

NORTH CAROLINA FINAL GRADING ANALYSIS

OVERALL SCORE: **303/700 POINTS (43.3%)**
LETTER GRADE: **F**

I. OVERSIGHT BODY: **55/100 POINTS**

A. IS THERE A STATUTORILY CREATED OVERSIGHT BODY THAT IS PUBLICLY ACCOUNTABLE? **50/60 POINTS**

Element	Points	Type 1	Type 2	Average
1. Oversight body is a multi-member board, commission, or panel created by statute	10	10	10	10
2. Oversight body was statutorily created specifically to oversee private postsecondary institutions	10	10	0	5
3. Multi-member board, commission, or panel is the ultimate decision maker (as opposed to a single person, like the head of a department or director)	10	10	10	10
4. Oversight body can engage in rulemaking	10	10	10	10
5. Oversight body's meetings must be open to the public	5	5	5	5
6. Oversight body's meetings must allow public comment	5	0	0	0
7. Oversight body can initiate investigations	5	5	5	5
8. Oversight body can impose penalties for violations	5	5	5	5
Total Points	60	55	45	50

Explanation:

North Carolina has two types of private postsecondary educational institutions: proprietary schools (Type 1) and degree-granting private postsecondary educational institutions (Type 2).

Type 1: Proprietary schools. A proprietary school is an educational institution having a physical presence within North Carolina that is privately owned by a sole proprietorship, partnership, limited liability company, or corporation; is established as a business entity or as a nonprofit charitable organization; offers instruction to individuals who have completed their elementary and secondary education or are beyond the age of compulsory secondary school attendance and have demonstrated an ability to benefit from that instruction for the attainment of educational objectives, vocational objectives, or both; charges tuition or receives any consideration from a student for any portion of the instruction in any form, including written or audiovisual material; and educates, trains, or claims or offers to educate or train

students in a program leading toward examinations for licensing in a profession or vocation, employment at a beginning or advanced level, or a postsecondary educational credential below the associate degree level.

The State Board of Community Colleges (SBCC), acting by and through the State Board of Proprietary Schools (SBPS), shall have authority to administer and enforce North Carolina’s laws and regulations governing proprietary schools. The state created SBPS specifically to oversee proprietary schools in the state. The SBPS does not make final decisions; instead, it makes recommendations to SBCC, which either approves or denies SBPS’ recommendations.

Meetings of both SBCC and SBPS are required to be open to the public under North Carolina’s law relating to meetings of public bodies. (N.C. Gen. Stat. § 143-318.10.) State law does not require these meetings to allow opportunity for the public to comment.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina tasks the North Carolina Board of Governors (BOG) with the regulation, licensing and oversight of degree programs at nonpublic postsecondary educational institutions in the state which conduct postsecondary degree activity and are not governed by the laws and regulations applicable to proprietary schools. (N.C. Gen. Stat. § 116-15.)

The BOG was not created specifically to oversee degree-granting private postsecondary educational institutions; it also oversees the 17 constituent institutions that make up the University of North Carolina system. (N.C. Gen. Stat. § 116-11.) The Board can engage in rulemaking, initiate investigations, and perform revocation of licensure. (N.C. Gen. Stat. § 116-11.) Although the Board cannot impose penalties for non-compliance with the licensure law, it refers such matters to the Attorney General who may take such action as deemed appropriate. (N.C. Gen. Stat. § 116-15.)

Meetings of the BOG are required to be open to the public under North Carolina’s law relating to meetings of public bodies. (N.C. Gen. Stat. § 143-318.10.) State law does not require these meetings to allow opportunity for the public to comment.

B. STATUTE-SPECIFIED MEMBERSHIP:

1. TO WHAT EXTENT ARE LIMITATIONS PLACED ON FOR-PROFIT MEMBERSHIP ON THE OVERSIGHT BODY?

0/25 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Explicit prohibition on for-profit majority, plus no possibility of a majority of the quorum	Explicit prohibition on for-profit majority	Discouraged	No prohibition specified, but not discouraged	For-profit majority mandated
Type 1	25 Points	20 Points	10 Points	0 Points	-5 Points
Type 2	25 Points	20 Points	10 Points	0 Points	-5 Points

Explanation:

Type 1: Proprietary schools. North Carolina law requires that four of the seven members of the State Board of Proprietary Schools be owners or directors of proprietary schools. (N.C. Gen. Stat. § 115D-

89.1(b).) This does not necessarily mean that a for-profit majority is mandated, because it is possible that one or more of the designated owner/director members will be affiliated with a non-profit proprietary school. (N.C. Gen. Stat. § 115D-87(2).) However, a for-profit majority on SBPS is possible, and not discouraged, under North Carolina law.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law neither mandates nor prohibits individuals affiliated with private for-profit educational institutions from election to the Board of Governors.

