

**Chapter 116.**  
**Higher Education.**

Article 1.

The University of North Carolina.

Part 1. General Provisions.

**§ 116-1. Purpose.**

(a) In order to foster the development of a well-planned and coordinated system of higher education, to improve the quality of education, to extend its benefits and to encourage an economical use of the State's resources, the University of North Carolina is hereby redefined in accordance with the provisions of this Article.

(b) The University of North Carolina is a public, multicampus university dedicated to the service of North Carolina and its people. It encompasses the 16 diverse constituent institutions and other educational, research, and public service organizations. Each shares in the overall mission of the university. That mission is to discover, create, transmit, and apply knowledge to address the needs of individuals and society. This mission is accomplished through instruction, which communicates the knowledge and values and imparts the skills necessary for individuals to lead responsible, productive, and personally satisfying lives; through research, scholarship, and creative activities, which advance knowledge and enhance the educational process; and through public service, which contributes to the solution of societal problems and enriches the quality of life in the State. In the fulfillment of this mission, the university shall seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the State.

Teaching and learning constitute the primary service that the university renders to society. Teaching, or instruction, is the primary responsibility of each of the constituent institutions. The relative importance of research and public service, which enhance teaching and learning, varies among the constituent institutions, depending on their overall missions. (1971, c. 1244, s. 1; 1995, c. 507, s. 15.17.)

**§ 116-2. Definitions.**

As used in this Article, unless the context clearly indicates a contrary intent:

- (1) "Board" means the Board of Governors of the University of North Carolina.
- (2) "Board of trustees" means the board of trustees of a constituent institution.
- (3) "Chancellor" means the chancellor of a constituent institution.
- (4) "Constituent institution" or "institution" means one of the 16 public institutions of higher education, to wit, the University of North Carolina at Chapel Hill, North Carolina State University at Raleigh, the University of North Carolina at Greensboro, the University of North Carolina at Charlotte, the University of North Carolina at Asheville, the University of North Carolina at Wilmington, Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University, and Winston-Salem State University, and the

constituent high school, the North Carolina School of Science and Mathematics.

- (5) "President" means the President of the University of North Carolina.
- (6) "Vending facilities" has the same meaning as it does in G.S. 111-42(d), but also means any mechanical or electronic device dispensing items or something of value or entertainment or services for a fee, regardless of the method of activation, and regardless of the means of payment, whether by coin, currency, tokens, or other means. (1971, c. 1244, s. 1; 1983 (Reg. Sess., 1984), c. 1034, s. 171; 1995 (Reg. Sess., 1996), c. 603, s. 1; 2006-66, s. 9.11(a); 2006-203, s. 39; 2008-192, s. 1.)

**§ 116-2.1. Repealed by Session Laws 1971, c. 1244, s. 1.**

Part 2. Organization, Governance and Property of the University.

**§ 116-3. Incorporation and corporate powers.**

The Board of Trustees of the University of North Carolina is hereby redesignated, effective July 1, 1972, as the "Board of Governors of the University of North Carolina." The Board of Governors of the University of North Carolina shall be known and distinguished by the name of "the University of North Carolina" and shall continue as a body politic and corporate and by that name shall have perpetual succession and a common seal. It shall be able and capable in law to take, demand, receive, and possess all moneys, goods, and chattels that shall be given for the use of the University, and to apply to same according to the will of the donors; and by gift, purchase, or devise to receive, possess, enjoy, and retain forever any and all real and personal estate and funds, of whatsoever kind, nature, or quality the same may be, in special trust and confidence that the same, or the profits thereof, shall be applied to and for the use and purpose of establishing and endowing the University, and shall have power to receive donations from any source whatever, to be exclusively devoted to the purposes of the maintenance of the University, or according to the terms of donation.

The corporation shall be able and capable in law to bargain, sell, grant, alien, or dispose of and convey and assure to the purchasers any and all such real and personal estate and funds as it may lawfully acquire when the condition of the grant to it or the will of the devisor does not forbid it; and shall be able and capable in law to sue and be sued in all courts whatsoever; and shall have power to open and receive subscriptions, and in general may do all such things as are usually done by bodies corporate and politic, or such as may be necessary for the promotion of learning and virtue. (1971, c. 1244, s. 1.)

**§ 116-3.3. Mediation matters.**

(a) Evidence of statements made and conduct occurring in a mediation of a personnel matter involving The University of North Carolina or a constituent institution shall not be subject to discovery and shall be inadmissible in any proceeding in any action on the same claim or any other claim, administrative or judicial, except in a proceeding to enforce a signed settlement agreement. Such evidence is not a public record under Chapter 132 of the General Statutes. Any evidence discoverable or admissible prior to the mediation shall remain discoverable and admissible, whether or not it is presented or discussed during mediation.

(b) No mediator, person training to become a mediator, nor participant in a mediation of a personnel matter involving The University of North Carolina or a constituent institution shall be

compelled to testify or produce evidence with respect to the mediation of the personnel matter in any civil proceeding, except to attest to the signing of any such agreement. (2004-154, s. 1.)

**§ 116-4. Constituent institutions of the University of North Carolina.**

The University of North Carolina shall be composed of the following institutions of higher education: the University of North Carolina at Chapel Hill, North Carolina State University at Raleigh, the University of North Carolina at Greensboro, the University of North Carolina at Charlotte, the University of North Carolina at Asheville, the University of North Carolina at Wilmington, Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State University, and the constituent high school, the North Carolina School of Science and Mathematics. (1971, c. 1244, s. 1; 1995 (Reg. Sess., 1996), c. 603, s. 2; 2006-66, s. 9.11(b); 2008-192, s. 2.)

**§ 116-4.1. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-5. Repealed by 2023 136, s. 11.1(a), effective October 10, 2023.**

**§ 116-6. Election and terms of members of Board of Governors.**

- (a) Members of the Board of Governors shall be elected as follows:
  - (1) Twelve members of the Board of Governors shall be elected by resolution of the House of Representatives. Six members shall be elected at the regular legislative session in 2025 and every two years thereafter.
  - (2) Twelve members of the Board of Governors shall be elected by the Senate. Six members shall be elected at the regular legislative session in 2025 and every two years thereafter. In electing members to the Board of Governors, the Senate shall select from a slate of candidates. The slate shall be prepared as provided by resolution of the Senate. If a sufficient number of nominees who are legally qualified are submitted, then the slate of candidates shall list at least twice the number of candidates for the total seats open. All qualified candidates shall compete against all other qualified candidates. The Senate shall hold its elections within 30 legislative days after appointments to its education committee are complete.
- (b) Repealed by Session Laws 2001-503, s. 1, effective December 19, 2001.
- (c) Repealed by Session Laws 2023-136, s. 11.1(b), effective October 10, 2023.
- (d) All terms shall commence on July 1 of odd-numbered years and all members shall serve for four-year overlapping terms.
- (e) No person may serve more than three full four-year terms. Service for a partial term to fill a vacancy as provided in G.S. 116-7 shall not count toward the three-term limitation.
- (f) Any person who has served at least one full term as chair of the Board of Governors shall be a member emeritus of the Board of Governors for one four-year term beginning at the expiration of that member's term. Members emeriti have all the rights and privileges of membership except they do not have a vote.

(g) Any person who has served at least one term as a member of the Board of Governors after having served as Governor of North Carolina shall be a member emeritus of the Board of Governors, with all the rights and privileges of membership as in G.S. 116-6(f). (1971, c. 1244, s. 1; 1987, c. 228; 1989, c. 274; 1991, c. 220, ss. 2, 3; c. 436, s. 1; 2001-503, s. 1; 2015-300, s. 1; 2017-1, s. 1; 2023-136, s. 11.1(b).)

**§ 116-6.1. Student member of the Board of Governors.**

(a) Commencing July 1, 1991, and during a person's continuance as a student in good standing at a constituent institution of The University of North Carolina, the person serving as president of the University of North Carolina Association of Student Governments (UNCASG) or the person's designee shall serve ex officio as a member of the Board of Governors. This student member shall be in addition to the 24 members elected to the Board of Governors.

(b) The student member shall have all the rights and privileges of membership, except that the student member shall not have a vote. (1991, c. 220, s. 1; 2017-1, ss. 2, 3; 2017-6, s. 3.)

**§ 116-7. General provisions concerning members of the Board of Governors.**

(a) All members of the Board of Governors shall be selected for their interest in, and their ability to contribute to the fulfillment of, the purposes of the Board of Governors, and all members shall be deemed members-at-large, charged with the responsibility of serving the best interests of the whole State. In electing members, the objective shall be to obtain the services of the citizens of the State who are qualified by training and experience to administer the affairs of The University of North Carolina. Members shall be selected based upon their ability to further the educational mission of The University through their knowledge and understanding of the educational needs and desires of all the State's citizens, and their economic, geographic, political, racial, gender, and ethnic diversity.

(b) No member of the General Assembly or officer or employee of the State, The University of North Carolina, or any constituent institution may be a member of the Board of Governors. No spouse of a member of the General Assembly, or of an officer or employee of The University of North Carolina, or of any constituent institution may be a member of the Board of Governors. Any member of the Board of Governors who is elected or appointed to the General Assembly or who becomes an officer or employee of the State or of any constituent institution or whose spouse is elected or appointed to the General Assembly or becomes an officer or employee of The University of North Carolina or of any constituent institution shall be deemed thereupon to resign from his membership on the Board of Governors.

(b1) Upon receipt of a referral from the State Ethics Commission in accordance with G.S. 138A-12(m) concerning a member of the Board of Governors, the principal clerk of the house of the General Assembly receiving the referral shall immediately refer the matter to the appropriate education committee of that house. That committee may recommend to that house a resolution providing for the removal of the Board member. If the committee's proposed resolution is adopted by a majority of the members present and voting of that house, the public servant shall be removed and the seat previously held by that Board member becomes vacant.

(c) Whenever any vacancy shall occur in the elected membership of the Board of Governors, it shall be the duty of the Board to inform the Speaker of the House of Representatives and the President of the Senate of the vacancy. The chamber that originally elected the vacating member shall elect a person to fill the vacancy. The vacancy shall remain unfilled until the appropriate chamber of the General Assembly elects a person to fill the vacancy.

The vacancy shall be filled not later than the adjournment sine die of the next regular session of the General Assembly. The election shall be for the remainder of the unexpired term. Whenever a member shall fail, for any reason other than ill health or service in the interest of the State or nation, to be present for four successive regular meetings of the Board, his place as a member shall be deemed vacant. (1971, c. 1244, s. 1; 1977, c. 875; 1982, Ex. Sess., c. 1, s. 1; 1991, c. 436, s. 2; 2001-503, s. 2; 2006-201, s. 2(b); 2007-278, s. 1; 2017-6, s. 3; 2018-146, ss. 3.1(a), (b), 6.1.)

**§ 116-8. Chairman, vice-chairman and secretary.**

The Board of Governors shall elect from its membership for two-year terms, and until their successors have been elected and qualified, a chairman, a vice-chairman and a secretary. No person may serve as chairman more than four years in succession. (1971, c. 1244, s. 1.)

**§ 116-9. Meetings of Board of Governors.**

The Board of Governors shall meet at stated times established by the Board, but not less frequently than six times a year. The Board of Governors shall also meet with the State Board of Education and the State Board of Community Colleges at least once a year to discuss educational matters of mutual interest and to recommend to the General Assembly such policies as are appropriate to encourage the improvement of public education at every level in this State; these joint meetings shall be hosted by the three Boards according to the schedule set out in G.S. 115C-11(b1). A quorum for the conduct of business shall consist of a majority of the members. (1971, c. 1244, s. 1; 1987 (Reg. Sess., 1988), c. 1102, s. 3.)

**§ 116-10. Committees.**

The Board of Governors shall have power to appoint from its own number committees which shall be clothed with such powers as the Board of Governors may confer. No committee may reverse a decision concerning policy taken by the Board of Governors at a regular meeting. (1971, c. 1244, s. 1.)

**§ 116-11. Powers and duties generally.**

The powers and duties of the Board of Governors shall include the following:

- (1) The Board of Governors shall plan and develop a coordinated system of higher education in North Carolina. To this end it shall govern the 16 constituent institutions, subject to the powers and responsibilities given in this Article to the boards of trustees of the institutions, and to this end it shall maintain close liaison with the State Board of Community Colleges, the Community Colleges System Office and the private colleges and universities of the State. The Board, in consultation with representatives of the State Board of Community Colleges and of the private colleges and universities, shall prepare and from time to time revise a long-range plan for a coordinated system of higher education, supplying copies thereof to the Governor, the members of the General Assembly, and the institutions. Statewide federal or State programs that provide aid to institutions or students of post-secondary education through a State agency, except those related exclusively to the community college system, shall be administered by the Board pursuant to any requirements of State or federal statute in order to insure that all activities are consonant with the State's long-range plan for higher education.

- (2) The Board of Governors shall be responsible for the general determination, control, supervision, management and governance of all affairs of the constituent institutions. For this purpose the Board may adopt such policies and regulations as it may deem wise. Subject to applicable State law and to the terms and conditions of the instruments under which property is acquired, the Board of Governors may acquire, hold, convey or otherwise dispose of, invest and reinvest any and all real and personal property, with the exception of any property that may be held by trustees of institutional endowment funds under the provisions of G.S. 116-36 or that may be held, under authority delegated by the Board of Governors, either by a board of trustees or by trustees of any other endowment or trust fund.
- (2a) The Board of Governors of The University of North Carolina may hire staff members deemed necessary by the Board to report directly to the Board. The Board of Governors shall determine the job titles, responsibilities, and salaries and benefits for all staff members hired by and reporting directly to the Board. Salaries and benefits for staff members hired pursuant to this subdivision shall be competitive with other positions of similar level and authority within The University of North Carolina System.
- When the Board of Governors hires a staff member pursuant to this subdivision, the Board shall submit a report within 60 days of the date of employment to the Joint Legislative Education Oversight Committee that provides at least the following information regarding the position: job title, description of the position, responsibilities that accompany the position, salary and benefits, and supervisor, if any, of the position.
- (3) The Board shall determine the functions, educational activities and academic programs of the constituent institutions. The Board shall also determine the types of degrees to be awarded. The powers herein given to the Board shall not be restricted by any provision of law assigning specific functions or responsibilities to designated institutions, the powers herein given superseding any such provisions of law. The Board, after adequate notice and after affording the institutional board of trustees an opportunity to be heard, shall have authority to withdraw approval of any existing program if it appears that the program is unproductive, excessively costly or unnecessarily duplicative. The Board shall review the productivity of academic degree programs every two years, using criteria specifically developed to determine program productivity.
- (3a) The Board of Governors shall direct each constituent institution to adopt a policy that authorizes a minimum of two excused absences each academic year for religious observances required by the faith of a student. The policy may require that the student provide written notice of the request for an excused absence a reasonable time prior to the religious observance. The policy shall also provide that the student shall be given the opportunity to make up any tests or other work missed due to an excused absence for a religious observance.
- (3b) The Board of Governors shall adopt a policy to be applied uniformly throughout The University of North Carolina to provide that any student enrolled in a constituent institution who is a National Guard service member placed onto State active duty status during an academic term shall be given an excused

- absence for the period of time the student is on active duty. The policy shall further provide all of the following:
- a. The student shall be given the opportunity to make up any test or other work missed during the excused absence.
  - b. The student shall be given the option, when feasible, to continue classes and coursework during the academic term through online participation for the period of time the student is placed on active duty.
  - c. The student shall be given the option of receiving a temporary grade of "incomplete (IN)" or "absent from the final exam (AB)" for any course that the student was unable to complete as a result of being placed on State active duty status; however, the student must complete the course requirements within the period of time specified by the constituent institution to avoid receiving a failing grade for the course.
  - d. The student shall be permitted to drop, with no penalty, any course that the student was unable to complete as a result of being placed on State active duty status.
- (3c) The Board of Governors shall adopt a policy requiring constituent institutions to be accredited in accordance with G.S. 116-11.4.
- (4) The Board of Governors shall elect officers as provided in G.S. 116-14. Subject to the provisions of section 18 of this act [Session Laws 1971, Chapter 1244, section 18], the Board shall also elect, on nomination of the President, the chancellor of each of the constituent institutions and fix his compensation. The President shall make his nomination from a list of not fewer than two names recommended by the institutional board of trustees.
- (4b) The Board of Governors shall encourage the constituent institutions to offer courses in American Sign Language as a modern foreign language.
- (4c) The Board of Governors shall require each constituent institution to develop and implement a policy that recognizes the Cherokee language as a language for which a student may satisfy the foreign language course requirement for degree completion at the institution.
- (5) The Board of Governors shall, on recommendation of the President and of the appropriate institutional chancellor, appoint and fix the compensation of all vice-chancellors, senior academic and administrative officers and persons having permanent tenure.
- (5a) [Expired.]
- (5b) The Board of Governors may by resolution provide that, until July 1, 1998, every president, vice-president, and other administrative officer of the University whom it elects and who is not subject to Chapter 126 of the General Statutes, and every chancellor, vice-chancellor, senior academic officer, senior administrative officer, and faculty member who serves a constituent institution or agency of the University and who is not subject to Chapter 126 of the General Statutes, shall retire on July 1 coincident with or next following his seventieth birthday, unless continued in service on a year-to-year basis in accordance with regulations adopted by the Board of Governors.
- (6) The Board shall approve the establishment of any new publicly supported institution above the community college level.

