

**Description of Staff Responsibilities for  
Licensing and Exemption from Licensing of Nonpublic  
Post-Secondary Educational Institutions to  
Conduct Degree Activity in North Carolina  
October 2001**

**Background**

The licensing of nonpublic post-secondary educational institutions to conduct degree activity in North Carolina has long been a legal requirement. From 1923 to 1963 the responsibility for licensure was a function of the State Board of Education. In 1963 the authority was transferred to the State Board of Higher Education. In 1972 the General Assembly dissolved that agency and assigned the responsibility to the newly created Board of Governors of the University of North Carolina.

**Authority**

In carrying out its licensing and exemption from licensure responsibilities, the Board has clear statutory directions. With regard to licensing, the statutes specify that 15 minimum standards must be met by nonpublic institutions in such critical areas as curricula, faculty, library, and financial stability. Further, the Board is statutorily empowered to establish such policies and procedures as it considers necessary for carrying out its duties.

With reference to exemption from licensure, the statutes are also clear regarding eligibility for exemption. Institutions that have continuously conducted degree activity in North Carolina since July 1, 1972, are eligible. So are institutions that conduct degree activity on military posts or conduct degree programs relative to religious education.

**Purpose**

The purpose of licensure and exemption from it is pure and simple - - consumer protection. Higher education is an important endeavor and the personal credentials accessible through it represent particular significance. Licensure, by substantiating minimum educational quality in consonance with State law making unlawful any "unfair or deceptive acts or practices in the conduct of any trade or commerce," protects many constituencies. They include students, employers, and taxpayers in general. Licensure protects in other ways too. It is prerequisite to receipt by institutions and their students of sizable sums of public money. It is the first requirement for accreditation of institutions and their participation in various programs of the U.S. Office of Education and Federal student financial aid agencies.

Exemption from licensure likewise provides certain consumer protection in that staff maintains periodic contact by inquiries and site visits to exempted institutions to confirm their ongoing compliance with bases upon which their exemptions rest.

## Staff Responsibilities

Staff responsibilities for licensing and exemption from it are directed by the Senior Vice President for Academic Affairs. They are administered by the Associate Vice President for Student Services and Licensure supported by a full-time secretary. Legal assistance is provided to staff by the legal division and financial analysis assistance is provided by the finance division. The staff office is located in the Office of the President of the UNC General Administration building.

## Licensing Process

The process for licensing is an extensive one as delineated in **Rules And Standards – Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina, Revised October 1998**. It begins with the chief executive officer or designee of a prospective applicant institution requesting a preliminary conference with the UNC President or staff designee to review the standards and procedures for applying for licensure.

If the CEO of the potential applicant institution concludes that it does not meet the standards but it will work toward meeting them, the CEO advises UNC staff of the institution's intention to apply at a later date when it is ready. UNC staff in turn visits the institution to review its plan and to evaluate its stage of development. If the plan and stage of development appear adequate, the staff provides a statement that the institution is a non-licensed entity but has presented a sound plan for meeting licensure standards and once the institution considers the standards can be met the institution has indicated it intends to apply for licensure.

If a potential applicant institution concludes that it meets the standards, the chief executive officer submits to the UNC President or designee a letter of formal application accompanied by documentation that the institution complies with and is capable of maintaining standards for an extended period sufficient for a student to complete his/her program of study.

Staff reviews the application and documentation and once they are judged in order for a team of examinations' visit, the staff arranges for a team visit to the main campus of the applicant institution and to proposed degree activity sites in North Carolina. Each site must meet licensure requirements on a stand-alone basis.

The purpose of the team visit is to confirm that documentation submitted by the institution evidences compliance with the 15 minimum standards and other requirements of the Board. The standards devote considerable attention to adequacy of the proposed programs of study, methods of instructional delivery, faculty, library, facilities, and financial condition.

The team of examiners is composed of staff (*ex-officio*), faculty members representative of public and private sectors with appropriate levels and fields of expertise, administrators, and other specialty persons necessary for a sound examination. One member is appointed chairperson with responsibility for leading the examination and preparing the team's report of its findings and recommendations.

The team is appointed by the Office of the President or designee, Associate Vice President For Student Services and Licensure.

Costs connected with the examination and subsequent visits as may be required are paid by the institution. In addition on June 7, 2001, the Board of Governors approved a recommendation to establish fees for the licensure process for non-public institutions of higher

education seeking to conduct degree activity in North Carolina. The Office of the President proposed an initial licensure fee of \$4,000 and an additional fee of \$2,000 for each additional degree at a previously licensed institution effective immediately.

Visits usually are two days in duration depending on sites visited.

On completion of a visit the team submits its report and recommendations. The concluding recommendation is one of the following: 1) issue a license, 2) issue license subject to completion of conditions, or 3) deny licensure. All recommendations are advisory to the UNC President who recommends final action to the Board of Governors.

Usually institutions withdraw their application for licensure if denial is anticipated, which accounts for few denials going before the Board.

Once licensed an institution is subject to review visits at any time to determine whether the institution continues to meet standards. Review shall always occur 1) two years after licensure, 2) if the institution is legally reconstituted, or 3) if ownership changes.

Each licensed institution submits an annual report to staff concerning matters such as enrollment, financial stability, prepaid tuition bond updating, and compliance with maintenance of all standards.

### **Process for Exemption from Licensure**

The process of exempting an institution from licensure is based on the statute that authorizes its eligibility for exemption.

If the exemption is based on having continuously conducted degree activity since July 1, 1972 [G.S. 116-15(c)], the institution submits information acceptable to staff to substantiate its eligibility to conduct the activity. Staff files contain such information on 37 nonpublic institutions in North Carolina dating back to the 1800s.

If exemption rests on conducting degree activity at a military base in North Carolina [G.S. 116-15(e)], the institution responds to staff annual inquiry concerning its enrollment, base personnel, degree programs offered, and identification of students enrolled other than military personnel on active duty at the base, their dependents, and employees of the military. If the institution offers degree activity for other persons, it is subject to licensure.

If the exemption is based on conducting degree program activity relative to religious education [G.S. 116-15(d)], the institution demonstrates to the satisfaction of the UNC President on recommendation of staff that it should be exempt from licensure. Staff bases its recommendation on site visits and examination of relevant documentation in determining whether the nature and intent of programs warrant exemption.

In 1995 the UNC Board formalized the process of religious exemption by adopting a set of policies to which staff applies in determining whether a religious degree program is eligible for exemption. On September 12, 1997, the Board adopted further revisions to its policies by emphasizing the importance of institutions displaying full degree titles and disclosures in all advertising and literature that their exemption from licensure represents no assessment of program quality as does licensure.

Staff makes an annual inquiry of institutions concerning their continuation of adherence to the bases upon which their exemption was conferred.

Exemption from licensure continues for institutions unless it is suspended or revoked by the President on recommendation of staff.

## **Enforcement**

If the President determines that an institution has failed to seek licensure or exemption from licensure as statutorily required or failed to fulfill any obligation attendant to licensure or exemption, the President may request that the State Attorney General take appropriate action.

## **Summary**

The licensing and exemption from licensure functions of the UNC Board of Governors constitutes an important consumer protection activity. The Board in effect acts as a quality “Gatekeeper” by opening the gate to nonpublic institutions meeting minimum standards or found exempt from licensure. On the other hand, the door does not open for institutions unable to meet the standards or eligibility for exemption.

Once institutions are authorized to conduct degree activity, the Board on a continuing basis assures their maintenance of standards and policies through follow-up site visits and inquiries by staff.