**2. IS THE OVERSIGHT BODY MANDATED TO INCLUDE
AT LEAST ONE CONSUMER ADVOCATE?**

0/10 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes	No
Type 1	10 Points	0 Points
Type 2	10 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law does not require the appointment of a consumer advocate (an individual with expertise and experience in the area consumer advocacy) to the State Board of Proprietary Schools. (N.C. Gen. Stat. § 115D-89.1(b).)

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law requires the person serving as president of the University of North Carolina Association of Student Governments or a designee to serve ex officio as a member of the Board of Governors (the student member does not have a vote). (N.C. Gen. Stat. § 116-6.1.) However, North Carolina law does not require the appointment of an individual with expertise and experience in the area of consumer advocacy to the Board of Governors.

**3. ARE THE MEMBERS APPOINTED BY A PUBLICLY ACCOUNTABLE
OFFICIAL OR ELECTED IN A GENERAL ELECTION?**

5/5 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	All	Majority	Half	Minority	None
Type 1	5 Points	3 Points	2.5 Points	1 Point	0 Points
Type 2	5 Points	3 Points	2.5 Points	1 Point	0 Points

Type 1: Proprietary Schools. North Carolina law requires the seven members of State Board of Proprietary Schools to be appointed as follows: the President of the North Carolina Community College System or the President’s designee; two members appointed by the Governor; two members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate; and two members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.

Type 2: Degree-granting private postsecondary educational institutions. The North Carolina Senate and House of Representatives elect the members of the Board of Governors. The Senate and the House of Representatives each elect one-half of the persons necessary to fill the vacancies on the Board of Governors. (N.C. Gen. Stat. § 116-6(a).)

II. STATE OVERSIGHT—EFFICACY: **37/100 POINTS**

A. DOES THE STATE REQUIRE ONSITE REVIEW OF PRIVATE POSTSECONDARY INSTITUTIONS?

3/10 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Mandatory onsite reviews			Discretionary	None
	Every 2 years or less	Every 3-5 years	Over 5 years	Discretion to conduct onsite reviews	No review specified
Type 1	10 5 Points	8 Points	5 Points	3 Points	0 Points
Type 2	10 Points	8 Points	5 Points	3 Points	0 1 Point

Explanation:

Type 1: Proprietary schools. North Carolina law requires site visits for remote sites at each annual audit. (2A SBCCC 300.1.) There are other instances in which North Carolina requires site visits, but there is no explicit requirement that all schools/sites are subject to regular onsite reviews. Therefore, the state receives partial credit for requiring annual onsite reviews for some of the sites it licenses.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law requires a site review as a part of the initial licensing process, but the state does not mandate regular onsite review after initial licensure. (Rules and Standards for Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina, <http://www.northcarolina.edu/licensure>, at VIII.(B) and (C).) The state receives one point for requiring an onsite visit for initial licensure.

B. DOES THE STATE REQUIRE UNANNOUNCED INSPECTIONS FOR ONSITE REVIEWS?

0/5 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Required unannounced visits	Discretion to do unannounced visits	No indication
Type 1	5 Points	3 Points	0 Points
Type 2	5 Points	3 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law does not require or authorize unannounced onsite reviews for any of the institutions it licenses.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law does not require or authorize unannounced onsite reviews for these educational institutions.

C. DOES THE STATE REQUIRE REGULAR REVIEWS OF PRIVATE POSTSECONDARY APPROVAL TO OPERATE?

20/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Mandatory			Discretionary	None
	Every 2 years or less	Every 3-5 years	Over 5 years	Discretion to conduct reviews	No review specified
Type 1	20 Points	15 Points	10 Points	5 Points	0 Points
Type 2	20 Points	15 Points	10 Points	5 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law requires proprietary schools to renew licenses annually. (2A SBCCC 300.6.)

Type 2: Degree-granting private postsecondary educational institutions. The BOG requires degree-granting private postsecondary educational institutions to submit annual reports for review. (Rules and Standards for Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina, <http://www.northcarolina.edu/licensure>, at VIII.(L).)