- (7) The Board shall set tuition and required fees at the institutions, not inconsistent with actions of the General Assembly.
- (7a) The Board of Governors shall develop a uniform core set of notification principles regarding the tuition surcharge, including a process for each campus to notify students and parents at orientation and through each semester's tuition statements, and a process to provide appropriate advance notification to a student when the student is approaching the credit hour limit regarding the tuition surcharge. The Board of Governors shall direct each constituent institution to implement these procedures.
- (8) The Board shall set enrollment levels of the constituent institutions.
- (8a) The Board of Governors, after consultation with representatives from nonpublic schools, including representatives of nonpublic schools operated under Parts 1 and 3 of Article 39 of Chapter 115C of the General Statutes, and after taking into consideration comments received from the Joint Legislative Education Oversight Committee, shall adopt a policy regarding uniform admissions requirements for applicants from nonpublic schools lawfully operated under Article 39 of Chapter 115C of the General Statutes. The policy shall not arbitrarily differentiate between applicants based upon whether the applicant attended a public or a lawfully operated nonpublic school.
- (8b) The Board of Governors shall adopt a policy that prohibits any constituent institution from soliciting or using information regarding the accreditation of a secondary school located in North Carolina that a person attended as a factor affecting admissions, loans, scholarships, or other educational activity at the constituent institution, unless the accreditation was conducted by a State agency. For purposes of this subdivision, the term 'accreditation' shall include certification or any other similar approval process.
- (9a) The Board of Governors shall develop, prepare and present to the Governor and the General Assembly a single, unified recommended budget for all of the constituent institutions of The University of North Carolina. The recommendations shall consist of requests in three general categories: (i) funds for the continuing operation of each constituent institution, (ii) funds for salary increases for employees exempt from the North Carolina Human Resources Act and (iii) funds requested without reference to constituent institutions, itemized as to priority and covering such areas as new programs and activities, expansions of programs and activities, increases in enrollments, increases to accommodate internal shifts and categories of persons served, capital improvements, improvements in levels of operation and increases to remedy deficiencies, as well as other areas. The president may present to the General Assembly an updated estimate of tuition, fees, and other receipts by June 15 of each year to be included in the budget for the following fiscal year.
  - a1. The Board of Governors shall provide full documentation and justification of any enrollment change funding request at the time it is recommended. This documentation and justification shall include the following:
    - 1. If the enrollment change funding request is based in whole or in part on enrollment growth, the most recent academic year's

actual enrollment numbers in the same format in which the growth increase request is made. The actual enrollment numbers shall be the actual student credit hours (SCH) or full-time equivalencies (FTE).

2. If the enrollment change funding request is based in whole or in part on one or more metrics other than enrollment growth, including student performance, identification of any metric used, and the portion of the funding request based on that metric for each constituent institution.
- b. Funds for the continuing operation of each constituent institution shall be appropriated directly to the institution. Funds for salary increases for employees exempt from the North Carolina Human Resources Act shall be appropriated to the Board in a lump sum for allocation to the institutions. Funds for the third category in paragraph a of this subdivision shall be appropriated to the Board in a lump sum for allocation to the institutions. The Board shall make allocations among the institutions in accordance with the Board's schedule of priorities and any specifications in the Current Operations Appropriations Act. When both the Board and the Director of the Budget deem it to be in the best interest of the State, funds in the third category may be allocated, in whole or in part, for other items within the list of priorities or for items not included in the list. Provided, nothing herein shall be construed to allow the General Assembly, except as to capital improvements, to refer to particular constituent institutions in any specifications as to priorities in the third category.
  - c. The Director of the Budget may, on recommendation of the Board, authorize transfer of appropriated funds from one institution to another to provide adjustments for over or under enrollment or may make any other adjustments among institutions that would provide for the orderly and efficient operation of the institutions.
  - d. Repealed by Session Laws 1987, c. 795, s. 27.
  - e. For the purposes of allocating enrollment funding to constituent institutions of The University of North Carolina, beginning with the 2021-2022 fiscal year, the Board of Governors shall allocate funds each fiscal year to constituent institutions on the same basis as full-time students enrolled in a curriculum program for up to 100 resident full-time students enrolled in either a four-semester or eight-semester certificate accomplishment program approved by the United States Department of Education as a Comprehensive Transition Program (CTP) pursuant to the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f – 1140i. If more than 100 resident full-time students are enrolled in CTPs at constituent institutions in any academic year, the Board of Governors shall allocate funds to each eligible constituent institution on a pro rata basis.
  - f. Digital learning student credit hours provided with the support of a nonprofit corporation established by The University of North Carolina

System Office pursuant to G.S. 116-30.20 shall not be included in an enrollment change funding request under sub-subdivision a1. of this subdivision.

- (9a) The Board of Governors shall report to the Joint Legislative Education Oversight Committee and the Office of State Budget and Management by March 1 of each year regarding the sum of facilities and administrative fees and overhead receipts for The University of North Carolina that are collected and expended by each constituent institution. The report shall include all of the following information:
- a. The collection of facilities and administrative fees and overhead receipts by grant or program.
  - b. The use of facilities and administrative fees and overhead receipts showing expenditures by grant or program.
  - c. The sum of facilities and administrative fees and overhead receipts collected or expended by each constituent institution for maintenance and operation of facilities that were constructed with or at any time operated by funds from the General Fund.
- (9b) The Board of Governors shall report by March 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:
- a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.
  - b. Budget allocations and reductions, including for operating expenses and specific programs.
  - c. Distribution of additional State allocations for enrollment funding.
  - d. Use of State funds and budget flexibility.
  - e. Availability of federal funds.
  - f. Tuition and fees.
  - g. Composition of the student population at the institution, including headcount enrollment and full-time student enrollment for both undergraduate and graduate students, and aggregate data on residency status, median household income, gender, race, and ethnicity.
  - h. Student retention and graduation rates.
  - i. Postsecondary educational attainment rate at the institution, including comparison to statewide data.
  - j. A comparison to prior fiscal year expenditures and appropriations.
  - k. The total amount of mandatory student fee revenue collected by institution and fee type.

- l. Any source of student auxiliary revenue that represents greater than ten percent (10%) of the overall student auxiliary revenue by institution and revenue type.
  - m. Any source of sales revenue that represents greater than ten percent (10%) of the overall sales revenue by institution and sales revenue type.
- (9c) The Board shall adopt a policy that requires all constituent institutions to evaluate the following when acquiring technology, computer hardware, and software:
- a. The long-term cost of ownership, including costs of repairing the technology, computer hardware, or software.
  - b. Any flexibility for innovation during the life of the technology, computer hardware, or software.
  - c. Any anticipated resale or salvage value at the end of the target life cycle for the technology, computer hardware, or software based on the average resale or salvage value of similar technology, computer hardware, or software as a percentage of the initial cost of purchase.
- (10) The Board shall collect and disseminate data concerning higher education in the State. To this end it shall work cooperatively with the Community Colleges System Office and shall seek the assistance of the private colleges and universities. It may prescribe for the constituent institutions such uniform reporting practices and policies as it may deem desirable.
- (10a) The Board of Governors, the State Board of Community Colleges, and the State Board of Education, in consultation with nonprofit postsecondary educational institutions shall plan a system to provide an exchange of information among the public schools and institutions of higher education to be implemented no later than June 30, 1995. As used in this section, "institutions of higher education" shall mean (i) public higher education institutions defined in G.S. 116-143.1(a)(3), and (ii) those nonprofit postsecondary educational institutions as described in G.S. 116-280 that choose to participate in the information exchange. The information shall include:
- a. The number of high school graduates who apply to, are admitted to, and enroll in institutions of higher education;
  - b. College performance of high school graduates for the year immediately following high school graduation including each student's: need for remedial coursework at the institution of higher education that the student attends; performance in standard freshmen courses; and continued enrollment in a subsequent year in the same or another institution of higher education in the State;
  - c. The progress of students from one institution of higher education to another; and
  - d. Consistent and uniform public school course information including course code, name, and description.

The Department of Public Instruction shall generate and the local school administrative units shall use standardized transcripts in an automated format for applicants to higher education institutions. The standardized transcript shall include grade point average, class rank, end-of-course test scores, and uniform

- course information including course code, name, units earned toward graduation, and credits earned for admission from an institution of higher education. The grade point average and class rank shall be calculated by a standard method to be devised by the institutions of higher education.
- (10b) The Board of Governors of The University of North Carolina shall report to each community college and to the State Board of Community Colleges on the academic performance of that community college's transfer students.
  - (10c) The Board of Governors shall require each constituent institution to adhere fully to the Comprehensive Articulation Agreement between The University of North Carolina and the North Carolina Community College System that addresses the transfer of courses and academic credits between the two systems and the admission of transfer students. The Board of Governors shall further ensure that the agreement is applied consistently among the constituent institutions. The University of North Carolina and the North Carolina Community College System shall conduct biannual joint reviews of the Comprehensive Articulation Agreement to ensure that the agreement is fair, current, and relevant for all students and institutions and shall report their findings to the Joint Legislative Education Oversight Committee, including all revisions to the Comprehensive Articulation Agreement and reports of noncompliance by November 1 of each year. The University of North Carolina and the North Carolina Community College System shall also jointly develop an articulation agreement advising tool for students, parents, and faculty to simplify the course transfer and admissions process.
  - (11) The Board shall assess the contributions and needs of the private colleges and universities of the State and shall give advice and recommendations to the General Assembly to the end that the resources of these institutions may be utilized in the best interest of the State.
  - (12) The Board shall give advice and recommendations concerning higher education to the Governor, the General Assembly, and the boards of trustees of the institutions.
  - (12a) Repealed by Session Laws 2013-226, s. 4, effective July 3, 2013, applicable beginning with the 2013-2014 school year.
  - (12b) The Board of Governors of The University of North Carolina shall designate the UNC programs that will comprise the UNC Center for School Leadership Development. The Board of Governors shall submit to the Governor and the General Assembly a single, unified recommended budget for the continued operation and expansion of the programs in the Center for School Leadership Development.
  - (12c) Repealed by Session Laws 2011-266, s. 1.41(b), effective June 23, 2011.
  - (12d) The Board of Governors shall provide a comprehensive annual report on educator preparation efforts at The University of North Carolina. The report shall include information about educator preparation and recruitment, initiatives to improve educator quality, student success measures, and strategic research and related efforts. The educator preparation report shall be due on October 15 of each year to the Joint Legislative Education Oversight

Committee. The Board shall provide a copy of the report to the State Board of Education.

- (12e) The Board of Governors shall develop and operate an anonymous tip line in accordance with G.S. 115C-105.51 for all public secondary schools, as defined in that section, operated under the control of the Board of Governors.
- (13) The Board may delegate any part of its authority over the affairs of any institution to the board of trustees or, through the President, to the chancellor of the institution in any case where such delegation appears necessary or prudent to enable the institution to function in a proper and expeditious manner. The Board may delegate any part of its authority over the affairs of The University of North Carolina to the President in any case where such delegation appears necessary or prudent to enable The University of North Carolina to function in a proper and expeditious manner. Any delegation of authority may be rescinded by the Board at any time in whole or in part.
- (13a) The Board of Governors may authorize the President to purchase commercial insurance of any kind to cover all risks or potential liability of the University, the Board of Governors, boards of trustees, other administrative or oversight boards, the President, the University benefit plan administrators, and employees of the University relating to the management, direction, and administration of University employee benefit plans, including the risks and potential liability related to benefit plan investments managed by the University.

Members of the Board of Governors, boards of trustees, other administrative and oversight boards, and employees of the University shall be considered State employees for purposes of Articles 31 and 31A of Chapter 143 of the General Statutes. To the extent that the President purchases commercial liability insurance coverage in excess of one hundred fifty thousand dollars (\$150,000) per claim for liability arising under Article 31 or 31A of Chapter 143 of the General Statutes, the provisions of G.S. 143-299.4 shall not apply. To the extent that the President purchases commercial insurance coverage for liability arising under Article 31 or 31A of Chapter 143 of the General Statutes, the provisions of G.S. 143-300.6(a) shall not apply.

The purchase of insurance by the President under this section shall not be construed to waive sovereign immunity or any other defense available to the University, the Board of Governors, boards of trustees, other administrative and oversight boards, the President, University benefit plan administrators, and employees of the University in an action or contested matter in any court, agency, or tribunal. The purchase of insurance by the President shall not be construed to alter or expand the limitations on claims or payments established in G.S. 143-299.2 or limit the right of the University, the Board of Governors, boards of trustees, other administrative or oversight boards, the President, University benefit plan administrators, and employees of the University to defense by the State as provided by G.S. 143-300.3.

- (13b) Notwithstanding G.S. 114-2.3, G.S. 147-17, or any other provision of law, the Board may authorize the President to designate legal counsel, including private counsel, as the President deems necessary to represent the interests of the Board, The University of North Carolina, any constituent institution, or officer

or employee of The University of North Carolina in any matter, case, or proceeding in or before any court or agency of this State, any other state, or the United States. The authority provided pursuant to this subdivision includes the discretion to designate whether legal representation in any given matter is provided by the Attorney General's office, attorneys employed on the legal affairs staff of The University of North Carolina, private counsel, or a combination thereof. In those instances when the President employs counsel in addition to or other than the Attorney General, the President may designate lead counsel to possess final decision-making authority with respect to the representation, counsel, or service for The University of North Carolina. Other counsel for The University of North Carolina shall, consistent with the Rules of Professional Conduct, cooperate with such designated lead counsel. The Board may authorize the expenditure of funds to hire private counsel to represent the Board, The University of North Carolina, and any constituent institution. G.S. 114-2.3(d), 143C-6-9(b), and 147-17(c1) shall not apply to these expenditures.

