  - h. The entity or entities which own the institution, if not the institution itself;
  - i. Name, title, and office location of the institution’s officer responsible for receiving students who wish to file complaints and to seek redress;
  - j. Information regarding how students may file complaints with the Board of Governors;
  - k. If applicable, location, telephone number, electronic mail and web address of the principal office of the corporation owning the institution;
  - l. Availability of health care services and degree of responsibility of the institution for providing such services;
  - m. The institution’s cancellation and refund policy;

- n. A description of job placement assistance provided to students and former students;
- o. In the case of institutions delivering courses through distance education, information on the nature of faculty/student interaction, prerequisite technology competencies and skills, technical equipment requirements, and availability of academic support services;
- p. A statement of what programs, if any, satisfy educational requirements for professional licensure in North Carolina;
- q. The membership of the governing board of the institution, along with the membership of the governing board of any parent entities; and
- r. The location where the institution's tuition guarantee bond is filed.

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. [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 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.

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 must 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 must 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.
4. Records security. The institution must ensure the security and confidentiality of student records, consistent with state and federal law and industry best practices.

I. Standard 8B (Student Services). Consistent with its mission, the institution must provide student support programs, services, and activities. These services may include admissions, orientation, counseling and guidance, academic advising, financial aid advising, health care, job placement, student records, and extracurricular activities. The institution must evaluate the effectiveness of the services it provides to 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 baccalaureate degree or equivalent must be required for admission into graduate or professional degree programs. Admission must be 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.

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 must 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. Institutions must engage in planning processes reasonably calculated to increase students' graduation, retention, and job placement rates.

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 including enrollment, cash reserves, and endowment (if any) must be stable and show that the institution is capable of maintaining operations 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. The following financial indicators must be in keeping with industry standards and reasonably likely to produce an education of good quality for students:

- (1) Average annual expenditures per student for educational programs or average annual income per student from educational activities;
- (2) Financial ratios utilized in industry standard accounting analyses, such as the Current Ratio, Cash Ratio, Total Debt to Assets ratio;
- (3) Measures utilized as part of debt covenant compliance; and
- (4) Analytical ratios specific to higher education, such as the Composite Financial Index and those methods adopted by the National Association of College and University Business Officers.

c. Plan for financial development. The institution must maintain a coordinated, comprehensive, and flexible financial plan for its long-range management.

d. Financial records and audit report. The institution's recent financial history must demonstrate financial stability. The institution must 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) 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. The institution must demonstrate that there is an ongoing planning and evaluation process that guides its decision-making and actions. The institution must 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 outcome data, faculty data, and other evaluative data. The institution must substantively follow all of its internal policies and procedures..

a. Mission statement. The institution must have a mission statement which includes the philosophy and objectives of the institution. The mission statement must be periodically reviewed. The mission statement must be published in a manner accessible to students, prospective students, and the public.

b. Governance. The institution must operate under control of a governing board. The board must 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, 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.

c. Management and Administration. There must be a clear and appropriate distinction between the policy-making functions of the governing board and the responsibility of the administration and faculty to administer and implement policy. The institution must 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 must have a policy and a process to monitor and resolve conflicts of interest. The institution must develop and maintain a policy or policies regarding the roles of the governing board, administrators, faculty, and students in resolution of issues and determination of the policies.

3. Teachout

a. An institution must provide the Board a teachout plan when:

(1) For accredited institutions, the institution is notified that its institutional accreditation is or will be terminated;

(2) For institutions participating in Federal Student Aid programs pursuant to Title IV of the Higher Education Act of 1965 (Title IV funding), the institution is notified that its Program Participation Agreement will not be renewed, or that the United States Department of Education (the Department) will bring an action against the institution to limit, suspend,

or terminate its Title IV funding, or that the Department has or will institute an emergency action against it pursuant to 34 C.F.R. § 668.83;

(3) For institutions authorized in other states or jurisdictions, notification that another state or jurisdiction has or will suspend or terminate the institution's authorization;

(4) The filing of bankruptcy or receivership of the institution or of a corporate parent; and

(5) When otherwise requested by the UNC System Office

b. A teachout plan must contain:

(1) The projected date of closure;

(2) An explanation of how students, faculty, and staff will be informed of the closure;

(3) An explanation, on a student-by-student basis, of the institution will help affected students to complete their programs of study with minimal disruption;

(4) Copies of signed teachout agreements with other institutions, if any;

(5) A description of how faculty and staff will be redeployed or helped to find new employment;

(6) Confirmation that the institution has contacted the North Carolina State Archives to begin transferring student records;

(7) When required by the UNC System Office, confirmation that the institution has ceased new enrollments and refunded any monies paid by prospective students who had not yet matriculated; and

(8) Other information and representations required by the UNC System Office.

c. The UNC System Office will not release the institution's tuition guaranty bond held pursuant to G.S. 116-15(f1) until the institution's teachout plan is approved by the UNC System Office and the institution has completed the plan.

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 that 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 must 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, will 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 will 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.

\*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.