D. DO THE CRITERIA FOR RENEWAL OF AUTHORIZATION MANDATE A REVIEW OF FACTORS ESSENTIAL TO ACADEMIC AND ETHICAL INTEGRITY?

11.5/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	8 of 8	7 of 8	6 of 8	5 of 8	4 of 8	3 of 8	2 of 8	1 of 8	0 of 8
Type 1	20 Points	17.5 Points	15 Points	12.5 Points	10 12 Points	7.5 Points	5 Points	2.5 Points	0 Points
Type 2	20 Points	17.5 Points	15 Points	12.5 Points	10 11 Points	7.5 Points	5 Points	2.5 Points	0 Points

Element	Type 1	Type 2
Admission requirements	M	M
Graduation requirements	D	
Placement rate	M	D
Completion rate (or graduation rate)	D	M
Advertising practices	M	M
Cohort default rate		
Accreditation status	M	
Financial aid policies		M

M=Mandatory; D=Discretionary

Explanation:

Type 1: Proprietary schools. North Carolina law requires proprietary schools to submit a copy of the current school catalog. (2A SBCCC 300.2.) The catalog must include information relating to admission requirements and graduation (program completion) requirements. (N.C. Gen. Stat. § 115D-90(b)(7).) The state receives partial credit here because while the state requires the information related to admission and graduation requirements to be provided in the school catalog and the information is, therefore, available for review, there is no explicit requirement that the SBPS review graduation and admission requirements, only that it ensure that those requirements are listed in the school catalog.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law requires institutions to be in compliance with fifteen minimum standards; institutions must submit an annual report to the BOG. These standards include a review of admission requirements (standard 8B, student services), review of advertising practices (standard 11, Business Practice, Availability of Promotional Materials); financial aid (standard 8B, student services); and graduation rate (Standard 3, Program of Study). Additionally, the state receives partial credit because if an institution represents to the public, in any manner, that an educational curriculum leads to employment, there must be annual written employer data, graduation rates, and employment rates, available upon request. Additionally, the institution should report job placement statistics yearly. The state would receive full credit if it reviewed this data for all institutions. (Standards come from BOG Rules and Standards, at <http://www.northcarolina.edu/licensure>.)

E. DOES THE STATE’S OVERSIGHT DISTINGUISH BETWEEN FOR-PROFIT AND NONPROFIT EDUCATIONAL INSTITUTIONS?

2.5/15 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes, strongly distinguished	Yes, moderately distinguished	Yes, slightly distinguished	Not distinguished
Type 1	15 Points	10 Points	5 Points	0 Points
Type 2	15 Points	10 Points	5 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law exempts nonprofit schools conducted by charities that are exempt from taxation under section 501(c)(3) of the Internal Revenue Code where no fee or tuition is charged to the student, or conducted by religious institutions. (N.C. Gen. Stat. § 115D-88.)

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law does not distinguish for-profit and nonprofit institutions.

F. DOES THE STATE REQUIRE INCREASED OVERSIGHT/SCRUTINY OF PRIVATE POSTSECONDARY INSTITUTIONS BASED ON POOR PERFORMANCE?

0/10 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes, mandatory	Yes, mandatory but limited	Yes, discretionary	Yes, discretionary but limited	No
Type 1	10 Points	7.5 Points	5 Points	2.5 Points	0 Points
Type 2	10 Points	7.5 Points	5 Points	2.5 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law does not require any increased oversight/scrutiny of private postsecondary institutions based on poor performance (as reflected by graduation rates, cohort default rates, placement rates, and/or exam passage rates of students).

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law requires degree-granting private postsecondary educational institutions to report graduation rates, placement rates, and, in some cases, employment rates. (Standard 8B, Student Services.) However, there is no indication that an institution will be subject to additional oversight and/or scrutiny due to poor performance.

G. DOES STATE LAW INCLUDE ANY SPECIAL PROTECTIONS FOR VETERANS WHO ATTEND PRIVATE POSTSECONDARY INSTITUTIONS?

0/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes	No
Type 1	20 Points	0 Points
Type 2	20 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law does not explicitly include any protections specific to veterans who attend proprietary schools.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law does not explicitly include any special protections for veterans who attend degree-granting private postsecondary educational institutions.