- (14) The Board shall possess all powers not specifically given to institutional boards of trustees. (1971, c. 1244, s. 1; 1979, c. 862, s. 8; c. 896, s. 13; 1979, 2nd Sess., c. 1130, s. 1; 1983, c. 163; c. 717, ss. 29, 30; c. 761, s. 113; 1983 (Reg. Sess., 1984), c. 1019, s. 2; 1985, c. 757, s. 152; 1985 (Reg. Sess., 1986), c. 955, ss. 23-27; 1987, c. 795, s. 27; 1991 (Reg. Sess., 1992), c. 880, ss. 2, 6; c. 1039, s. 25; 1993, c. 407, s. 2; 1993 (Reg. Sess., 1994), c. 677, s. 14; 1995, c. 288, s. 3; 1997-221, s. 12(b); 1997-240, s. 3; 1998-212, s. 11.12(a); 1999-84, s. 19; 2001-424, s. 31.4(b); 2005-276, s. 9.34(b); 2006-66, s. 9.17(a); 2006-95, s. 2.2; 2006-203, s. 40; 2007-154, s. 3(a); 2008-107, s. 9.8; 2008-204, s. 4.1; 2010-31, s. 9.3(a); 2010-112, s. 3; 2011-145, s. 9.18(g); 2011-266, s. 1.41(b); 2011-306, s. 1; 2012-142, ss. 9.4(a), (b), 9.15; 2013-72, s. 1; 2013-226, s. 4; 2013-322, s. 1; 2013-325, s. 2; 2013-360, s. 11.6(a); 2013-382, s. 9.1(c); 2017-57, ss. 6.7(h), 10.1; 2017-155, s. 1(a); 2018-5, s. 7.26(e); 2020-78, s. 3.1; 2020-97, ss. 3.5, 3.6; 2021-80, ss. 2.2(b), 2.4(d); 2021-180, s. 8.24(e); 2022-74, s. 8.1; 2023-132, s. 3.1(a); 2025-4, s. 2.1; 2025-46, s. 1.3(a); 2025-97, s. 2.3.)

**§ 116-11.1. Transferred to G.S. 116-37 by Session Laws 1971, c. 1244, s. 6.**

**§ 116-11.2. Duties regarding programs in education administration.**

The Board of Governors shall direct the constituent institutions with programs in education administration to revise the programs to reflect any increased standards required for programs approved by the State Board of Education, including new requirements for school-based leadership in the public schools. The Board of Governors shall monitor the programs and devise an assessment plan for all programs leading to certification in education administration. (1991, c. 689, s. 200(e).)

**§ 116-11.3. UNC admissions policy for early college graduates.**

(a) The Board of Governors of The University of North Carolina shall adopt a policy to require each constituent institution to offer to any student who graduated from a cooperative innovative high school program with an associate degree and who applies for admission to the

constituent institution the option of being considered for admission as a freshman or as a transfer student. The constituent institution shall also provide written information to the student regarding the consequences that accompany each option and any other relevant information that may be helpful to the student when considering which option to select.

(b) Beginning September 30, 2017, the Board of Governors shall report annually to the Joint Legislative Education Oversight Committee regarding the number of students who graduated from a cooperative innovative high school program with an associate degree and which option was chosen by those students when applying for admission to a constituent institution. (2015-241, s. 11.16(a), (b); 2017-68, s. 5(a).)

#### **§ 116-11.4. Accreditation.**

(a) Definitions. – The following definitions apply in this section:

- (1) Accreditation cycle. – The period of time during which a constituent institution of The University of North Carolina is accredited.
- (2) Accrediting agency. – An agency or association that accredits institutions of higher education.
- (2a) Institutional accrediting agency. – An accrediting agency that is recognized as an institutional accrediting agency by the United States Department of Education pursuant to 20 U.S.C. § 1099b.
- (3) Preferred accrediting agency. – An accrediting agency that meets all of the following criteria:
  - a. Is an institutional accrediting agency.
  - b. Is one of the following accrediting agencies:
    1. Commission for Public Higher Education.
    2. Higher Learning Commission.
    3. Middle States Commission on Higher Education.
    4. New England Commission on Higher Education.
    5. Northwest Commission on Colleges and Universities.
    6. Southern Association of Colleges and Schools Commission on Colleges.
    7. Western Association of Schools and Colleges Senior College and University Commission.

(b) Repealed by Session Laws 2025-92, s. 2.11(a), effective September 30, 2025.

(b1) Approved Accreditation Required. – A postsecondary constituent institution of The University of North Carolina shall maintain accreditation from a preferred accrediting agency. A postsecondary constituent institution of The University of North Carolina may also receive accreditation from an accrediting agency that is not a preferred accrediting agency as long as the postsecondary constituent institution continues to maintain its accreditation from a preferred accrediting agency.

(c) Repealed by Session Laws 2025-92, s. 2.11(a), effective September 30, 2025.

(d) Certain Programs Exempt. – The requirements of this section do not apply to professional, graduate, departmental, or certificate programs at constituent institutions that have specific accreditation requirements or best practices, including law, pharmacy, engineering, and other similar educational programs, as identified by the Board of Governors of The University of North Carolina.

(e) Cause of Action. – A constituent institution may bring a civil action, as follows:

- (1) Against any person who makes a false statement to the accrediting agency of the constituent institution, if all of the following criteria are met:
  - a. The statement, if true, would mean the constituent institution is out of compliance with its accreditation standards.
  - b. The person made the statement with knowledge that the statement was false or with reckless disregard as to whether it was false.
  - c. The accrediting agency conducted a review of the constituent institution as a proximate result of the statement.
  - d. The review caused the constituent institution to incur costs.
- (2) A constituent institution that prevails on a cause of action initiated pursuant to this subsection shall be entitled to the following:
  - a. Costs related to the review conducted by the accrediting agency, including for the following:
    1. Additional hours worked by university personnel.
    2. Contracted services, including outside legal counsel.
    3. Travel, lodging, and food expenses.
    4. Fees required by the agency.
  - b. Reasonable attorney fees.
  - c. Court costs. (2023-132, s. 3.1(b); 2025-92, s. 2.11(a).)

**§ 116-12. Property and obligations.**

All property of whatsoever kind and all rights and privileges held by the Board of Higher Education and by the Boards of Trustees of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State University, as said property, rights and privileges may exist immediately prior to July 1, 1972, shall be, and hereby are, effective July 1, 1972, transferred to and vested in the Board of Governors of the University of North Carolina. All obligations of whatsoever kind of the Board of Higher Education and of the Boards of Trustees of Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," Pembroke State University, redesignated effective July 1, 1996, as the "University of North Carolina at Pembroke", Western Carolina University and Winston-Salem State University, as said obligations may exist immediately prior to July 1, 1972, shall be, and the same hereby are, effective July 1, 1972, transferred to and assumed by the Board of Governors of the University of North Carolina. Any property, real or personal, held immediately prior to July 1, 1972, by a board of trustees of a constituent institution for the benefit of that institution or by the University of North Carolina for the benefit of any one or more of its six institutions, shall from and after July 1, 1972, be kept separate and distinct from other property held by the Board of Governors, shall continue to be held for the benefit of the institution or institutions that were previously the beneficiaries and shall continue to be held subject to the provisions of the respective instruments, grants or other means or process by which any property right was acquired. All property of whatsoever kind and

all rights and privileges held by the Board of Trustees of the North Carolina School of Science and Mathematics, as said property, rights and privileges may exist immediately prior to July 1, 2007, shall be and hereby are, effective July 1, 2007, transferred to and vested in the Board of Governors of The University of North Carolina. All obligations of whatsoever kind of the Board of Trustees of the North Carolina School of Science and Mathematics as said obligations may exist immediately prior to July 1, 2007, shall be, and the same hereby are, effective July 1, 2007, transferred to and assumed by the Board of Governors of The University of North Carolina. In case a conflict arises as to which property, rights or privileges were held for the beneficial interest of a particular institution, or as to the extent to which such property, rights or privileges were so held, the Board of Governors shall determine the issue, and the determination of the Board shall constitute final administrative action. Nothing in this Article shall be deemed to increase or diminish the income, other revenue or specific property which is pledged, or otherwise hypothecated, for the security or liquidation of any obligations, it being the intent that the Board of Governors shall assume said obligations without thereby either enlarging or diminishing the rights of the holders thereof. (1971, c. 1244, s. 1; 1995 (Reg. Sess., 1996), c. 603, s. 4; 2006-66, s. 9.11(c); 2008-192, s. 4.)

**§ 116-13. Powers of Board regarding property and services subject to general law.**

(a) The power and authority granted to the Board of Governors with regard to the acquisition, operation, maintenance and disposition of real and personal property and services shall be subject to, and exercised in accordance with, the provisions of Chapters 143 and 146 of the General Statutes and related sections of the North Carolina Administrative Code, except when a purchase is being made that is not covered by a State term contract and either:

- (1) The funds used to procure personal property or services are not moneys appropriated from the General Fund or received as tuition or, in the case of multiple fund sources, moneys appropriated from the General Fund or received as tuition do not exceed thirty percent (30%) of the total funds; or
- (2) The funds used to procure personal property or services are contract and grant funds or, in the case of multiple fund sources, the contract and grant funds exceed fifty percent (50%) of the total funds.

When a special responsibility constituent institution makes a purchase under subdivision (1) or (2) of this subsection, the requirements of Chapter 143, Article 3 shall apply, except the approval or oversight of the Secretary of Administration or the State Purchasing Officer is not required, regardless of dollar value.

(b) Special responsibility constituent institutions shall have the authority to purchase equipment, materials, supplies, and services from sources other than those certified by the Secretary of Administration on term contracts, subject to the following conditions:

- (1) The purchase price, including the cost of delivery, is less than the cost under the State term contract;
- (2) The items are the same or substantially similar in quality, service, and performance as items available under State term contracts;
- (3) The cost of the purchase shall not exceed the benchmark established under G.S. 116-31.10; and
- (4) The special responsibility constituent institution notifies the Department of Administration of purchases consistently being made under this provision so that State term contracts may be improved.

(c) With the prior approval of the President of The University of North Carolina, constituent institutions of The University of North Carolina may transfer personal property, including, without limitation, personal property of athletic departments, to another constituent institution of The University of North Carolina, including its athletic department, at no cost and without obtaining prior approval from the State Surplus Property Agency under Article 3A of Chapter 143 of the General Statutes or any other approval otherwise required by law. (1971, c. 1244, s. 1; 2003-228, s. 1; 2013-234, s. 6; 2023-66, s. 2.)

#### **§ 116-13.1. Capital facilities; reports.**

(a) The General Assembly finds that although The University of North Carolina is one of the State's most valuable assets, the current facilities of the University have been allowed to deteriorate due to decades of neglect and have unfortunately fallen into a state of disrepair because of inadequate attention to maintenance. It is the intent of the General Assembly to reverse this trend and to provide a mechanism to assure that the University's capital assets are adequately maintained. The General Assembly commits to responsible stewardship of these assets to protect their value over the years, as follows:

- (1) The Board of Governors of The University of North Carolina shall require each constituent and affiliated institution to monitor the condition of its facilities and their needs or repair and renovation, and to assure that all necessary maintenance is carried out within funds available.
- (2) Repealed by Session Laws 2012-142, s. 9.4(e), effective July 1, 2012.
- (3) It is the intent of the General Assembly to assure that adequate oversight, funding, and accountability are continually provided so that the capital facilities of the University are properly maintained to preserve the level of excellence the citizens of this State deserve. To this end, the Joint Legislative Education Oversight Committee shall report to the General Assembly annually its recommendations for legislative changes to implement this policy.

(b) Equity in University Improvements. – The Board of Governors of The University of North Carolina shall continue to study and monitor any inequities in funding for capital improvements and facilities needs which may still exist on North Carolina's Public Historically Black Colleges and Universities and North Carolina's Historically American Indian University, the University of North Carolina at Pembroke, beyond the funding of the projects provided for in this act, and shall report annually to the Joint Legislative Commission on Governmental Operations on any remaining inequities found, including recommendations as to how those inequities should be addressed.

(c) Repealed by Session Laws 2014-100, s. 36.6, effective July 1, 2014. (2000-3, ss. 1.1, 8; 2005-153, s. 2; 2011-145, s. 9.6C; 2012-142, s. 9.4(e); 2013-360, s. 36.10; 2014-100, s. 36.6.)

#### **§ 116-13.2. Report on University Fiscal Liabilities.**

The Board of Governors shall report on an annual basis to the Joint Legislative Commission on Governmental Operations on:

- (1) Any financing of buildings or other facilities, regardless of the ownership of those buildings or other facilities, located on land owned by The University of North Carolina or the constituent institutions of The University of North Carolina; and

- (2) All fiscal liabilities or contingent liabilities, including payments for debt service or other contractual arrangements, of The University of North Carolina or any constituent institution. (2002-126, s. 9.16.)

**§ 116-14. President and staff.**

(a) The Board shall elect a President of the University of North Carolina. The President shall be the chief administrative officer of the University.

(a1) The Board shall use the following process whenever the Board conducts a search for a President of The University of North Carolina:

- (1) At least three final candidates shall be submitted to the full Board from which the full Board shall make its selection for the President.
- (2) The Board shall conduct a vote on the selection of the President and the candidate shall receive a majority of votes of the entire Board in order to be elected President of The University of North Carolina.

(a2) The Board may appoint an interim President. Subsection (a1) of this section shall not apply to the appointment of an interim President under this subsection. The Interim President shall serve until the Board appoints a President of The University of North Carolina using the procedures specified in subsection (a1) of this section.

(b) The President shall be assisted by such professional staff members as may be deemed necessary to carry out the provisions of this Article, who shall be elected by the Board on nomination of the President. The Board shall fix the compensation of the staff members it elects. These staff members shall include a senior vice-president and such other vice-presidents and officers as may be deemed desirable. Provision shall be made for persons of high competence and strong professional experience in such areas as academic affairs, public service programs, business and financial affairs, institutional studies and long-range planning, student affairs, research, legal affairs, health affairs and institutional development, and for State and federal programs administered by the Board. In addition, the President shall be assisted by such other employees as may be needed to carry out the provisions of this Article, who shall be subject to the provisions of Chapter 126 of the General Statutes. The staff complement shall be established by the Board on recommendation of the President to insure that there are persons on the staff who have the professional competence and experience to carry out the duties assigned and to insure that there are persons on the staff who are familiar with the problems and capabilities of all of the principal types of institutions represented in the system. Subject to approval by the Board, the President may establish and abolish employment positions within the staff complement authorized by this subsection in the manner of and under the conditions prescribed by G.S. 116-30.4 for special responsibility constituent institutions.

(b1) The President shall receive General Fund appropriations made by the General Assembly for continuing operations of The University of North Carolina that are administered by the President and the President's staff complement established pursuant to G.S. 116-14(b) in the form of a single sum to Budget Code 16010 of The University of North Carolina in the manner and under the conditions prescribed by G.S. 116-30.2. The President, with respect to the foregoing appropriations, shall have the same duties and responsibilities that are prescribed by G.S. 116-30.2 for the Chancellor of a special responsibility constituent institution. The President may establish procedures for transferring funds from Budget Code 16010 to the constituent institutions for nonrecurring expenditures. The President may identify funds for capital improvement projects

from Budget Code 16010, and the capital improvement projects may be established following the procedures set out in G.S. 143C-8-8 and G.S. 143C-8-9.

(b2) The President, in consultation with the State Auditor and the Director of the Office of State Human Resources, shall ascertain that the management staff and internal financial controls are in place and continue in place to successfully administer the additional authority authorized under G.S. 116-14(b1) and G.S. 116-30.3. All actions taken by the President pursuant to G.S. 116-14(b1) and G.S. 116-30.3 are subject to audit by the State Auditor.

(b3) The President shall have the authority to approve a reduction in force for positions subject to the North Carolina Human Resources Act in accordance with the reduction in force policies of the Office of State Human Resources without further approval by any other State agency. The President may delegate this authority to approve a reduction in force to a chancellor of a constituent institution. The authority to approve a reduction in force may include reorganization and payment of severance with non-State funds. The President and any chancellor of a constituent institution who approves a reduction in force pursuant to this section shall comply with the following:

- (1) Submit an annual informational report to the Office of State Human Resources on all approved reductions in force, reorganizations, and severance payments for employees who are subject to the North Carolina Human Resources Act under this section.
- (2) If State funds are used for payment of severance in connection with a reduction in force under this section, the payment of the severance shall be subject to any required preapproval by the Office of State Budget and Management.

