

NORTH CAROLINA GENERAL ASSEMBLY  
1961 SESSION

CHAPTER 1175  
HOUSE BILL 899

1 AN ACT TO REWRITE ARTICLE 31, CHAPTER 115, NORTH CAROLINA GENERAL  
2 STATUTES RELATING TO LICENSING PRIVATE BUSINESS, TRADE, AND  
3 CORRESPONDENCE SCHOOLS.  
4

5 The General Assembly of North Carolina do enact:  
6

7 **Section 1.** Definitions. As used in this Article:

- 8 (1) "Persons" means any individual, association, partnership or corporation, and  
9 includes any receiver, referee, trustee, executor, or administrator as well as a  
10 natural person.
- 11 (2) "Superintendent" means the North Carolina State Superintendent of Public  
12 Instruction.
- 13 (3) "Board of Education" means the North Carolina State Board of Education.
- 14 (4) "Private Business School" or "Business School" or "School" means an  
15 educational institution privately owned and operated by an owner,  
16 partnership or corporation, offering business courses for which tuition is  
17 charged, in such subjects as typewriting, shorthand (manual or machine),  
18 filing and indexing, receptionist's duties, key-punch, teletype, penmanship,  
19 bookkeeping, accounting, office machines, business arithmetic, English,  
20 business letter writing, salesmanship, personality development, leadership  
21 training, public speaking, real estate, insurance, traffic management,  
22 business psychology, economics, business management, and other related  
23 subjects of a similar character or subjects of general education when they  
24 contribute values to the objective of the course of study. Classes in any of  
25 the subjects herein referred to which are taught or coached in homes or  
26 elsewhere to five or less students are not included in the term "school" and  
27 shall be exempt from the requirements of this Article.
- 28 (5) "Private Trade School" means an educational institution privately owned and  
29 operated by an owner, partnership or corporation, offering classes conducted  
30 for the purpose of teaching, for profit or for a tuition charge, any trade,  
31 technical, mechanical or industrial occupation or teaching any or several of  
32 the subjects needed to train youth or adults in the skills, technical  
33 knowledge, related industrial information, and job judgment, necessary for  
34 success in one or more skilled trades, industrial occupations or related  
35 occupations.
- 36 (6) "Correspondence School" means an educational institution privately owned  
37 and operated by an owner, partnership or corporation conducted for the  
38 purpose of providing, by correspondence, for a consideration, profit, or  
39 tuition, systematic instruction in any field or teaches or instructs in any  
40 subject area through the medium of correspondence between the pupil and  
41 the school, usually through printed or typewritten matter sent by the school  
42 and written responses by the pupil.

1           **Sec. 2.** Exemptions. It is the purpose of this Article to include all private schools  
2 operated for profit provided that the following schools shall be exempt from the provisions of  
3 this Article:

- 4           (1) Nonprofit schools conducted by bona fide eleemosynary or religious  
5 institutions.
- 6           (2) Schools maintained or classes conducted by employers for their own  
7 employees where no fee or tuition is charged.
- 8           (3) Courses of instruction given by any fraternal society, civic club, or  
9 benevolent order, which courses are not operated for profit.
- 10          (4) Any school for which there is another legally existing licensing board in this  
11 State.
- 12          (5) Any established university, professional, or liberal arts college, public or  
13 private high school approved by the State Department of Public Instruction,  
14 or any State institution which has heretofore offered, or which may  
15 hereinafter offer one or more courses covered in this Article, provided that  
16 the tuition fees and charges, if any, made by such university, college, high  
17 school, or State institution shall be collected by their regular officers in  
18 accordance with the rules and regulations prescribed by the board of trustees  
19 or governing body of such university, college, high school, or State  
20 institution; but provisions of the Article shall apply to all business schools,  
21 trade schools, or correspondence schools or branch schools, as defined in  
22 this Article, and operated within the State of North Carolina as such  
23 institutions, except schools for which there are other legally existing  
24 licensing boards.