III. STATE OVERSIGHT—SCOPE AND INCLUSION:

62.5/100 POINTS

A. ARE EXEMPTIONS TO STATE OVERSIGHT COVERAGE LIMITED?

62.5/100 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	No exemptions	Few exemptions	Moderate exemptions	Broad exemptions
Type 1	100 Points	75 Points	50 Points	0 Points
Type 2	100 Points	75 Points	50 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law has very few exemptions to licensure for proprietary schools. The state exempts specified nonprofit proprietary institutions; schools maintained or classes conducted by employers for their own employees where no fee or tuition is charged to the student; courses of instruction given by any fraternal society, civic club, or benevolent order, which courses are not operated for profit; classes or schools that are equipment-specific to purchasers, users, classes, or schools offering training or instruction to acquaint purchasers or users with equipment capabilities; classes or schools that the State Board, acting by and through the State Board of Proprietary Schools determines are avocational, recreational, self-improvement, or continuing education for already trained and occupationally qualified individuals; schools for which there are other legally existing licensing boards or agencies.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law has moderate exemptions to licensure requirements for degree-granting private postsecondary educational institutions. Institutions exempt from Board of Governors licensure include any institution that has been continuously conducting post-secondary degree activity in the state under the same publicly registered name or series of publicly registered names since July 1, 1972; programs 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; and institutions that undertake post-secondary degree activity on the premises of military posts or reservations located in the state for military personnel stationed on active duty there, or their dependents, or employees of the military.

IV. DISCLOSURE REQUIREMENTS: 16.25/100 POINTS

A. ARE INSTITUTIONS REQUIRED TO DISCLOSE INSTITUTIONAL PERFORMANCE MEASURES TO POTENTIAL STUDENTS?

0/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes, mandatory	Yes, discretionary	None
	Fact sheet or equivalent required to be given to students	Fact sheet or equivalent given to students upon request	No fact sheet required
Type 1	20 Points	10 Points	0 Points
Type 2	20 Points	10 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law does not require proprietary schools to disclose institutional performance measures (such as graduation/completion rates, cohort default rates, placement rates and/or exam passage rates) to potential students.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law requires degree-granting private postsecondary educational institutions to disclose performance information to the Board of Governors in annual reports, but does not require disclosure of this performance information to potential students.

B. WHICH INSTITUTIONAL PERFORMANCE DISCLOSURES ARE REQUIRED TO BE GIVEN TO STUDENTS PRIOR TO ENROLLMENT?

0/60 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

Type 1: Proprietary schools

Disclosures	Mandatory	Discretionary	Not specified
Cohort default rate (CDR)	10 Points	5 Points	0 Points
Graduation / completion rates	10 Points	5 Points	0 Points
Placement rates	10 Points	5 Points	0 Points
Wage information	10 Points	5 Points	0 Points
License exam passage rates	10 Points	5 Points	0 Points
Methods & sources used to calculate	10 Points	5 Points	0 Points

Explanation:

North Carolina law does not require proprietary schools to disclose institutional performance outcomes to students prior to enrollment.

Type 2: Degree-granting private postsecondary educational institutions

Disclosures	Mandatory	Discretionary	Not specified
Cohort default rate (CDR)	10 Points	5 Points	0 Points
Graduation / completion rates	10 Points	5 Points	0 Points
Placement rates	10 Points	5 Points	0 Points
Wage information	10 Points	5 Points	0 Points
License exam passage rates	10 Points	5 Points	0 Points
Methods & sources used to calculate	10 Points	5 Points	0 Points

Explanation:

North Carolina law does not require degree-granting private postsecondary educational institutions to disclose institutional performance outcomes to students prior to enrollment.

C. DOES THE STATE REQUIRE SCHOOLS TO DISCLOSE ELEMENTS ESSENTIAL TO STUDENT PROTECTION PRIOR TO ENROLLMENT OR IN THE ENROLLMENT CONTRACT?

16.25/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

Type 1: Proprietary schools

Element description	Mandatory	Discretionary	Not specified
Total cost of program	5 Points	2.5 Points	0 Points
Refund information	5 Points	2.5 Points	0 Points
Transferability of credits	5 Points	2.5 Points	0 Points
Length of program	5 Points	2.5 Points	0 Points

Explanation:

North Carolina law requires proprietary schools to include the following information in the enrollment agreement: the program of study, program tuition and fees, date programs are to begin, time period covered by the tuition payment, and statement of or reference to the school's tuition refund policy. (2A SBCCC 400.11.) The state receives partial credit for including information about the typical time required to complete the program of study because it is reasonable that the required “program of study” information may include this—even though it is not expressly required.