(c) The President, with the approval of the Board, shall appoint an advisory committee composed of representative presidents of the private colleges and universities and may appoint such additional advisory committees as are deemed necessary or desirable. (1971, c. 1244, s. 1; 1999-237, s. 10.14(b); 2000-140, s. 26; 2006-203, s. 41; 2007-117, s. 1; 2013-382, s. 9.1(c); 2014-100, s. 11.17(b); 2015-300, s. 1.5; 2021-80, s. 6.)

#### **§ 116-15. Licensing of certain nonpublic post-secondary educational institutions.**

(a1) The General Assembly of North Carolina in recognition of the importance of higher education and of the particular significance attached to the personal credentials accessible through higher education and in consonance with statutory law of this State making unlawful any "unfair or deceptive acts or practices in the conduct of any trade or commerce," hereby declares it the policy of this State that all institutions conducting post-secondary degree activity in this State that are not subject to Chapter 115 or 115D of the General Statutes, nor some other section of Chapter 116 of the General Statutes shall be subject to licensure under this section except as the institution or a particular activity of the institution may be exempt from licensure by one or another provision of this section.

(a2) Definitions. – As used in this section the following terms are defined as set forth in this subsection:

- (1) "Post-secondary degree". – A credential conferring on the recipient thereof the title of "Associate", "Bachelor", "Master", or "Doctor", or an equivalent title, signifying educational attainment based on (i) study, (ii) a substitute for study in the form of equivalent experience or achievement testing, or (iii) a combination of the foregoing; provided, that "post-secondary degree" shall not include any honorary degree or other so-called "unearned" degree.

- (2) "Institution". – 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 post-secondary degree activity.
- (3) "Post-secondary degree activity". – Any of the following is "post-secondary degree activity":
  - a. Awarding a post-secondary degree.
  - b. 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 be awarded therefor, at least in part, a post-secondary degree.
- (4) "Publicly registered name". – 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.
- (5) "Board". – The Board of Governors of The University of North Carolina.

(b) Required License. – No institution subject to this section shall undertake post-secondary degree activity in this State, whether through itself or through an agent, unless the institution is licensed as provided in this section to conduct post-secondary degree activity or is exempt from licensure under this section as hereinafter provided.

(c) Exemption from Licensure. – Any institution that has been continuously conducting post-secondary 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 under this section upon presentation to the Board of information acceptable to the Board to substantiate such post-secondary degree activity and public registration of the institution's names. Any institution that, pursuant to a predecessor statute to this subsection, 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.

(d) Exemption of Institutions Relative to Religious Education. – Notwithstanding any other provision of this section, no institution shall be subject to licensure under this section with respect to post-secondary 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 under this subsection.

(e) Post-secondary Degree Activity within the Armed Forces of the United States. – To the extent that an institution undertakes post-secondary 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, the institution shall be exempt from the licensure requirements of this section.

(f) Standards for Licensure. – To receive a license to conduct post-secondary degree activity in this State, an institution shall satisfy the Board that the institution has met the following standards:

- (1) That the institution is 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;
- (2) That the institution has been conducting post-secondary 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 has been conducting with enrolled students, for a like period in this State or some other state or sovereignty, post-secondary educational activity not related to a post-secondary degree; provided, that an institution may be temporarily relieved of this standard under the conditions set forth in subsection (i), below;
- (3) That the substance of each course or program of study, equivalent experience, or achievement test is such as may reasonably and adequately achieve the stated objective for which the study, experience, or test is offered or to be certified as successfully completed;
- (4) That the institution has adequate space, equipment, instructional materials, and personnel available to it to provide education of good quality;
- (5) That the education, experience, and other qualifications of directors, administrators, supervisors, and instructors are such as may reasonably insure that the students will receive, or will be reliably certified to have received, education consistent with the stated objectives of any course or program of study, equivalent experience, or achievement test offered by the institution;
- (6) That the institution provides 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; and that such information is provided to prospective students prior to enrollment;
- (7) That upon satisfactory completion of study, equivalent experience, or achievement test, the student is given appropriate educational credentials by the institution, indicating that the relevant study, equivalent experience, or achievement testing has been satisfactorily completed by the students;
- (8) That records are maintained by the institution adequate to reflect the application of relevant performance or grading standards to each enrolled student;
- (9) That the institution is 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;
- (10) That the institution is financially sound and capable of fulfilling its commitments to students and that the institution has provided a bond as provided in subsection (f1) of this section;

- (11) That the institution, through itself or those with whom it may contract, does not engage in promotion, sales, collection, credit, or other practices of any type which are false, deceptive, misleading, or unfair;
  - (12) That the chief executive officer, trustees, directors, owners, administrators, supervisors, staff, instructors, and employees of the institution have no record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution;
  - (13) That the student housing owned, maintained, or approved by the institution, if any, is appropriate, safe, and adequate;
  - (14) That the institution has a fair and equitable cancellation and refund policy; and
  - (15) That no person or agency with whom the institution contracts has a record of unprofessional conduct or incompetence that would reasonably call into question the overall quality of the institution.
- (f1) (1) A guaranty bond is required for each institution that is licensed. The Board may revoke the license of an institution that fails to maintain a bond pursuant to this subsection.

If the institution has provided a bond pursuant to G.S. 115D-95, the Board may waive the bond requirement under this subsection. The Board may not waive the bond requirement under this subsection if the applicant has provided an alternative to a guaranty bond under G.S. 115D-95(c).

- (2) When application is made for a license or license renewal, the applicant shall file a guaranty bond with the clerk of the superior court of the county in which the institution will be located. The bond shall be in favor of the students. The bond shall be executed by the applicant as principal and by a bonding company authorized to do business in this State. The bond shall be conditioned to provide indemnification to any student, or his parent or guardian, who has suffered a loss of tuition or any fees by reason of the failure of the institution to offer or complete student instruction, academic services, or other goods and services related to course enrollment for any reason, including the suspension, revocation, or nonrenewal of an institution's license, bankruptcy, foreclosure, or the institution ceasing to operate.

The bond shall be in an amount determined by the Board to be adequate to provide indemnification to any student, or his parent or guardian, under the terms of the bond. The bond amount for an institution shall be at least equal to the maximum amount of prepaid tuition held at any time during the last fiscal year by the institution. The bond amount shall also be at least ten thousand dollars (\$10,000).

Each application for a license shall include a letter signed by an authorized representative of the institution showing in detail the calculations made and the method of computing the amount of the bond, pursuant to this subdivision and the rules of the Board. If the Board finds that the calculations made and the method of computing the amount of the bond are inaccurate or that the amount of the bond is otherwise inadequate to provide indemnification under the terms of the bond, the Board may require the applicant to provide an additional bond.

The bond shall remain in force and effect until cancelled by the guarantor. The guarantor may cancel the bond upon 30 days notice to the Board.

Cancellation of the bond shall not affect any liability incurred or accrued prior to the termination of the notice period.

(g) Review of Licensure. – Any institution that acquires licensure under this section shall be subject to review by the Board to determine that the institution continues to meet the standard for licensure of subsection (f), above. Review of such licensure by the Board shall always occur if the institution is legally reconstituted, or if ownership of a preponderance of all the assets of the institution changes pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements, or if two years has elapsed since licensure of the institution was granted by the Board.

Notwithstanding the foregoing paragraph, if an institution has continued to be licensed under this section and continuously conducted post-secondary degree activity in this State under the same publicly registered name or series of publicly registered names since July 1, 1979, or for six consecutive years, whichever is the shorter period, and is accredited by an accrediting commission recognized by the Council on Post-Secondary Accreditation, such institution shall be subject to licensure review by the Board every six years to determine that the institution continues to meet the standard for licensure of subsection (f), above. However, should such an institution cease to maintain the specified accreditation, become legally reconstituted, have ownership of a preponderance of all its assets transferred pursuant to a single transaction or agreement or a recognizable sequence of transactions or agreements to a person or organization not licensed under this section, or fail to meet the standard for licensure of subsection (f), above, then the institution shall be subject to licensure review by the Board every two years until a license to conduct post-secondary degree activity and the requisite accreditation have been restored for six consecutive years.

(h) Denial and Revocation of Licensure. – Any institution seeking licensure under the provisions of this section that fails to meet the licensure requirements of this section shall be denied a license to conduct post-secondary degree activity in this State. Any institution holding a license to conduct post-secondary degree activity in this State that is found by the Board of Governors not to satisfy the licensure requirements of this section shall have its license to conduct post-secondary degree activity in this State revoked by the Board; provided, that the Board of Governors may continue in force the license of an institution deemed by the Board to be making substantial and expeditious progress toward remedying its licensure deficiencies.

(i) Regulatory Authority in the Board. – The Board shall have authority to establish such rules, regulations, and procedures as it may deem necessary or appropriate to effect the provisions of this section. Such rules, regulations, and procedures may include provision for the granting of an interim permit to conduct post-secondary degree activity in this State to an institution seeking licensure but lacking the two-year period of activity prescribed by subsection (f)(2), above.

(j) Enforcement Authority in the Attorney General. – The Board shall call to the attention of the Attorney General, for such action as he may deem appropriate, any institution failing to comply with the requirements of this section.

(k) Severability. – The provisions of this section are severable, and, if any provision of this section is declared unconstitutional or invalid by the courts, such declaration shall not affect the validity of the section as a whole or any provision other than the provision so declared to be unconstitutional or invalid. (1971, c. 1244, s. 1; 1973, c. 1331, s. 3; 1975, c. 268; 1977, c. 563, ss. 1-4; 1979, c. 896, s. 13; 1979, 2nd Sess., c. 1130, s. 1; 1983 (Reg. Sess., 1984), c. 1006; 1989 (Reg. Sess., 1990), c. 824, s. 2; 1997-456, s. 27; 2011-183, s. 81.)

**§ 116-16. Tax exemption.**

The lands and other property belonging to the University of North Carolina shall be exempt from all kinds of public taxation. (Const., art. 5, s. 5; 1789, c. 306, s. 3; P.R.; R.S., vol. 2, p. 428; Code, s. 2614; Rev., s. 4262; C.S., s. 5783; 1971, c. 1244, s. 2.)

**§ 116-17. Purchase of annuity or retirement income contracts for faculty members, officers and employees.**

Notwithstanding any provision of law relating to salaries and/or salary schedules for the pay of faculty members, administrative officers, or any other employees of universities, colleges, constituent institutions, and other institutions of higher learning as named and set forth in this Article, and other State agencies qualified as educational institutions under section 501(c)(3) of the United States Internal Revenue Code, the governing boards of any such universities, colleges, constituent institutions, and other institutions of higher learning may authorize the business officer or agent of same to enter into annual contracts with any of the faculty members, administrative officers and employees of said institutions which provide for a reduction in salary below the total established compensation or salary schedule for a term of one year. The financial officer or agent shall use the funds derived from the reduction in the salary of the faculty member, administrative officer or employee to purchase a nonforfeitable annuity or retirement income contract for the benefit of said faculty member, administrative officer or employee of said universities, colleges and institutions. A faculty member, administrative officer or employee who has agreed to a salary reduction for this purpose shall not have the right to receive the amount of the salary reduction in cash or in any other way except the annuity or retirement income contract. Funds used for the purchase of an annuity or retirement income contract shall not be in lieu of any amount earned by the faculty member, administrative officer or employee before his election for a salary reduction has become effective. The agreement for salary reductions referred to herein shall be effected under any necessary regulations and procedures adopted by the various governing boards of the various institutions and on forms prepared by said governing boards. Notwithstanding any other provision of this section or law, the amount by which the salary of any faculty member, administrative officer or employee is reduced pursuant to this section shall not be excluded, but shall be included, in computing and making payroll deductions for social security and retirement system purposes, and in computing and providing matching funds for retirement system purposes.

In lieu of the annuity and related contracts provided for under this section, interests in custodial accounts pursuant to Section 401(f), Section 403(b)(7), and related sections of the Internal Revenue Code of 1986 as amended may be purchased for the benefit of qualified employees under this section with the funds derived from the reduction in the salaries of such employees. (1965, c. 365; 1971, c. 1244, s. 3; 1989, c. 526, s. 3; 2006-66, s. 9.11(d).)

**§ 116-17.1. Dependent care assistance program.**

The Board of Governors of The University of North Carolina is authorized to provide eligible employees of constituent institutions a program of dependent care assistance as available under Section 129 and related sections of the Internal Revenue Code of 1986, as amended. The Board of Governors may authorize constituent institutions to enter into annual agreements with employees who elect to participate in the program to provide for a reduction in salary. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the Board of Governors decide to contract with

a third party to administer the terms and conditions of a program of dependent care assistance, it may select a contractor only upon a thorough and completely competitive procurement process. (1989, c. 458, s. 3; 1991 (Reg. Sess., 1992), c. 1044, s. 14(d); 1993, c. 561, s. 42; 1993 (Reg. Sess., 1994), c. 769, s. 7.28A; 1997-443, s. 33.20(a); 1999-237, s. 28.27(a).)

#### **§ 116-17.2. Flexible Compensation Plan.**

Notwithstanding any other provisions of law relating to the salaries of employees of The University of North Carolina, the Board of Governors of The University of North Carolina is authorized to provide a plan of flexible compensation to eligible employees of constituent institutions for benefits available under Section 125 and related sections of the Internal Revenue Code of 1986 as amended. This plan shall not include those benefits provided to employees under Articles 1, 3B, and 6 of Chapter 135 of the General Statutes nor any vacation leave, sick leave, or any other leave that may be carried forward from year to year by employees as a form of deferred compensation. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered. In providing a plan of flexible compensation, the Board of Governors may authorize constituent institutions to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this section. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the Board of Governors decide to contract with a third party to administer the terms and conditions of a plan of flexible compensation as provided by this section, it may select such a contractor only upon a thorough and completely advertised competitive procurement process. (1989 (Reg. Sess., 1990), c. 1059, s. 3; 1991 (Reg. Sess., 1992), c. 1044, s. 14(h); 1993, c. 561, s. 42; 1993 (Reg. Sess., 1994), c. 769, s. 7.28A; 1997-443, s. 33.20(a); 1999-237, s. 28.27(a); 2013-292, s. 3.)

#### **§ 116-17.3: Repealed by Session Laws 2020-56, s. 1, effective June 30, 2020.**

#### **§ 116-18. Information Center established.**

The Board of Governors of the University of North Carolina, with the cooperation of other concerned organizations, shall establish, as a function of the Board, an Educational Opportunities Information Center to provide information and assistance to prospective college and university students and to the several institutions, both public and private, on matters regarding student admissions, transfers and enrollments. The public institutions shall cooperate with the Center by furnishing such nonconfidential information as may assist the Center in the performance of its duties. Similar cooperation shall be requested of the private institutions in the State.

An applicant for admission to an institution who is not offered admission may request that the institution send to the Center appropriate nonconfidential information concerning his application. The Center may, at its discretion and with permission of the applicant, direct the attention of the applicant to other institutions and the attention of other institutions to the applicant. The Center is authorized to conduct such studies and analyses of admissions, transfers and enrollments as may be deemed appropriate. (1971, c. 1086, s. 1; c. 1244, s. 4.)

#### **§ 116-19: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.**

#### **§ 116-20: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.**

**§ 116-21: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.**

**§ 116-21.1: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.**

**§ 116-21.2: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.**

**§ 116-21.3: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.**

**§ 116-21.4: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.**

**§ 116-21.5: Repealed by Session Laws 2009-451, s. 9.15(a), effective July 1, 2009.**

**§ 116-21.6: Repealed by Session Laws 2011-145, s. 9.14, effective July 1, 2011.**

**§ 116-22: Repealed by Session Laws 2011-145, s. 9.18(c), effective July 1, 2012.**

**§§ 116-22.1 through 116-25. Transferred to §§ 116A-3 to 116A-7 by Session Laws 1971, c. 1135, s. 2.**

**§ 116-25.1. Semester limitation on eligibility for The University of North Carolina need-based financial aid grants. [Repealed effective July 1, 2023 — see note]**

(a) Except as otherwise provided by this section, a student shall not receive a grant from The University of North Carolina Need-Based Financial Aid Program for more than 10 full-time academic semesters, or its equivalent if enrolled part-time, unless the student is enrolled in a program officially designated by the Board of Governors as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a need-based grant from The University of North Carolina Need-Based Financial Aid Program for more than 12 full-time academic semesters or its equivalent if enrolled part-time.