25           **Sec. 3.** North Carolina State Board of Education to Administer and Enforce Article  
26 and Issue Licenses. (a) The Board of Education, acting by and through the Superintendent of  
27 Public Instruction, shall have authority to administer and enforce this Article and to issue  
28 licenses to private schools and educational institutions, as the same are defined herein, whose  
29 sustained curriculum is of a grade equal to that prescribed for similar public schools and  
30 educational institutions of the State and which have met the standards set forth by the Board of  
31 Education, including but not limited to course offerings, adequate facilities, financial stability,  
32 competent personnel and legitimate operating practices.

33           (b) Upon approval by the Board of Education, any such private school or  
34 educational institution may by and with the approval of said Board of Education issue  
35 certificates and diplomas.

36           (c) The Board of Education, acting by and through the Superintendent of Public  
37 Instruction, shall formulate the criteria and the standards evolved thereunder for the approval of  
38 such schools or educational institutions, provide for adequate investigations of all schools  
39 applying for a license and issue licenses to those applicants meeting the standards fixed by the  
40 Board, maintain a list of schools approved under the provisions of this Article which list shall  
41 be available for the information of the public, and provide for periodic inspection of all schools  
42 licensed under the provisions of this Article. Through periodic reports required of licensed  
43 schools or branch schools and by inspections made by authorized representatives of the State  
44 Board of Education, the State Board of Education shall have general supervision over business,  
45 trade and correspondence schools in the State, the object of said supervision being to protect  
46 the health, safety and welfare of the public by having the licensed business, trade and  
47 correspondence schools maintain adequate, safe and sanitary school quarters, sufficient and  
48 proper facilities and equipment, sufficient and qualified teaching staff, and satisfactory  
49 programs of operation and instruction, and to have the school carry out its advertised promises  
50 and contracts made with its students and patrons. To this end the State Board of Education is

1 authorized to issue such regulations and standards not inconsistent with the provisions of this  
2 Article as are necessary to administer the provisions of this Article.

3 **Sec. 4. Must Secure License Before Operating.** (a) No person shall operate, conduct  
4 or maintain or offer to operate in this State a private school or educational institution as defined  
5 herein unless a license is first secured from the State Board of Education issued in accordance  
6 with the provisions of this Article and the rules and regulations promulgated by the Board of  
7 Education under the authority of Section 3. The license, when issued, shall constitute the  
8 formal acceptance by the Board of Education of the educational programs and facilities of each  
9 private school approved.

10 (b) Application for a license shall be filed in the manner and upon the forms  
11 prescribed and furnished by the Superintendent of Public Instruction for that purpose. Such  
12 application shall be signed by the applicant and properly verified and shall contain such of the  
13 following information as may apply to the particular school or branch school, for which a  
14 license is sought:

- 15 (1) The title or name of the school or classes, together with the name and  
16 address of the ownership and of the controlling officers thereof;
- 17 (2) The general field of instruction;
- 18 (3) The place or places where such instruction will be given;
- 19 (4) A specific listing of the equipment available for instruction in each field;
- 20 (5) The qualifications of instructors and supervisors;
- 21 (6) Financial resources available to equip and to maintain the school or classes;
- 22 (7) And such additional information as the Board may deem necessary to enable  
23 it to determine the adequacy of the program of instruction and matters  
24 pertaining thereto. Each application shall be accompanied by a copy of the  
25 current bulletin or catalogue of the school which shall be in published form  
26 and certified by an authorized official of the school as being true and correct  
27 in content and policy. The school bulletin shall contain the following  
28 information:
  - 29 a. Identifying data, such as volume number and date of publication.
  - 30 b. Names of the institution and its governing body, officials and faculty.
  - 31 c. A calendar of the institution showing legal holidays, beginning and  
32 ending date of each quarter, term or semester, and other important  
33 dates.
  - 34 d. Institution's policy and regulations relative to leave, absences, class  
35 cuts, make-up work, tardiness and interruptions for unsatisfactory  
36 attendance.
  - 37 e. Institution's policy and regulations on enrollment with respect to  
38 enrollment dates and specific entrance requirements for each course.
  - 39 f. Institution's policy and regulations relative to standards of progress  
40 required of the student by the institution. (This policy will define the  
41 grading system of the institution; the minimum grades considered  
42 satisfactory; conditions for interruption for unsatisfactory grades or  
43 progress and description of the probationary period, if any, allowed  
44 by the institution; and conditions of re-entrance for those students  
45 dismissed for unsatisfactory progress. A statement will be made  
46 regarding progress records kept by the institution and furnished the  
47 student).
  - 48 g. Institution's policy and regulations relating to student conduct and  
49 conditions for dismissal for unsatisfactory conduct.