Type 2: Degree-granting private postsecondary educational institutions

Element description	Mandatory	Discretionary	Not specified
Total cost of program	5 Points	2.5 Points	0 Points
Refund information	5 Points	2.5 Points	0 Points
Transferability of credits	5 Points	2.5 Points	0 Points
Length of program	5 Points	2.5 Points	0 Points

Explanation:

North Carolina law requires degree-granting private postsecondary educational institutions to provide to prospective students, prior to enrollment, information regarding the total cost of the program, refund information, transferability of credits, and the duration of study (N.C. Gen. Stat. § 116-15(f)(6); Board of Governors Rules and Standards, <http://www.northcarolina.edu/licensure>, at Standard 6.)

V. REGULATION OF RECRUITING PRACTICES:

75/100 POINTS

A. HAS THE STATE PUT INTO LAW A LIST OF PROHIBITED ACTS REGARDING ADVERTISING AND RECRUITING?

75/100 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes, strong regulation	Yes, moderate regulation	Yes, weak regulation	No list of prohibited acts
Type 1	100 Points	75 Points	50 Points	0 Points
Type 2	100 Points	75 Points	50 Points	0 Points

PROHIBITED ACTS

Included in list of Prohibited Acts	Type 1	Type 2
Misleading representations using the word “college” or “university”	/	
Misleading institution affiliation (e.g., military, public institution, businesses)	X	
Promise of employment	X	
Compensation for enrollment	X	
Compensation or “bounty” to recruiters	/	
Deception (broad prohibition)	X	X
Misrepresentation (broad Prohibition)	X	X
Misleading representations re: accreditation	X	

1-3=Weak; 3.5-6=Moderate; 6.5-8= Strong

Explanation:

Type 1: Proprietary schools. North Carolina has strong regulations in place to prevent proprietary schools from using false or misleading advertising. There are regulations to prohibit institutions from misleading potential students as to the status or affiliations of the school. While there is no explicit prohibition or guidance on the use of the term “college” or “university,” this can be inferred from other regulations that clearly prohibit advertisements that would mislead potential students as to the status, affiliations, or designation of the institution. The state also prohibits institutions from making representations promising employment, deception, misrepresentation, and has provisions in place to prevent misleading statements or representations related to accreditation. Proprietary schools are prohibited from offering promotions or special inducements to prospective students or enrollees. Finally, while the state does not necessarily explicitly prohibit “bounties” for recruiters, it does prohibit endorsements for financial compensation. (2A SBCCC 400.3; N.C. Gen. Stat. § 115D-90(c)(11).)



Notable Provision. In addition to the prohibitions listed above, North Carolina has commendable provisions in place to prohibit proprietary schools from using misleading advertising related to salary claims. For example, North Carolina regulations specify that advertisements shall not use salary-related terms or phrasing such as, “up to,” “top,” or “high salary.” Any salary claims shall show comparisons between local and national employment data and shall be for entry-level positions; and any salary claims shall be documented and on file at the institution for public viewing. (2A SBCCC 400.3.)

Type 2: Degree-granting private postsecondary educational institutions. North Carolina has weaker prohibitions in place for degree-granting postsecondary educational institutions. The state prohibits degree-granting private postsecondary educational institutions from engaging in promotion, sales, collection, credit, or other practices of any type which are false, deceptive, misleading, or unfair. (N.C. Gen. Stat. § 116-15(f)(11); see also Board of Governors Rules and Standards at www.northcarolina.edu/licensure, Standard 11, Business Practices.) These broad prohibitions have an impact substantially similar to broad prohibitions on misrepresentation and deception. The state does not have in place specific prohibitions related to misleading promotional material related to accreditation, institutional affiliations, or usage of the terms “college” or “university.” The state has no prohibitions in place for degree-granting private postsecondary educational institutions that address promises of employment, compensation, or “bounty” for enrollment.