(b) Upon application by a student, the constituent institution may grant a waiver to the student who may then receive a grant for the equivalent of one additional full-time academic semester if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors shall establish policies and procedures to implement the waiver provided by this subsection. (2011-145, s. 9.11(a); 2013-360, s. 11.15(d); repealed by 2021-180, s. 8A.2(i), effective July 1, 2023.)

**§ 116-26. Transferred to § 116-43 by Session Laws 1971, c. 1244, s. 17.**

**§ 116-27. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-28: Repealed by Session Laws 1963, c. 448, s. 7.**

**§ 116-29: Repealed by Session Laws 1963, c. 448, s. 7.**

**§ 116-29.1. University Cancer Research Fund.**

(a) Fund. – The University Cancer Research Fund is established as a special revenue fund in the Office of the President of The University of North Carolina. Allocations from the fund shall be made in the discretion of the Cancer Research Fund Committee and shall be used only for the purpose of cancer research under UNC Hospitals, the Lineberger Comprehensive Cancer Center, or both.

(b) Effective July 1 of each calendar year, the funds remitted to the University Cancer Research Fund by the Secretary of Revenue from the tax on tobacco products other than cigarettes pursuant to G.S. 105-113.39D are appropriated for this purpose.

(c) Cancer Research Fund Committee. – The Cancer Research Fund Committee shall consist of five ex officio members and two appointed members. The five ex officio members shall consist of the following: (i) one member shall be the Chancellor of the University of North Carolina at Chapel Hill, (ii) one member shall be the Director of the Lineberger Comprehensive Cancer Center, (iii) one member shall be the Dean of the School of Medicine at The University of North Carolina, (iv) one member shall be the Dean of the School of Pharmacy at The University of North Carolina, and (v) one member shall be the Dean of the School of Public Health at The University of North Carolina. The remaining two members shall be appointed by a majority vote of the standing members of the Committee and shall be selected from persons holding a leadership position in a nationally prominent cancer program.

If any of the specified positions cease to exist, then the successor position shall be deemed to be substituted in the place of the former one, and the person holding the successor position shall become an ex officio member of the Committee.

(d) Chair. – The chair shall be the Chancellor of the University of North Carolina at Chapel Hill.

(e) Quorum. – A majority of the members shall constitute a quorum for the transaction of business.

(f) Meetings. – The Committee shall meet at least once in each quarter and may hold special meetings at any time and place at the call of the chair or upon the written request of at least a majority of its members.

(g) Report. – By November 1 of each year, the Cancer Research Fund Committee shall provide to the Joint Legislative Education Oversight Committee and to the Office of State Budget and Management an annual financial report which shall include the following components:

- (1) Accounting of expenditures of State funds related to strategic initiatives, development of infrastructure, and ongoing administrative functions.
- (2) Accounting of expenditures of extramural funds related to strategic initiatives, development of infrastructure, and ongoing administrative functions.
- (3) Measures of impact to the State's economy in the creation of jobs, intellectual property, and start-up companies.
- (4) Other performance measures directly related to the investment of State funds.
- (5) Accounting of any fund balances retained by the Fund, along with information about any restrictions on the use of these funds. (2007-323, s. 6.23(b); 2009-451, s. 27A.5(e); 2010-31, s. 9.12; 2011-145, ss. 6.11(c), 9.4; 2013-360, s. 6.4(d); 2021-180, s. 42.9(h).)

**§ 116-29.5: Repealed by Session Laws 2009-209, s. 3, effective June 29, 2009.**

**§ 116-30: Transferred to § 116-40 by Session Laws 1971, c. 1244, s. 9.**

Part 2A. Fiscal Accountability and Flexibility.

**§ 116-30.01: Recodified as G.S. 115C-296.4 by Session Laws 2006-66, s. 9.17(c), effective January 1, 2007.**

**§ 116-30.1. Special responsibility constituent institutions.**

The Board of Governors of The University of North Carolina, acting on recommendation made by the President of The University of North Carolina after consultation by him with the State Auditor, may designate one or more constituent institutions of The University as special responsibility constituent institutions. That designation shall be based on an express finding by the Board of Governors that each institution to be so designated has the management staff and internal financial controls that will enable it to administer competently and responsibly all additional management authority and discretion to be delegated to it. The Board of Governors, on recommendation of the President, shall adopt rules prescribing management staffing standards and internal financial controls and safeguards, including the lack of any significant findings in the annual financial audit by the State Auditor's Office, that must be met by a constituent institution before it may be designated a special responsibility constituent institution and must be maintained in order for it to retain that designation. These rules shall not be designed to prohibit participation by a constituent institution because of its size. These rules shall establish procedures for the President and his staff to review the annual financial audit reports, special reports, electronic data processing reports, performance reports, management letters, or any other report issued by the State Auditor's Office for each special responsibility constituent institution. The President shall take immediate action regarding reported weaknesses in the internal control structure, deficiencies in the accounting records, and noncompliance with rules and regulations. In any instance where significant findings are identified, the President shall notify the Chancellor of the particular special responsibility constituent institution that the institution must make satisfactory progress in resolving the findings, as determined by the President of The University, after consultation with the State Auditor, within a three-month period commencing with the date of receipt of the published financial audit report, any other audit report, or management letter. If satisfactory progress is not made within a three-month period, the President of The University shall recommend to the Board of Governors at its next meeting that the designation of the particular institution as a special responsibility constituent institution be terminated until such time as the exceptions are resolved to the satisfaction of the President of The University of North Carolina, after consultation with the State Auditor. However, once the designation as a special responsibility constituent institution has been withdrawn by the Board of Governors, reinstatement may not be effective until the beginning of the following fiscal year at the earliest. Any actions taken by the Board of Governors with respect to withdrawal or reinstatement of an institution's status as a special responsibility constituent institution shall be reported immediately to the Joint Legislative Education Oversight Committee.

The rules established under this section shall include review by the President, after consultation with the State Auditor, the Director of the Office of State Human Resources, and the Director of the Division of State Purchasing and Contracts in ascertaining whether or not a constituent institution has the management staff and internal financial controls to administer the additional authorities authorized under G.S. 116-30.2, 116-30.4, and 143-53.1. Such review and consultation must take

place no less frequently than once each biennium. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); 1996, 2nd Ex. Sess., c. 18, s. 7.4(k); 1997-71, s. 1; 2013-382, s. 9.1(c).)

### **§ 116-30.2. Appropriations to special responsibility constituent institutions.**

(a) All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of The University of North Carolina shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143C-6-4 and G.S. 120-76.1, each special responsibility constituent institution may expend monies from the overhead receipts special fund budget code and the General Fund monies so appropriated to it in the manner deemed by the Chancellor to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors. Special responsibility constituent institutions may transfer appropriations between budget codes. These transfers are considered certified even if as a result of agreements between special responsibility constituent institutions. The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions. The quarterly allotment procedure established pursuant to G.S. 143C-6-3 applies to the General Fund appropriations made for the current operations of each special responsibility constituent institution. All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions.

(b) Repealed by Session Laws 2006-66, s. 9.11(f), effective July 1, 2007. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); c. 769, s. 17.6(c); 1996, 2nd Ex. Sess., c. 18, s. 7.4(i); 1997-443, s. 10.8; 2001-449, s. 1; 2004-124, s. 9.6; 2006-66, ss. 9.8, 9.11(e), (f); 2006-203, s. 42; 2025-25, s. 14(a).)

### **§ 116-30.3. Reversions.**

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed two and one-half percent (2.5%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

The budget codes that may carry forward a General Fund current operations appropriations credit balance remaining at the end of each fiscal year pursuant to this section are the budget codes for each of the following:

- (1) Each special responsibility constituent institution.
  - (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill.
  - (3) University of North Carolina System Office Budget Code 16010.
- (b) Repealed by Session Laws 1998-212, s. 11(b).
- (c) Repealed by Session Laws 1998-212, s. 11(a).

- (d) Repealed by Session Laws 1998-212, s. 11(b).
- (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.
- (f) Funds carried forward pursuant to subsection (a) of this section may be used for one-time expenditures; provided, however, expenditures authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); 1995, c. 507, s. 15.16; 1997-443, s. 10.19; 1998-212, s. 11(a), (b); 1999-237, s. 10.14(a); 2006-203, s. 43; 2014-100, s. 11.17(a); 2018-12, s. 2; 2020-81, s. 4(h); 2021-180, s. 8.15.)

#### **§ 116-30.3A. Availability of excess receipts.**

Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts within The University of North Carolina realized in excess of budgeted levels shall be available, up to a maximum of ten percent (10%) above budgeted levels, for each Budget Code, in addition to appropriations to support the operations generating the receipts as approved by the Director of the Budget. (2006-203, s. 4; 2023-134, s. 4.10(d).)

#### **§ 116-30.3B. Energy conservation savings.**

(a) In addition to the funds carried forward under G.S. 116-30.3, the General Fund current operations appropriations credit balance remaining at the end of each fiscal year for utilities of a constituent institution that is energy savings realized from implementing an energy conservation measure shall be carried forward by the institution to the next fiscal year. Sixty percent (60%) of the energy savings realized shall be utilized for energy conservation measures by that institution. The use of funds under this section shall be limited to onetime capital and operating expenditures that will not impose additional financial obligations on the State. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code of each institution.

(b) It is the intent of the General Assembly that appropriations to the Board of Governors on behalf of a constituent institution not be reduced as a result of the institution's realization of energy savings. Instead, the General Assembly intends that the amount of appropriations be determined as if no energy savings had been realized. The Director of the Budget shall not decrease the recommended base budget requirements for utilities for constituent institutions by the amount of energy savings realized from implementing energy conservation measures, including savings achieved through a guaranteed energy savings contract.

(c) Constituent institutions shall submit biennial reports on the use of funds authorized pursuant to this section as required under G.S. 143-64.12.

(d) As used in this section, "energy savings," "guaranteed energy savings contract," and "energy conservation measure" have the same meaning as in G.S. 143-64.17. (2010-196, s. 1; 2011-145, s. 9.6D(c); 2014-100, s. 6.4(e); 2023-121, s. 5(b).)

#### **§ 116-30.4. Position management.**

The Chancellor of a special responsibility constituent institution, when he finds that to do so would help to maintain and advance the programs and services of the institution, may establish and abolish positions, acting in accordance with:

- (1) State personnel policies and procedures if these positions are subject to the North Carolina Human Resources Act and if the institution is operating under

- the terms of a Performance Agreement or a Decentralization Agreement authorized under Chapter 126 of the General Statutes; or
- (2) Policies and procedures of the Board of Governors if these positions are exempt from the North Carolina Human Resources Act.

The results achieved by establishing and abolishing positions pursuant to the conditions set forth in subdivision (1) of this section shall be subject to postauditing by the Office of State Human Resources. Implementation of personnel actions shall be subject to the availability of funds within the institution's current budget to fund the full annualized costs of these actions. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a); 2013-382, s. 9.1(c).)

**§ 116-30.5. Impact on education.**

The Board of Governors shall require each special responsibility constituent institution to include in its institutional effectiveness plan those assessment measures that are determined by the Board to be measures that will assure some standard measure of student learning and development in general undergraduate education at the special responsibility constituent institutions. The intent of this requirement is to measure the impact of G.S. 116-30.1 through G.S. 116-30.5, establishing and administering special responsibility constituent institutions, and their implementation on undergraduate student learning and development. (1991, c. 689, s. 206.2(a); 1993 (Reg. Sess., 1994), c. 591, s. 10(a).)

**§ 116-30.6: Repealed by Session Laws 2007-322, s. 6, effective July 30, 2007.**

**§ 116-30.7: Repealed by Session Laws 2021-80, s. 2.7, effective July 8, 2021.**

**§ 116-30.8. Special responsibility constituent institutions: annual audit by State Auditor.**

Each special responsibility constituent institution shall be audited annually by the State Auditor. The audit shall be provided to the Chancellor and Board of Trustees of the special responsibility institution, and the Board of Governors of The University of North Carolina. The audit shall also be included in the State's Comprehensive Annual Financial Report (CAFR).

The Board of Governors of The University of North Carolina shall ensure that all special responsibility constituent institutions are audited in accordance with this section. (2011-145, s. 9.16; 2012-142, s. 17.2; 2013-373, s. 2.)

**§ 116-30.9: Reserved for future codification purposes.**

**§ 116-30.10: Reserved for future codification purposes.**

**§ 116-30.11: Reserved for future codification purposes.**

**§ 116-30.12: Reserved for future codification purposes.**

**§ 116-30.13: Reserved for future codification purposes.**

**§ 116-30.14: Reserved for future codification purposes.**

**§ 116-30.15: Reserved for future codification purposes.**

**§ 116-30.16: Reserved for future codification purposes.**

**§ 116-30.17: Reserved for future codification purposes.**

**§ 116-30.18: Reserved for future codification purposes.**

**§ 116-30.19: Reserved for future codification purposes.**

Part 2B. Private, Nonprofit Corporations.

**§ 116-30.20. Establishment of private, nonprofit corporations.**

The Board of Governors of The University of North Carolina shall encourage the establishment of private, nonprofit corporations to support the constituent institutions of The University of North Carolina and The University System. The President of The University of North Carolina and the chancellors of the constituent institutions may assign employees to assist with the establishment and operation of a nonprofit corporation and may make available to the corporation office space, equipment, supplies, and other related resources; provided, the sole purpose of the corporation is to support The University of North Carolina or one or more of its constituent institutions.

The board of directors of each such private, nonprofit corporation shall secure and pay for the services of The University System's internal auditors or employ a certified public accountant to conduct an audit of the financial accounts of the corporation. The board of directors shall transmit to the Board of Governors a copy of the annual financial audit report of the private, nonprofit corporation. (2005-276, s. 9.22.)

Part 3. Constituent Institutions.

**§ 116-31. Membership of the boards of trustees.**

(a) Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 35, effective December 19, 2016. See editor's note for applicability.

(b) Effective July 1, 1972, a separate board of trustees shall be created for each of the following institutions: North Carolina State University at Raleigh, the University of North Carolina at Asheville, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at Greensboro, and the University of North Carolina at Wilmington.

(c) Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 35, effective December 19, 2016. See editor's note for applicability.

(d) Except as provided in G.S. 116-31.5, G.S. 116-31.7, and G.S. 116-65, each of the 16 institutions of higher education set out in G.S. 116-2(4) shall have board of trustees composed of 13 persons chosen as follows:

- (1) Eight elected by the Board of Governors.
- (2) Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 35, effective December 19, 2016. See editor's note for applicability.
- (2a) Four members appointed by the General Assembly under G.S. 120-121, two of whom shall be appointed upon the recommendation of the President Pro Tempore of the Senate and two of whom shall be appointed upon the recommendation of the Speaker of the House of Representatives.
- (3) The president of the student government ex officio.

The Board of Trustees of the North Carolina School of Science and Mathematics shall be established in accordance with G.S. 116-233.

(e) The term of office of all trustees, except the ex officio member, shall be four years, commencing on July 1 of odd-numbered years. In every odd-numbered year the Board of Governors shall elect four persons to each board of trustees and, except as provided in G.S. 116-31.5 and G.S. 116-31.7, the General Assembly shall appoint one person upon the recommendation of the President Pro Tempore of the Senate and one person upon the recommendation of the Speaker of the House of Representatives to each such board.