- 1 h. Detailed schedule for fees, charges for tuition, books, supplies, tools,  
2 student activities, laboratory fees, service charges, rentals, deposits,  
3 and all other charges.
- 4 i. Policy and regulations of the institution relative to the refund of the  
5 unused portion of tuition, fees and other charges in the event the  
6 student does not enter the course or withdraws or is discontinued  
7 therefrom.
- 8 j. A description of the available space, facilities and equipment.
- 9 k. A course outline for each course for which approval is requested,  
10 showing subjects or units in the course, type of or skill to be learned,  
11 and approximate time and clock hours to be spent on each subject or  
12 unit.
- 13 l. Policy and regulations of the institution relative to granting credit for  
14 previous educational training.

15 (c) After due investigation and consideration on the part of the Board as  
16 provided herein, a license shall be issued to the applicant when it is shown to the satisfaction of  
17 said Board that said applicant, school, programs of study or courses are found to have met the  
18 following criteria:

- 19 (1) The courses, curriculum and instruction are consistent in quality, content and  
20 length with similar courses in public schools and other private schools in the  
21 State, with recognized accepted standards.
- 22 (2) There is in the institution adequate space, equipment, instructional material  
23 and instructor personnel to provide training of good quality.
- 24 (3) Education and experience qualifications of director, administrators and  
25 instructors are adequate.
- 26 (4) The institution maintains a written record of the previous education and  
27 training of the student.
- 28 (5) A copy of the course outline, schedule of tuition, fees and other charges  
29 regulations pertaining to absences, grading policy and rules of operation and  
30 conduct will be furnished the student upon enrollment.
- 31 (6) Upon completion of training, the student is given a certificate or diploma by  
32 the institution indicating the approved course and indicating that training  
33 was satisfactorily completed.
- 34 (7) Adequate records as prescribed by the State Board of Education are kept to  
35 show attendance and progress or grades and satisfactory standards relating to  
36 attendance, progress and conduct are enforced.
- 37 (8) The school complies with all local, city, county, municipal, State and  
38 Federal regulations, such as fire codes, building and sanitation codes. The  
39 State Board of Education may require such evidence of compliance as is  
40 deemed necessary.
- 41 (9) The school is financially sound and capable of fulfilling its commitments for  
42 training.
- 43 (10) The school does not exceed its enrollment limitation as established by the  
44 State Board of Education.
- 45 (11) The school does not utilize advertising of any type which is erroneous or  
46 misleading, either by actual statement omission or intimation.
- 47 (12) The school's administrators, directors, owners and instructors are of good  
48 reputation and character.
- 49 (13) Such additional criteria as may be deemed necessary by the Board.

50 (d) Any license issued shall be restricted to the programs of instruction or  
51 courses specifically indicated in the application for a license. The holder of a license shall

1 present a supplementary application as may be directed by the Superintendent for approval of  
2 additional programs of instruction or courses in which it is desired to offer instruction during  
3 the effective period of the license.

4 **Sec. 5.** Duration and renewal of licenses. (a) All licenses issued shall expire on June  
5 30 next following the date of issuance.

6 (b) Licenses shall be renewable annually on July 1, provided an application for  
7 the renewal of the license has been filed in the form and manner prescribed by the Board and  
8 the renewal fee has been paid; also provided the school and its courses, facilities, faculty and all  
9 other operations are found to meet the criteria set forth in the requirements for a school to  
10 secure an original license.