VI. COMPLAINT PROCESS AND RELIEF FOR STUDENTS:

47.25/100 POINTS

A. DOES THE STATE REQUIRE A BOND OR FUND AS A CONDITION OF AUTHORIZATION?

17.5/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes	No
Type 1	20 15 Points	0 Points
Type 2	20 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina requires proprietary schools to submit a guaranty bond as a condition of licensure. The state loses five points because it makes exceptions to this requirement in specified circumstances and allows some proprietary schools to provide as an alternative to a guaranty bond an assignment of a savings account in an amount equal to the bond required or a certificate of deposit.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina requires a guaranty bond for each institution that is licensed. (N.C. Gen. Stat. § 116-15(f).)

B. DOES THE STATE REQUIRE A REFUND OF TUITION IF A STUDENT ENROLLS AS THE RESULT OF MISREPRESENTATION?

0/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes, full refund	Yes, partial refund	No refund required
Type 1	20 Points	10 Points	0 Points
Type 2	20 Points	10 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law does not explicitly require a refund of tuition if a student enrolls in a proprietary school as the result of misrepresentation.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law requires that each institution have a “fair and equitable...refund policy” (N.C. Gen. Stat. § 116-15(f)) but does not explicitly require a refund of tuition if a student enrolls in a degree-granting private postsecondary educational institution as the result of misrepresentation.

C. DOES THE STATE REQUIRE INSTITUTIONS TO REFUND TUITION IN THE EVENT OF CLOSURE?

7.5/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes, full refund	Yes, partial refund	Yes, refund in limited circumstances	No refund required
Type 1	20 Points	15 Points	10 Points	0 Points
Type 2	20 Points	15 Points	10 Points	0 Points

Explanation:

Type 1: Proprietary schools. The purpose of the student protection fund is to compensate students enrolled in a proprietary school who have suffered a loss of tuition, fees, or any other instructional-related expenses paid to the school by reason of the failure of the school to offer or complete student instruction, academic services, or other goods and services related to course enrollment if the school ceases to operate for any reason, including the suspension, revocation, or nonrenewal of a school’s license, bankruptcy, or foreclosure. (N.C. Gen. Stat. § 115D-95.1(b); 23 N.C.A.C. 3A.0116.) The State Board of Community Colleges must draw from the bond first, then the student protection fund. If the amount of the catastrophic assessment will be insufficient to cover qualified claims, the State Board of Community Colleges must

allocate funds among claims proportional to the amount of student loss and the amount in the Student Protection Fund. (23 N.C.A.C. 3A.0116(c).) There is no requirement that students receive a full refund.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law requires that each institution have a “fair and equitable...refund policy” (N.C. Gen. Stat. § 116-15(f)) but does not explicitly require a refund of tuition in the event of insolvency.

**D. DOES THE STATE ALLOW STUDENTS AMPLE TIME TO MAKE A COMPLAINT?
10/10 POINTS***

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	2 years or more (or no deadline)	1-2 years	Under 1 year	Not applicable
Type 1	10	5	1	0
Type 2	10	5	1	0

Explanation:

Type 1: Proprietary schools. North Carolina law does not specify a deadline by which students of proprietary schools must file complaints.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law does not specify a deadline by which students of degree-granting private postsecondary educational institutions must file complaints.

**E. DOES THE STATE REQUIRE INSTITUTIONS TO DISCLOSE INFORMATION ABOUT FILING A COMPLAINT WITH THE STATE OVERSIGHT BODY?
3.75/20 POINTS***

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

Type 1: Proprietary schools

Medium	Mandatory	Discretionary	Not specified
Catalog	10 Points	5 Points	0 Points
Website	5 Points	2.5 Points	0 Points
Enrollment contract	5 Points	2.5 Points	0 Points

Explanation:

North Carolina law does not explicitly require proprietary schools to disclose information about filing a complaint with the state oversight body in the school catalog, on the website, or in the school’s enrollment contract.

Type 2: Degree-granting private postsecondary educational institutions

Medium	Mandatory	Discretionary	Not specified
Catalog	10 Points	5 Points	0 Points
Website	5 Points	2.5 Points	0 Points
Enrollment contract	5 Points	2.5 Points	0 Points

Explanation:

North Carolina law requires degree-granting private postsecondary educational institutions to provide the following information related to complaints in institutional catalogs: name, title, and office location of officer responsible for receiving students who wish to file complaints and to seek redress. It does not require institutions to include information about how to file a complaint with the Board of Governors, but the state receives partial credit because students could ascertain information about how to file a complaint with the Board of Governors by contacting the officer responsible for receiving student complaints. The state receives partial credit for including information on its website because information is required in the catalog, and institutions often include on their websites information similar to that in their catalogs.