(f) In electing boards of trustees to serve commencing July 1, 1973, the Board of Governors shall designate four persons for four-year terms and four for two-year terms. The Governor, in making appointments of trustees to serve commencing July 1, 1973, shall designate two persons for four-year terms and two for two-year terms.

(g) Any person who has served two full four-year terms in succession as a member of a board of trustees shall, for a period of one year, be ineligible for election or appointment to the same board but may be elected or appointed to the board of another institution.

(h) No member of the General Assembly or officer or employee of the State, The University of North Carolina, or any constituent institution shall be eligible for election or appointment as a trustee. No spouse of a member of the General Assembly, or of an officer or employee of a constituent institution may be a trustee of that constituent institution. Any trustee who is elected or appointed to the General Assembly or who becomes an officer or employee of the State, The University of North Carolina, or any constituent institution or whose spouse is elected or appointed to the General Assembly or becomes an officer or employee of that constituent institution shall be deemed thereupon to resign from his or her membership on the board of trustees.

(i) No person may serve simultaneously as a member of a board of trustees and as a member of the Board of Governors. Any trustee who is elected or appointed to the Board of Governors shall be deemed to resign as a trustee effective as of the date that his or her term commences as a member of the Board of Governors.

(j) Whenever any vacancy shall occur in the membership of a board of trustees among those appointed by the General Assembly, it shall be the duty of the secretary of the board to inform the General Assembly of the existence of such vacancy, and the vacancy shall be filled as provided in G.S. 120-122, and whenever any vacancy shall occur among those elected by the Board of Governors, it shall be the duty of the secretary of the board to inform the Board of Governors of the existence of the vacancy, and the Board of Governors shall elect a person to fill the unexpired term. Whenever a member shall fail, for any reason other than ill health or service in the interest of the State or nation, to be present for three successive regular meetings of a board of trustees, his or her place as a member shall be deemed vacant. (1971, c. 1244, s. 1; 2006-66, s. 9.11(g); 2007-278, s. 2; 2008-192, s. 5; 2016-126, 4th Ex. Sess., s. 35; 2023-136, s. 12.1(a).)

#### **§ 116-31.5. North Carolina State University Board of Trustees.**

(a) Notwithstanding G.S. 116-31(d) and (e), all of the following shall apply to the North Carolina State University Board of Trustees:

- (1) The Board of Trustees shall be composed of 15 persons chosen as follows:
  - a. Eight members elected by the Board of Governors.
  - b. Six members appointed by the General Assembly under G.S. 120-121, three of whom shall be appointed upon the recommendation of the

President Pro Tempore of the Senate and three of whom shall be appointed upon the recommendation of the Speaker of the House of Representatives.

c. The president of the student government ex officio.

(2) Beginning July 1, 2025, and every four years thereafter, the General Assembly shall appoint one person upon the recommendation of the President Pro Tempore of the Senate and one person upon the recommendation of the Speaker of the House of Representatives to the Board of Trustees.

(3) Beginning July 1, 2027, and every four years thereafter, the General Assembly shall appoint two persons upon the recommendation of the President Pro Tempore of the Senate and two persons upon the recommendation of the Speaker of the House of Representatives to the Board of Trustees.

(b) Except as provided in this section, the requirements of G.S. 116-31 shall apply to the North Carolina State University Board of Trustees. (2023-136, s. 12.1(b).)

#### **§ 116-31.7. University of North Carolina at Chapel Hill Board of Trustees.**

(a) Notwithstanding G.S. 116-31(d) and (e), all of the following shall apply to the University of North Carolina at Chapel Hill Board of Trustees:

(1) The Board of Trustees shall be composed of 15 persons chosen as follows:

a. Eight members elected by the Board of Governors.

b. Six members appointed by the General Assembly under G.S. 120-121, three of whom shall be appointed upon the recommendation of the President Pro Tempore of the Senate and three of whom shall be appointed upon the recommendation of the Speaker of the House of Representatives.

c. The president of the student government ex officio.

(2) Beginning July 1, 2025, and every four years thereafter, the General Assembly shall appoint one person upon the recommendation of the President Pro Tempore of the Senate and one person upon the recommendation of the Speaker of the House of Representatives to the Board of Trustees.

(3) Beginning July 1, 2027, and every four years thereafter, the General Assembly shall appoint two persons upon the recommendation of the President Pro Tempore of the Senate and two persons upon the recommendation of the Speaker of the House of Representatives to the Board of Trustees.

(b) Except as provided in this section, the requirements of G.S. 116-31 shall apply to the University of North Carolina at Chapel Hill Board of Trustees. (2023-136, s. 12.1(c).)

#### **§ 116-31.10. Powers of Board regarding certain purchasing contracts.**

(a) Notwithstanding G.S. 143-53.1 or G.S. 143-53(a)(2), the expenditure benchmark for the President of The University of North Carolina or a special responsibility constituent institution with regard to competitive bid procedures and the bid value benchmark shall be an amount not greater than five hundred thousand dollars (\$500,000). The Board shall set the benchmark for the President and each institution from time to time. In setting the benchmark for the President or an institution in accordance with this section, the Board shall consider the overall capabilities including staff resources, purchasing compliance reviews, and audit reports of the President's

administrative staff or the institution. The Board shall also consult with the Director of the Division of Purchase and Contract and the Director of the Budget prior to setting the benchmark.

(b) If the President or a constituent institution has an expenditure benchmark greater than two hundred fifty thousand dollars (\$250,000), the President or constituent institution shall comply with this subsection for any purchase greater than the President's or institution's benchmark set by the Board but not greater than five hundred thousand dollars (\$500,000). The President or institution shall submit to the Division of Purchase and Contract for that Division's approval or other action deemed necessary by the Division a copy of all offers received and the President's or institution's recommendation of award or other action. Notice of the Division's decision shall be sent to the President or the institution. The President or institution shall then proceed with the award of contract or other action recommended by the Division. (1997-412, s. 1; 2003-312, s. 1; 2011-145, s. 9.6F(a); 2017-68, s. 4(a).)

**§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital improvements.**

(a) Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the Board shall, with respect to the design, construction, or renovation of buildings, utilities, and other property developments of The University of North Carolina requiring the estimated expenditure of public money of four million dollars (\$4,000,000) or less:

- (1) Conduct the fee negotiations for all design contracts and supervise the letting of all construction and design contracts.
- (2) Develop procedures governing the responsibilities of The University of North Carolina and its affiliated and constituent institutions to perform the duties of the Department of Administration and the Director or Office of State Construction under G.S. 133-1.1(d) and G.S. 143-341(3).
- (3) Develop procedures and reasonable limitations governing the use of open-end design agreements, subject to G.S. 143-64.34 and the approval of the State Building Commission.
- (4) Use existing plans and specifications for construction projects, where feasible. Prior to designing a project, the Board shall consult with the Department of Administration on the availability of existing plans and specifications and the feasibility of using them for a project.

(b) The Board may delegate its authority under subsection (a) of this section to a constituent or affiliated institution if the institution is qualified under guidelines adopted by the Board and approved by the State Building Commission and the Director of the Budget.

(c) The University shall use the standard contracts for design and construction currently in use for State capital improvement projects by the Office of State Construction of the Department of Administration.

(d) A contract may not be divided for the purpose of evading the monetary limit under this section.

(e) Notwithstanding any other provision of this Chapter, the Department of Administration shall not be the awarding authority for contracts awarded pursuant to this section.

(f) The Board of Governors shall annually report to the State Building Commission the following:

- (1) A list of projects governed by this section.
- (2) The estimated cost of each project along with the actual cost.

- (3) The name of each person awarded a contract under this section.
- (4) Whether the person or business awarded a contract under this section meets the definition of "minority business" or "minority person" as defined in G.S. 143-128.2(g). (1997-412, s. 1; 2001-496, s. 8(a); 2005-300, ss. 1, 2; 2006-217, s. 2; 2022-74, s. 40.9(a).)

**§ 116-31.12. Acquisition and disposition of real property by lease.**

Notwithstanding G.S. 143-341(4), and in addition to the powers granted in G.S. 116-198.34(5), the Board of Governors may authorize the constituent institutions and The University of North Carolina System Office to acquire or dispose of real property by lease if the lease is for a term of not more than 10 years. The Board of Governors shall establish a policy for acquiring and disposing of an interest in real property for the use of The University of North Carolina and its constituent institutions by lease. This policy may delegate authorization of the acquisition or disposition of real property by lease to the boards of trustees of the constituent institutions or to the President of The University of North Carolina. The Board of Governors shall submit all initial policies adopted pursuant to this section to the State Property Office for review prior to adoption by the Board. Any subsequent changes to these policies adopted by the Board of Governors shall be submitted to the State Property Office for review. Any comments by the State Property Office shall be submitted to the President of The University of North Carolina. After the acquisition or disposition of an interest in real property by lease, The University of North Carolina shall promptly file a report concerning the acquisition or disposition to the Secretary of Administration. Acquisitions and dispositions of an interest in real property by lease pursuant to this section shall not be subject to the provisions of Article 36 of Chapter 143 of the General Statutes or to the provisions of Article 6 or 7 of Chapter 146 of the General Statutes. (2007-322, s. 9; 2012-142, s. 9.10(a); 2013-360, s. 11.10(b); 2013-363, s. 3.12; 2014-100, s. 36.7(b); 2018-12, s. 4.)

**§ 116-32. Officers and meetings of the boards of trustees.**

At the first meeting after June 30 of each year each board of trustees shall elect from its membership a chairman, a vice-chairman and a secretary. Each board of trustees shall hold not less than three regular meetings a year and may hold such additional meetings as may be deemed desirable. (1971, c. 1244, s. 1.)

**§ 116-33. Powers and duties of the boards of trustees.**

Each board of trustees shall promote the sound development of the institution within the functions prescribed for it, helping it to serve the State in a way that will complement the activities of the other institutions and aiding it to perform at a high level of excellence in every area of endeavor. Each board shall serve as advisor to the Board of Governors on matters pertaining to the institution and shall also serve as advisor to the chancellor concerning the management and development of the institution. The powers and duties of each board of trustees, not inconsistent with other provisions of this Article, shall be defined and delegated by the Board of Governors. (1971, c. 1244, s. 1.)

**§ 116-33.1. Board of trustees to permit recruiter access.**

If a board of trustees provides access to its buildings and campus and the student information directory to persons or groups which make students aware of occupational or educational options, the board of trustees shall provide access on the same basis to official recruiting representatives of

the military forces of the State and of the United States for the purpose of informing students of educational and career opportunities available in the military. (1981, c. 901, s. 3.)

**§ 116-33.2. Cooperative Extension Service employees.**

The Board of Trustees of North Carolina State University shall adopt personnel policies governing the employment of the employees of the North Carolina Cooperative Extension Service who are exempted from certain provisions of Chapter 126 of the General Statutes pursuant to G.S. 126-5(c1)(9a). (2007-195, s. 2.)

**§ 116-34. Duties of chancellor of institution.**

(a) The chancellor shall be the administrative and executive head of the institution and shall exercise complete executive authority therein, subject to the direction of the President. He shall be responsible for carrying out policies of the Board of Governors and of the board of trustees. As of June 30 of each year he shall prepare for the Board of Governors and for the board of trustees a detailed report on the operation of the institution for the preceding year.

(b) It shall be the duty of the chancellor to attend all meetings of the board of trustees and to be responsible for keeping the board of trustees fully informed on the operation of the institution and its needs.

(c) It shall be the duty of the chancellor to keep the President, and through him the Board of Governors, fully informed concerning the operations and needs of the institution. Upon request, he shall be available to confer with the President or with the Board of Governors concerning matters that pertain to the institution.

(d) Subject to policies prescribed by the Board of Governors and by the board of trustees, the chancellor shall make recommendations for the appointment of personnel within the institution and for the development of educational programs. (1971, c. 1244, s. 1.)

**§ 116-35. Electric power plants, campus school, etc.**

Institutions operating electric power plants and distribution systems as of October 30, 1971, are authorized to continue such operation and, after furnishing power to the institution, to sell any excess current to the people of the community at a rate or rates approved by the Utilities Commission. Any net profits derived from the operation, or any proceeds derived from the lease or sale, of such power plants and distribution systems are appropriated and shall be paid into the permanent endowment fund held for the institution as provided for in G.S. 116-36. Institutions operating or authorized to operate, as of October 30, 1971, water or sewer distribution systems, may continue to do so. Each of the institutions now operating a campus laboratory or demonstration school may continue to do so under the presently existing plan of operation, consistent with the appropriations made therefor. The provisions of this section shall not apply to the University Enterprises of the University of North Carolina at Chapel Hill, which shall continue to be governed in all respects as provided in Chapters 634 and 723 of the Session Laws of 1971, G.S. 116-41.1 through 116-41.12, and other applicable legislation. (1971, c. 1244, s. 1; 2006-203, s. 43.1.)

**§ 116-36. Endowment fund.**

(a) The board of trustees of each constituent institution shall establish and maintain, pursuant to such terms and conditions, uniformly applicable to all constituent institutions, as the

Board of Governors of the University of North Carolina may from time to time prescribe, an endowment fund for the constituent institution.

(b) It is not the intent of this section that the proceeds from any endowment fund shall take the place of State appropriations or any part thereof, but it is the intent of this section that those proceeds shall supplement the State appropriations to the end that the institution may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

(c) Pursuant to the foregoing subsections and consistent with the powers and duties prescribed in this section, each board of trustees shall appoint an investment board to be known as "The Board of Trustees of the Endowment Fund of \_\_\_\_\_" (here shall be inserted the name of the constituent institution).

(d) The trustees of the endowment fund may receive and administer as part of the endowment fund gifts, and devises and any other property of any kind that may come to them from the Board of Governors of the University of North Carolina or that may come to the trustees of the endowment fund from any other source, excepting always the monies received from State appropriations and from tuition and fees collected from students and used for the general operation of the institution.

(e) The trustees of the endowment fund shall be responsible for the prudent investment of the fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the endowment fund to be invested.

(f) In the process of prudent investment of the fund or to realize the statutory intent of the endowment, the board of trustees of the endowment fund may expend or use interest and principal of gifts, and devises; provided that, the expense or use would not violate any condition or restriction imposed by the original donor of the property which is to be expended or used. To realize the statutory intent of the endowment fund, the board of trustees of the endowment fund may transfer interest or principal of the endowment fund to the useful possession of the constituent institution; provided that, the transfer would not violate any condition or restriction imposed by the original donor of the property which is the subject of the proposed transfer.

(g) The trustees of the endowment fund shall have the power to buy, sell, lend, exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their credit or violating a lawful condition of receipt of the corpus into the endowment fund) any property, real or personal, with respect to the fund, in either public or private transaction, and in doing so they shall not be subject to the provisions of Chapters 143, 143C, and 146 of the General Statutes; provided that, any expense or financial obligation of the State of North Carolina created by any acquisition or disposition, by whatever means, of any real or personal property of the endowment fund shall be borne by the endowment fund unless authorization to satisfy the expense or financial obligation from some other source shall first have been obtained from the Director of the Budget.

(h) The Board of Governors of the University of North Carolina shall establish and maintain in a manner not inconsistent with the provisions of this section or with regulations established under this section an endowment fund for all endowment funds now held or hereafter acquired by the University of North Carolina for the benefit of the University as a whole, or for the joint benefit of any two or more constituent institutions of the University.

(i) The Board of Governors of the University of North Carolina shall establish and maintain in a manner not inconsistent with the provisions of this section or with regulations

established under this section an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Press.

(i1) The Board of Governors of the University of North Carolina shall establish and maintain in a manner not inconsistent with the provisions of this section or with regulations established under this section an endowment fund for all endowment funds now held or hereafter acquired for the benefit of the University of North Carolina Center for Public Media.

(j) Any gift or devise of real or personal property to a constituent institution of the University of North Carolina or to the University of North Carolina or to the University of North Carolina Press or to the University of North Carolina Center for Public Media shall be presumed, nothing to the contrary appearing, a gift or devise, as the case may be, to the endowment fund of the respective institution or agency.