11 (c) After a license is issued to any school by the State Board of Education on the  
12 basis of its application, it shall be the responsibility of said school to notify immediately said  
13 Board of any changes in the ownership, administration, location, faculty, the instructional  
14 program or other changes as may affect significantly the course of instruction offered.

15 (d) In the event of the sale of such school, the license already granted to the  
16 original owner or operators thereof shall not be transferable to the new ownership or operators.

17 **Sec. 6.** The fees and licenses collected under this Section shall be placed in a  
18 special fund to be designated the "Commercial Education Fund" and shall be used under the  
19 supervision and direction of the State Board of Education for the administration of this Article.  
20 No license fee shall be refunded in the event the application is rejected or the license suspended  
21 or revoked.

22 **Sec. 7.** Grounds for suspension; revocation or refusal to issue a license. (a) The  
23 Board of Education, acting by and through the Superintendent of Public Instruction, shall have  
24 the authority to refuse to issue a license and to suspend or revoke a license theretofore issued  
25 but before denying any such license, including the renewal thereof, and before suspending or  
26 revoking any license theretofore issued, he shall afford the applicant or holder of any such  
27 license an opportunity to be heard in connection therewith in person or by counsel and at least  
28 thirty days prior to the date set for a hearing on any such matter shall notify in writing the  
29 applicant for or the holder of any such license of the date of said hearing and assign therein the  
30 grounds for the action contemplated to be taken and as to which inquiry shall be made on the  
31 date of such hearing.

32 (b) The action of the Board of Education acting by and through the  
33 Superintendent of Public Instruction in refusing to grant a license or to renew a license, or in  
34 suspending or revoking a license, shall be subject to judicial review in all respects according to  
35 the provisions and procedure set forth in Article 33 of Chapter 143 of the General Statutes of  
36 North Carolina.

37 (c) The Board of Education, acting by and through the Superintendent, of Public  
38 Instruction, shall have the power to refuse to issue or renew any such license and to suspend or  
39 revoke any such license theretofore issued in case it finds:

- 40 (1) That the applicant for or holder of such a license has violated any of the  
41 provisions of this Article or any of the rules and regulations promulgated  
42 thereunder; or
- 43 (2) That the applicant for or holder of such a license has knowingly presented to  
44 the State Board of Education false or misleading information relating to  
45 approval; or
- 46 (3) That the applicant for or holder of such a license has failed or refused to  
47 permit authorized representatives of the State Board of Education to inspect  
48 the school, or has refused to make available to them at any time upon request  
49 full information pertaining to matters within the purview of the Board of  
50 Education under the provisions of this Article; or

- 1 (4) That the applicant for or holder of such a license has perpetrated or  
2 committed fraud or deceit in advertising the school or in presenting to the  
3 prospective students written or oral information relating to the school, to  
4 employment opportunities, or to opportunities for enrollment in other  
5 institutions upon completion of the instruction offered in the school.
- 6 (5) That the applicant or licensee has pleaded guilty, entered a plea of nolo  
7 contendere or has been found guilty of a crime involving moral turpitude by  
8 a judge or jury in any state or Federal court.
- 9 (6) That the applicant or licensee has failed to provide or maintain premises,  
10 equipment or conditions which are adequate, safe and sanitary, in  
11 accordance with such standards of the State of North Carolina or any of its  
12 political subdivisions, as are applicable to such premises and equipment.
- 13 (7) That the licensee is employing teachers, supervisors or administrators who  
14 have not been approved by the Board.
- 15 (8) That the licensee has failed to provide and maintain adequate premises,  
16 equipment, materials or supplies, or has exceeded the maximum enrollment  
17 for which the school or class was licensed.
- 18 (9) That the licensee has failed to provide and maintain adequate standards of  
19 instruction or an adequate and qualified administrative, supervisory or  
20 teaching staff.

21 **Sec. 8.** Private schools advisory committee; appointment; duties. (a) In the  
22 administration of this Article, the Superintendent of Public Instruction shall appoint an  
23 Advisory Committee composed of not less than five member who shall serve at his will and  
24 pleasure and who are fairly representative of the types of private schools or educational  
25 institutions operated, conducted and maintained within this State, whose duties shall be to  
26 advise the Superintendent of Public Instruction regarding the criteria to be used in formulating  
27 standards and the rules and regulations thereunder to be prescribed for the administration of this  
28 Article and the management and operation of the schools subject to the provisions hereof  
29 including the development of programs of instruction to be pursued in each type of institution  
30 subject to this Article.