F. IS THE COMPLAINT PROCESS READILY ACCESSIBLE AND AVAILABLE ON THE STATE OVERSIGHT BODY’S WEBSITE?

8.5/10 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes, with address	Yes, with phone #	Yes, with email address	Yes, with electronic form	No
Type 1	2 Points	2 Points	3 Points	3 1.5 Points	0 Points
Type 2	2 Points	2 Points	3 Points	3 1.5 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina maintains a web page with links to an explanation of the complaint process and an electronic student complaint form. Because the form cannot be submitted online (it must be completed and either emailed or faxed to the department), the state loses 1.5 points.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina maintains a web page with links to an explanation of the complaint process and an electronic student complaint form. Because the form cannot be submitted online (it must be completed and either emailed or faxed to the department), the state loses 1.5 points.

VII. ENFORCEMENT: 10/100 POINTS

A. IS THERE LOSS OF STATE AID FOR SCHOOLS THAT REPEATEDLY PRODUCE SUBSTANDARD GRADUATION RATES, JOB PLACEMENT RATES, AND/OR COHORT DEFAULT RATES?

0/30 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes, required	Yes, required but limited	Yes, discretionary	Yes, discretionary but limited	No
Type 1	30 Points	20 Points	15 Points	5 Points	0 Points
Type 2	30 Points	20 Points	15 Points	5 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law does not mandate the loss of state aid to proprietary schools in North Carolina that repeatedly produce substandard graduation/completion rates, job placement rates, and/or cohort default rates.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law does not mandate the loss of state aid to degree-granting private postsecondary educational institutions in North Carolina that repeatedly produce substandard graduation/completion rates, job placement rates, and/or cohort default rates.

B. DOES STATE LAW EXPLICITLY AUTHORIZE A PRIVATE RIGHT OF ACTION FOR STUDENTS AGAINST INSTITUTIONS THAT HAVE VIOLATED THE LAWS AND REGULATIONS IN PLACE TO GOVERN THEM?

0/30 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes	Limited circumstances	No
Type 1	30 Points	15 Points	0 Points
Type 2	30 Points	15 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina law does not explicitly authorize a private right of action for students against proprietary schools that have violated the laws and regulations in place to govern them.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law does not explicitly authorize a private right of action for students against degree-granting private postsecondary educational institutions that have violated the laws and regulations in place to govern them.

C. DOES STATE LAW EXPLICITLY ALLOW ATTORNEY FEE AWARDS FOR STUDENTS WHO PREVAIL IN LITIGATION AGAINST PRIVATE FOR-PROFIT POSTSECONDARY INSTITUTIONS?

0/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes	Limited	No
Type 1	20	15	0
Type 2	20	15	0

Explanation:

Type 1: Proprietary schools. North Carolina law does not explicitly allow attorney fee awards for students who prevail in litigation against proprietary schools that have violated the laws and regulations in place to govern them.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law does not explicitly allow attorney fee awards for students who prevail in litigation against degree-granting private postsecondary educational institutions that have violated the laws and regulations in place to govern them.

D. DOES STATE LAW EXPLICITLY AUTHORIZE
ATTORNEY GENERAL INVOLVEMENT?

10/20 POINTS*

**points for Type 1 and Type 2 schools have been averaged to calculate the above score*

	Yes	Limited circumstances	No
Type 1	20 Points	10 Points	0 Points
Type 2	20 Points	10 Points	0 Points

Explanation:

Type 1: Proprietary schools. North Carolina does not explicitly authorize attorney general involvement.

Type 2: Degree-granting private postsecondary educational institutions. North Carolina law authorizes attorney general involvement in enforcement of the laws and regulations in place to govern degree-granting private postsecondary educational institutions in the state. (N.C. Gen. Stat. § 116-15(j).)



ILLUMINATING INFORMATION



RECIPROCITY AGREEMENTS

North Carolina is a member of the State Authorization Reciprocity Agreements (SARA).

LITIGATION, INVESTIGATIONS, AND ACTIONS INVOLVING PRIVATE
FOR-PROFIT EDUCATIONAL INSTITUTIONS IN NORTH CAROLINA

For information about pending and recent federal and state government investigations and actions regarding for-profit colleges see David Halperin's compilation at <http://www.republicreport.org/2014/law-enforcement-for-profit-colleges/#sthash.1vc4HmPw.dpuf>.