(k) Whenever any property of an endowment fund authorized by this section is disposed of or otherwise transferred from the endowment fund, any instrument of transfer shall indicate that the donor, grantor, seller, lessor, lender, or transferor, as the case may be, is the board of trustees of the endowment fund.

(l) The proceeds and funds described by this section are appropriated and may be used only as provided by this section.

(m) Chapter 36E of the General Statutes applies to an endowment fund authorized by this section. (1971, c. 1244, s. 1; 1977, c. 506; 1979, c. 649, ss. 2, 3; 1983, c. 717, s. 31; 1985 (Reg. Sess., 1986), c. 955, ss. 28, 29; 2006-203, ss. 44, 44.1; 2009-8, s. 5; 2011-284, s. 83(a), (b), (c); 2019-139, s. 2.1(a).)

### **§ 116-36.1. Regulation of institutional trust funds.**

(a) The Board is responsible for the custody and management of the trust funds of the University of North Carolina and of each institution. The Board shall adopt uniform policies and procedures applicable to the deposit, investment, and administration of these funds which shall assure that the receipt and expenditure of such funds is properly authorized and that the funds are appropriately accounted for. The Board may delegate authority, through the president, to the respective chancellors of the institutions when such delegation is necessary or prudent to enable the institution to function in a proper and expeditious manner.

(b) Trust funds and investment earnings thereon, are available for expenditure by each institution without further authorization from the General Assembly.

(c) Repealed by Session Laws 2011-145, s. 9.6E(a), effective July 1, 2011.

(d) Trust funds are subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes but are not subject to the provisions of the State Budget Act except for capital improvements projects which shall be authorized and executed in accordance with G.S. 143C-8-8 and G.S. 143C-8-9.

(e) Each institution shall submit such reports or other information concerning its trust fund accounts as may be required by the Board or by the Director of the Budget.

(f) Trust funds or the investment income therefrom shall not take the place of State appropriations or any part thereof, but any portion of these funds available for general institutional purposes is appropriated and shall be used to supplement State appropriations to the end that the institution may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

(g) As used in this section, "trust funds" means:

- (1) Monies, or the proceeds of other forms of property, received by an institution as gifts or devises that are neither presumed nor designated to be gifts or devises to the endowment fund of the institution;
- (2) Moneys received by an institution pursuant to grants from, or contracts with, the United States government or any agency or instrumentality thereof;
- (3) Moneys received by an institution pursuant to grants from, or contracts with, any State agencies, any political subdivisions of the State, any other states or nations or political subdivisions thereof, or any private entities whereby the institution undertakes, subject to terms and conditions specified by the entity providing the moneys, to conduct research, training or public service programs, or to provide financial aid to students;
- (4) Moneys collected by an institution to support extracurricular activities of students of the institution;
- (5) Moneys received from or for the operation by an institution of activities established for the benefit of scholarship funds or student activity programs;
- (6) Moneys received from or for the operation by an institution of any of its self-supporting auxiliary enterprises, including institutional student auxiliary enterprise funds for the operation of housing, food, health, and laundry services;
- (7) Moneys received by an institution in respect to fees and other payments for services rendered by medical, dental or other health care professionals under an organized practice plan approved by the institution or under a contractual agreement between the institution and a hospital or other health care provider;
- (8) The net proceeds from the disposition effected pursuant to Chapter 146, Article 7, of any interest in real property owned by or under the supervision and control of an institution if the interest in real property had first been acquired by gift or devise or through expenditure of monies defined in this subsection (g) as "trust funds," except the net proceeds from the disposition of an interest in real property first acquired by the institution through expenditure of monies received as a grant from a State agency;
- (9) Moneys received from the operation and maintenance of institutional forests and forest farmlands, provided, that such moneys shall be used, when used, by the institution for support of forest-related research, teaching, and public service programs;
- (10) Moneys received from an activity authorized by G.S. 66-58(b)(8)m., n., and o.;
- (11) Moneys deposited to the State Education Assistance Authority Fund pursuant to G.S. 116-209.3;
- (12) Any other moneys collected by an institution as student fees previously approved by the Board of Governors.
- (13) Moneys received by an institution as tuition for digital learning programs provided with the support of a nonprofit corporation established by The University of North Carolina System Office pursuant to G.S. 116-30.20.

(h) The Board may authorize, through the President, that the chancellors may deposit or invest each institution's available trust fund cash balances in interest-bearing accounts and other investments as may be authorized by the Board in the exercise of its sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries. For any cash balances placed on deposit with a bank in the form of traditional demand or time deposits, such as

checking, savings, or certificate of deposit accounts, these cash balances shall be secured by deposit insurance, surety bonds, or investment securities satisfying the rules or regulations prescribed under G.S. 147-79.

(i) The cash balances on hand as of June 30, 1978, and all future receipts accruing thereafter, of funds identified in this section are hereby appropriated to the use of the University of North Carolina and its constituent institutions. (1977, 2nd Sess., c. 1136, s. 30; 1981, c. 529; 1983, c. 913, s. 19; 1989 (Reg. Sess., 1990), c. 936, s. 1(c); 2005-397, s. 3; 2006-203, s. 45; 2011-145, s. 9.6E(a); 2011-284, s. 84; 2012-142, s. 9.9; 2014-100, s. 11.4; 2015-241, s. 11.2; 2021-180, s. 8.24(f).)

#### **§ 116-36.2. Regulation of special funds of individual institutions.**

(a) Notwithstanding Chapter 143C or any provisions of law other than Article 5A of Chapter 147 of the General Statutes, the chancellor of each institution is responsible for the custody and management of the special funds of that institution. The Board shall adopt uniform policies and procedures applicable to the administration of these funds which shall assure that the receipt and expenditure of such funds is properly authorized and that the funds are appropriately accounted for. The special funds of individual institutions regulated by this section are appropriated and may be used only as authorized by this section.

(b) As used in this section, "special funds of individual institutions" means:

- (1) Moneys received from or for the operation by an institution of its program of intercollegiate athletics;
- (2) Moneys held by an institution as fiscal agent for individual students, faculty, staff members, and organizations. (1977, 2nd Sess., c. 1136, s. 31; 1983, c. 913, s. 19; 2006-203, s. 46.)

#### **§ 116-36.3: Repealed by Session Laws 1989 (Reg. Sess., 1990), c. 936, s. 1(b).**

#### **§ 116-36.4. Vending facilities.**

Each institution shall provide to the director of the Budget and the State Auditor such information as they may from time to time require concerning the use of net proceeds from operations of vending facilities for the previous fiscal year under G.S. 116-36.1. Net proceeds are appropriated and may be used only as authorized by the Board of Governors, but this section does not authorize expenditures for purposes not otherwise authorized by law. (1983 (Reg. Sess., 1984), c. 1034, s. 172; 1987, c. 738, s. 233(b); 1993, c. 406, s. 1; 1995, c. 507, s. 15.7; 2006-203, s. 46.1.)

#### **§ 116-36.5. Centennial Campus trust fund; Horace Williams Campus trust fund; Millennial Campuses' trust funds.**

(a) All moneys received through development of the Centennial Campus of North Carolina State University at Raleigh, from whatever source, including the net proceeds from the lease or rental of Centennial Campus real property, shall be placed in a special, continuing, and nonreverting trust fund having the sole and exclusive use for further development of the Centennial Campus, including its operational development. This fund shall be treated in the manner of institutional trust funds as provided in G.S. 116-36.1, and, like the institutional trust funds, is exempt from Chapter 143C, except for Article 8 of Chapter 143C of the General Statutes. This fund shall be deemed an additional and alternative method of funding the Centennial Campus and not an exclusive one. For purposes of this section the term "Centennial Campus" is defined by G.S.

116-198.33(4). To the extent that any general, special, or local law is inconsistent with this section, it is declared inapplicable to this section.

(b) All moneys received through development of the Horace Williams Campus of the University of North Carolina at Chapel Hill, from whatever source, including the net proceeds from the lease or rental of Horace Williams Campus real property, shall be placed in a special, continuing, and nonreverting trust fund having the sole and exclusive use for further development of the Horace Williams Campus, including its operational development. This fund shall be treated in the manner of institutional trust funds as provided in G.S. 116-36.1, and, like the institutional trust funds, is exempt from Chapter 143C, except for Article 8 of Chapter 143C of the General Statutes. This fund shall be deemed an additional and alternative method of funding the Horace Williams Campus and not an exclusive one. For purposes of this section the term "Horace Williams Campus" is defined by G.S. 116-198.33(4a). To the extent that any general, special, or local law is inconsistent with this section, it is declared inapplicable to this section.

(c) All moneys received through development of a Millennial Campus of a constituent institution of The University of North Carolina as defined by G.S. 116-198.33(4b), from whatever source, including the net proceeds from the lease or rental of real property on a Millennial Campus, shall be placed in a special, continuing, and nonreverting trust fund having the sole and exclusive use for further development of that Millennial Campus, including its operational development. This fund shall be treated in the manner of institutional trust funds as provided in G.S. 116-36.1, and, like the institutional trust funds, is exempt from Chapter 143C, except for Article 8 of Chapter 143C of the General Statutes. This fund shall be deemed an additional and alternative method of funding the Millennial Campus and not an exclusive one. To the extent that any general, special, or local law is inconsistent with this section, it is declared inapplicable to this section.

(d) The moneys described by this section are appropriated and may be used only as provided by this section.(1987, c. 790, s. 1; 1998-159, s. 1; 1999-234, s. 1; 2000-177, ss. 1, 2; 2006-203, s. 47.)

**§ 116-36.6. Repealed by Session Laws 2023-134, s. 4.10(a), effective October 3, 2023.**

**§ 116-36.7. Wake Forest Institute for Regenerative Medicine; profit sharing with State.**

(a) Wake Forest [Wake Forest University Health Sciences] shall reimburse the State for State funds appropriated for the Institute [Wake Forest Institute for Regenerative Medicine] under Section 11.12(a) of S.L. 2013-360 and in prior fiscal years by returning to the State five percent (5%) of the royalty revenue received by the Institute from commercialized projects arising under those research projects supported by the State funds, either through direct research support or through substantial utilization of the cGMP [current good manufacturing practices] facility not reimbursed through other funds ("Subject Projects"). Royalty revenue reimbursed to the State shall be subject to all of the following:

- (1) The total amount to be reimbursed to the State shall be limited to the aggregate amount of State funds allocated to Wake Forest for the Institute plus simple interest at the rate of four percent (4%) annually from the time of disbursement until reimbursement commences.
- (2) Wake Forest shall be entitled to deduct the expenses reasonably incurred in prosecuting, defending, and enforcing patent rights for the Subject Projects, except to the extent the expenses are recovered from a third party, before calculating the amount to be paid to the State.

- (3) Calculation of the payments to the State shall be based upon the formula provided in subsection (b) of this section.
  - (4) Payments shall be made to the State and used by the State in a manner consistent with federal law.
- (b) Wake Forest on behalf of the Institute shall annually calculate and remit reimbursement payments to the State based upon the following formula:
- (1) Payments to the State shall be based on that share of royalty revenue proportional to the State funds used for the Subject Project, which shall be calculated as the ratio of State funds to total funds used to support the Subject Project, based on budgets developed consistent with federal research funding accounting guidelines and including the fair market value of unreimbursed cGMP facility utilization.
  - (2) Wake Forest shall calculate net royalty revenue on a Subject Project-by-Subject-Project basis by deducting any expenses authorized under subdivision (a)(2) of this section from the total royalty revenue received from the Subject Project.
  - (3) Wake Forest shall multiply net royalty revenue by the support ratio calculated in subdivision (b)(1) of this section and then multiply the product by five percent (5%) to determine the State royalty share ("State Royalty Share").
  - (4) The State Royalty Share shall be remitted to the State unless the cumulative State Royalty Share payments have satisfied the total aggregate amount to be reimbursed as provided in subdivision (a)(1) of this section.
- (c) Wake Forest on behalf of the Institute shall comply with the following reporting requirements:
- (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Joint Legislative Oversight Committee on Health and Human Services on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources. The annual report shall include a report of royalty revenues generated from the Subject Projects.
  - (2) Provide to the Fiscal Research Division a copy of the Institute's annual audited financial statement within 30 days of issuance of the statement.
- (d) Remaining allotments after September 1 shall not be released to the Institute if the reporting requirements provided in subsection (c) of this section are not satisfied.
- (e) No more than one hundred twenty thousand dollars (\$120,000) in State funds shall be used for the annual salary of any one employee of the Institute. For purposes of this subsection, the term "State funds" means funds appropriated by the State to the Institute and interest earned on those funds.
- (f) No State funds shall be used by the Institute (i) to hire or facilitate the hiring of a lobbyist or any person performing the duties or activities of a lobbyist, without regard to the person's title; or (ii) to facilitate any lobbying efforts. (2013-360, s. 11.12(b)-(g); 2022-74, s. 8.2.)

**§ 116-37. Repealed by Session Laws 2023-134, s. 4.10(a), effective October 3, 2023.**

**§ 116-37.1. Center for public media.**

(a) The Board of Governors is hereby authorized and directed to establish "the University of North Carolina Center for Public Media" (hereinafter called "the Center"). It shall be the functions of the Center, through itself or agencies with whom it may contract, to provide research, development, and production of noncommercial educational and informational media programming, and program materials and communications; to provide distribution of noncommercial media programming and information through the broadcast facilities licensed to the University of North Carolina and other available distribution platforms and otherwise to enhance the uses of television, media, and related technology for public purposes.

(b) The Center shall have a board of trustees, to be named "the Board of Trustees of the University of North Carolina Center for Public Media" (hereinafter called "the Board of Trustees"). The Board of Governors is hereby authorized and directed to establish the Board of Trustees of the Center and to delegate to the Board of Trustees such powers and duties as the Board of Governors deems necessary or appropriate for the effective discharge of the functions of the Center; provided, that the Board of Governors shall not be deemed by the provisions of this section to have the authority to delegate any responsibility it may have as licensee of the broadcast facilities of the University of North Carolina.

- (1) The Board of Trustees of the University of North Carolina Center for Public Media shall be composed of the following membership: 11 persons appointed by the Board of Governors; four persons appointed by the Governor; two members appointed by the General Assembly, one upon the recommendation of the Speaker of the House of Representatives, and one upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121; and ex officio, the Secretary of Natural and Cultural Resources, the Secretary of the Department of Health and Human Services, the Secretary of the Department of Public Safety, the Superintendent of Public Instruction, the President of the Community College System, and the President of the University of North Carolina. In making initial appointments to the Board of Trustees, the Board of Governors shall designate six persons for two-year terms and five persons for four-year terms, and the Governor shall designate two persons for two-year terms and two persons for four-year terms. The initial members appointed to the Board of Trustees by the General Assembly shall serve for terms expiring June 30, 1983, and notwithstanding anything else in this section, their successors shall be appointed in 1983 and biennially thereafter for two year terms. Thereafter, the term of office of appointed members of the Board of Trustees of the Center shall be four years. In making appointments to the Board of Trustees the appointing authorities shall consider promoting diversity among the membership, to the end that, in meeting the responsibilities delegated to it, the Board of Trustees will reflect and be responsive to the diverse needs, interests, and concerns of the citizens of North Carolina.
- (2) No person shall be appointed to the Board of Trustees who is an employee of the State or of any constituent institution; a public officer of the State as defined in G.S. 147-1, 147-2, and 147-3(c); a member of the Board of Governors; a trustee of a constituent institution; or the spouse of any of the foregoing. Any appointed member of the Board of Trustees who after appointment becomes any of the foregoing shall be deemed to have resigned from the Board of Trustees.