31 (b) The terms of the members shall be set by the Superintendent of Public  
32 Instruction.

33 **Sec. 9.** Execution of bond required; filing and recording. (a) Before the State Board  
34 of Education shall issue such license the person, partnership, association or persons or  
35 corporation shall execute a bond in the sum of one thousand dollars (\$1,000.00), signed by a  
36 solvent guaranty company authorized to do business in the State of North Carolina, or by two  
37 solvent individuals sureties, payable to the State of North Carolina, and approved as to  
38 solvency by the Clerk of the Superior Court of the county in which such school or branch  
39 school will be located and conduct its business, conditioned that the principal in said bond will  
40 carry out and comply with each and every contract, made and entered into by said school or  
41 branch school, acting by and through its officers and agents with any student who desires to  
42 enter such school or branch school and to take any courses offered therein and will pay back to  
43 such student all amounts collected in tuition and fees in case of failure on the part of the parties  
44 obtaining a license from the State Board of Education to open and conduct a business school,  
45 trade school or a correspondence school, to comply with its contracts to give the instructions  
46 contracted for, and for full period evidenced by such contract. Such bond shall be filed with the  
47 Clerk of Superior Court of the county in which the school or branch school executing the bond  
48 is located, and shall be recorded by such Clerk in a book provided for that purpose.

49 (b) The requirement herein specified for giving the aforesaid bond of one  
50 thousand dollars (\$1,000.00) shall apply to all business, trade or correspondence schools, or  
51 any branches thereof operating in North Carolina, and the State Board of Education shall not

1 issue any license to any person, firm or corporation to operate any of the aforesaid schools until  
2 said bond has been given and notice of the approval of same by the Clerk of Superior Court has  
3 been filed with said Board of Education. Operators' bonds of one thousand dollars (\$1,000.00)  
4 each shall be required for each branch of such business, trade, correspondence schools, or any  
5 branch thereof operated within the State by any person, partnership or corporation.

6 (c) In any and all cases where the party receiving the license from the State  
7 Board of Education fails to comply with any contract made and entered into with any student,  
8 or with the parents or guardian of said student, then the State of North Carolina upon the  
9 relation of said student, parent or guardian entering into the contract shall have a cause of  
10 action against the principal and sureties on the bonds herein provided for the full amount of  
11 payments made to such person, with six per cent (6%) interest from the date of payment of said  
12 amount. For a violation of its contract with a student, or for other good cause, the State Board  
13 of Education is authorized to revoke the license issued to the offending school.

14 **Sec. 10.** Operating a school without license made misdemeanor. (a) Any person, or  
15 each member of any association of persons, or each officer of any corporation who opens and  
16 conducts a business school, a trade school or a correspondence school, or branch school, as  
17 defined in this Article without first having obtained the license herein required, and without  
18 first having executed the bond required shall be guilty of a misdemeanor and be punishable by  
19 a fine of not less than one hundred dollars (\$100.00), nor more than five hundred dollars  
20 (\$500.00) or thirty days' imprisonment, or both, at the discretion of the court, and each day said  
21 school continues to be open and operated shall constitute a separate offense.

22 **Sec. 11.** Contracts with unlicensed schools made null and void. (a) All contracts  
23 entered into by business, trade or correspondence schools, or branch school, as defined in this  
24 Article, with students or prospective students, and all promissory notes, or other evidence of  
25 indebtedness taken in lieu of cash payments by such schools shall be null and void unless such  
26 schools are duly licensed as required by this Article.

27 **Sec. 12.** All laws and clauses of laws in conflict with this Act are hereby repealed.

28 **Sec. 13.** This Act shall be in full force and effect from and after its ratification.

29 In the General Assembly read three times and ratified, this the 22nd day of June,

30 1961.