- (3) Each ex officio member of the Board of Trustees shall personally serve on the Board of Trustees but may designate in writing a proxy for specified meetings which the ex officio member finds he or she is unable reasonably to attend.
- (4) Each appointive member of the Board of Trustees shall personally serve on the Board of Trustees without benefit of proxy. Any appointive member who fails, for any reason other than ill health or service in the interest of the State or the nation, to attend three consecutive regular meetings of the Board of Trustees, shall be deemed to have resigned from the Board of Trustees.
- (5) Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122. Other vacancies occurring during a term among the appointive membership of the Board of Trustees shall be filled for the remainder of the unexpired term by appointment of the original appointing authority for the vacant seat. The principal officer of the Board of Trustees shall promptly notify the Secretary of the University of North Carolina of the vacancy and the Secretary shall give written notice of the vacancy to the appropriate appointing authority.

(c) The chief administrative officer of the Center shall be a Director, who shall be elected by the Board of Governors upon recommendation of the President and who shall be responsible to the President. The Center shall have such other staff as the Board of Governors may authorize. (1979, c. 649, s. 1; 1981 (Reg. Sess., 1982), c. 1191, ss. 54, 55; 1987, c. 564, s. 33; 1995, c. 490, s. 61; 1997-443, s. 11A.118(a); 2015-241, s. 14.30(x); 2019-139, s. 2.1(b).)

**§ 116-37.2. Repealed by Session Laws 2023-134, s. 4.10(a), effective October 3, 2023.**

**§ 116-37.3. Personnel of Dental School Clinical Operations at the University of North Carolina at Chapel Hill.**

(a) UNC-CH Dental School Clinical Operations. – For purposes of this section, the term "UNC-CH Dental School Clinical Operations" refers to a division of the Adams School of Dentistry at the University of North Carolina at Chapel Hill that operates clinical programs and facilities in Chapel Hill, North Carolina, and across the State for the purpose of providing medical care to the general public and training dentists and other health care professionals.

(b) Personnel. – Employees of UNC-CH Dental School Clinical Operations shall be deemed to be employees of the State and shall be subject to all provisions of State law relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the provisions of Chapter 126 of the General Statutes shall not apply to employees of UNC-CH Dental School Clinical Operations, and the policies and procedures governing the terms and conditions of employment of such employees shall be adopted by the Board of Trustees of the University of North Carolina at Chapel Hill; provided, that with respect to such employees as may be members of the faculty of the University of North Carolina at Chapel Hill, no such policies and procedures may be inconsistent with policies established by, or adopted pursuant to delegation from, the Board of Governors of The University of North Carolina. Such policies and procedures shall be implemented on behalf of UNC-CH Dental School Clinical Operations by a personnel office maintained by the University of North Carolina at Chapel Hill. [The following provisions apply:]

- (1) The board of trustees shall fix or approve the schedules of pay, expense allowances, and other compensation, and adopt position classification plans for employees of UNC-CH Dental School Clinical Operations.
- (2) The board of trustees may adopt or provide for rules and regulations concerning, but not limited to, annual leave, sick leave, special leave with full pay, or with partial pay supplementing workers' compensation payments for employees injured in accidents arising out of and in the course of employment, working conditions, service awards, and incentive award programs, grounds for dismissal, demotion, or discipline, other personnel policies, and any other measures that promote the hiring and retention of capable, diligent, and effective career employees. However, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who has achieved career State employee status as defined by G.S. 126-1.1 by June 30, 2022, shall be subject to the rules regarding discipline or discharge that were effective on June 30, 2022, and shall not be subject to the rules regarding discipline or discharge adopted after June 30, 2022.
- (3) The board of trustees may prescribe the office hours, workdays, and holidays to be observed by the various offices and departments of UNC-CH Dental School Clinical Operations.
- (4) The board of trustees may establish boards, committees, or councils to conduct hearings upon the appeal of employees who have been suspended, demoted, otherwise disciplined, or discharged, to hear employee grievances, or to undertake any other duties relating to personnel administration that the board of trustees may direct.

The board of trustees shall submit all initial classification and pay plans, and other rules and regulations adopted pursuant to subdivisions (1) through (4) of this subsection, to the Office of State Human Resources for review upon adoption by the board. Any subsequent changes to these plans, rules, and policies adopted by the board shall be submitted to the Office of State Human Resources for review. Any comments by the Office of State Human Resources shall be submitted to the Chancellor of the University of North Carolina at Chapel Hill and the President of The University of North Carolina. (2022-74, s. 8.4(a).)

**§ 116-38. Child development research and demonstration center.**

(a) The Chapel Hill City Board of Education is authorized to enter into long-term agreements and contracts with the University of North Carolina for the purpose of providing for the establishment and operation of a child development research and demonstration center. The Board is additionally authorized to lease or transfer title to real and personal property, including buildings and equipment, with or without compensation, to the University for this purpose.

(b) If an elementary school meeting the requirements for accreditation established by the State Board of Education is operated in conjunction with the center such school shall receive financial support through the Chapel Hill City Board of Education from State, county, and administrative unit sources on the same basis as the other elementary schools in the Chapel Hill city administrative unit.

(c) All personnel of the center whose salaries are paid in whole or part from funds administered by the State Board of Education or the Chapel Hill City Board of Education, from

whatever sources derived, shall be employed only upon the mutual concurrence of the superintendent of the Chapel Hill city administrative unit and the director of the center. (1965, c. 690; 1971, c. 1244, s. 7.)

**§ 116-39. Agricultural research stations.**

The agricultural research stations shall be connected with North Carolina State University at Raleigh and shall be controlled by the Board of Governors of the University of North Carolina. (1907, c. 406, s. 12; C.S., s. 5825; 1963, c. 448, s. 9; 1965, c. 213; 1971, c. 1244, s. 8.)

**§§ 116-39.1 through 116-39.2. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-40. Board to accept gifts and congressional donations.**

The Board of Governors shall use, as in its judgment may be proper, for the purposes of the University and for the benefit of education in agriculture and mechanic arts, as well as in furtherance of the powers and duties now or which may hereafter be conferred upon such Board by law, any funds, buildings, lands, laboratories, and other property which may be in its possession. The Board of Governors shall have power to accept and receive on the part of the State, property, personal, real or mixed, and any donations from the United States Congress to the several states and territories for the benefit of agricultural experiment stations or the agricultural and mechanical colleges in connection therewith, and shall expend the amount so received in accordance with the acts of the Congress in relation thereto. (1907, c. 406, s. 6; C.S., s. 5816; 1963, c. 448, s. 8; 1971, c. 1244, s. 9.)

**§ 116-40.1. Land scrip fund.**

The Board of Governors shall own and hold the certificates of indebtedness, amounting to one hundred and twenty-five thousand dollars (\$125,000), issued for the principal of the land scrip fund, and the interest thereon shall be paid to them by the State Treasurer semiannually on the first day of July and January in each year for the purpose of aiding in the support of North Carolina State University at Raleigh in accordance with the act of the Congress approved July 2, 1862, entitled, "An act donating public lands to several states and territories which may provide colleges for the benefit of agriculture and mechanic arts." (1907, c. 406, s. 8; C.S., s. 5817; 1963, c. 448, s. 8; 1965, c. 213; 1971, c. 1244, s. 9.)

**§ 116-40.2. Authorization to purchase insurance in connection with construction and operation of nuclear reactors.**

In connection with the construction of, assembling of, use and operation of, any nuclear reactor now owned or hereafter acquired by it, North Carolina State University is hereby authorized and empowered to procure proper insurance against the hazards of explosion, implosion, radiation and any other special hazards unique to nuclear reactors, including nuclear fuel and all other components thereto. Further, North Carolina State University is authorized to enter into agreements with the United States Atomic Energy Commission prerequisite to licensing by that agency of nuclear reactors and to maintain as a part of such agreement or agreements appropriate insurance in amounts required by the Atomic Energy Commission of nuclear reactor licenses.

To the extent that North Carolina State University shall obtain insurance under the provisions of this section, it is hereby authorized and empowered to waive its governmental immunity from liability for damage to property or injury to or death to persons arising from the assembling,

construction of, use and operation of nuclear reactors. Such immunity shall be deemed to have been waived by the act of obtaining such insurance, but only to the extent that North Carolina State University is indemnified by such insurance.

Any contract of insurance purchased pursuant to this section must be issued by a company or corporation duly licensed and authorized to do a business of insurance in this State except to the extent that such insurance may be furnished by or through a governmental agency created for the purpose of insuring against such hazards or through reinsurance pools or associations established to insure against such hazards.

Any person sustaining property damage or personal injury may sue North Carolina State University for damages for injury arising out of the construction, assembly, use or operation of a nuclear reactor on the campus of the University in the Superior Court of Wake County, and to the extent that the University is indemnified by insurance, it shall be no defense to any such action that the University was engaged in the performance of a governmental or discretionary function of the University. In the case of death alleged to have been caused by the assembly, construction, use or operation of such nuclear reactor, the personal representative of the deceased person may bring such action.

Nothing in this section shall in any way affect any other actions which have been or may hereafter be brought under the Tort Claims Act against North Carolina State University, nor shall the provisions of this section in any way abrogate or replace the provisions of the Workers' Compensation Act. (1969, c. 1023; 1971, c. 1244, s. 10; 1991, c. 636, s. 3; 1993, c. 553, s. 33.)

**§ 116-40.3. Participation in sixth-year program of graduate instruction for superintendents, assistant superintendents, and principals of public schools.**

Notwithstanding any other provision of law or the regulations of any administrative agency the educational institutions of East Carolina University, North Carolina Central University, North Carolina Agricultural and Technical State University, Appalachian State University, and Western Carolina University, are hereby authorized and shall be eligible colleges to participate in the sixth-year program adopted by the State Board of Education February 4, 1965, to provide a minimum of 60 semester hours of approved graduate, planned, nonduplicating instruction not beyond the master's degree for the education of superintendents, assistant superintendents, and principals of public schools. The satisfactory completion of such program and instruction shall qualify a person for the same certificate and stipend as now provided for other eligible educational institutions. (1965, c. 632; 1967, c. 1038; 1969, c. 114, s. 1; c. 608, s. 1; 1971, c. 1244, s. 10.)

**§ 116-40.4. Repealed by Session Laws 2023-134, s. 4.10(a), effective October 3, 2023.**

**§ 116-40.5. Campus law enforcement agencies.**

(a) The Board of Trustees of any constituent institution of The University of North Carolina, the governing board of any teaching hospital affiliated with but not part of any constituent institution of The University of North Carolina, the Board of Directors of the University of North Carolina Health Care System, or the Board of Directors of the North Carolina Arboretum, may establish a campus law enforcement agency and employ campus police officers. Such officers shall meet the requirements of Article 1 of Chapter 17C of the General Statutes, shall take the oath of office prescribed by Article VI, Section 7 of the Constitution, and shall have all the powers of law enforcement officers generally. The territorial jurisdiction of a campus police officer shall include all property owned, leased to, managed, or controlled by the institution employing the

campus police officer and that portion of any public road or highway passing through such property or immediately adjoining it, wherever located.

(a) Any teaching hospital or the Board of Directors of the University of North Carolina Health Care System, having established a campus law enforcement agency pursuant to subsection (a) of this section, may assign its campus police officers to any other facility within its healthcare system's network. Campus police officers assigned to any other facility within its healthcare system's network pursuant to this subsection shall have the same authority and jurisdiction exclusively upon the premises of the assigned facility, but not upon any portion of any public road or highway passing through the property of the facility or immediately adjoining it, as a campus police officer assigned under subsection (a) of this section.

(b) The Board of Trustees of any constituent institution of The University of North Carolina, the governing board of any teaching hospital affiliated with but not part of any constituent institution of The University of North Carolina, the Board of Directors of the University of North Carolina Health Care System, or the Board of Directors of the North Carolina Arboretum, having established a campus law enforcement agency pursuant to subsection (a) of this section, may enter into joint agreements with the governing board of any municipality to extend the law enforcement authority of campus police officers into any or all of the municipality's jurisdiction and to determine the circumstances in which this extension of authority may be granted.

(c) The Board of Trustees of any constituent institution of The University of North Carolina, the governing board of any teaching hospital affiliated with but not part of any constituent institution of The University of North Carolina, the Board of Directors of the University of North Carolina Health Care System, or the Board of Directors of the North Carolina Arboretum, having established a campus law enforcement agency pursuant to subsection (a) of this section, may enter into joint agreements with the governing board of any county, and with the consent of the sheriff, to extend the law enforcement authority of campus police officers into any or all of the county's jurisdiction and to determine the circumstances in which this extension of authority may be granted.

(d) The Board of Trustees of any constituent institution of The University of North Carolina, the Board of Directors of the University of North Carolina Health Care System, or the Board of Directors of the North Carolina Arboretum, having established a campus law enforcement agency pursuant to subsection (a) of this section, may enter into joint agreements with the governing board of any other constituent institution of The University of North Carolina to extend the law enforcement authority of its campus police officers into any or all of the other institution's jurisdiction and to determine the circumstances in which this extension of authority may be granted. (1987, c. 671, s. 2; 1997-194, s. 1; 2001-397, s. 1; 2007-285, s. 1; 2020-74, s. 25; 2024-34, s. 13(a); 2024-57, s. 2A.7.)

**§ 116-40.6. Repealed by Session Laws 2023-134, s. 4.10(a), effective October 3, 2023.**

**§ 116-40.7. Internal auditors.**

(a) Internal auditors within The University of North Carolina and its constituent institutions shall provide independent reviews and analyses of various functions and programs within The University of North Carolina that will provide management information to promote accountability, integrity, and efficiency within The University of North Carolina.

(b) An internal auditor shall have access to any records, data, or other information of The University of North Carolina or the relevant constituent institution that the internal auditor believes necessary to carry out the internal auditor's duties.

(c) An internal auditor shall maintain, for 10 years, a complete file of all audit reports and reports of other examinations, investigations, surveys, and reviews issued under the internal auditor's authority. Audit work papers and other evidence and related supportive material directly pertaining to the work of that auditor's office shall be retained in accordance with Chapter 132 of the General Statutes. To promote cooperation and avoid unnecessary duplication of audit effort, audit work papers related to issued audit reports shall be, unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal governments in connection with some matter officially before them. Except as otherwise provided in this subsection, or upon subpoena issued by a duly authorized court or court official, audit work papers shall be kept confidential and shall not be open to examination or inspection under G.S. 132-6 until completion of the audit report that is based on the working paper. Audit reports and the working papers on which they are based shall be public records subject to examination and inspection to the extent that they do not include information that, under State law, is confidential and exempt from Chapter 132 of the General Statutes or would compromise the security systems of The University of North Carolina. At the time that audit working papers are made available for public examination or inspection, the custodian of the audit working paper may redact the name and personally identifying information of a person who has initiated an allegation of (i) a violation of State or federal law or rule or regulation; (ii) fraud; (iii) misappropriation of State resources; (iv) substantial and specific danger to the public health and safety; or (v) gross mismanagement, gross waste of monies, or gross abuse of authority, if that person requests that the person's name and personally identifying information be kept confidential. (2004-203, s. 46; 2007-372, s. 3.)

**§ 116-40.8. University of North Carolina at Pembroke designated as North Carolina's Historically American Indian University.**

The University of North Carolina at Pembroke is officially designated as North Carolina's Historically American Indian University. (2005-153, s. 1.)

**§ 116-40.9: Repealed by Session Laws 2011-74, s. 6(a), effective July 1, 2012.**

**§ 116-40.10: Repealed by Session Laws 2011-74, s. 5(a), effective July 1, 2012.**

**§ 116-40.11. Disciplinary proceedings; right to counsel for students and organizations.**

(a) Any student enrolled at a constituent institution who is accused of a violation of the disciplinary or conduct rules of the constituent institution shall have the right to be represented, at the student's expense, by a licensed attorney or nonattorney advocate who may fully participate during any disciplinary procedure or other procedure adopted and used by the constituent institution regarding the alleged violation. However, a student shall not have the right to be represented by a licensed attorney or nonattorney advocate in either of the following circumstances:

- (1) If the constituent institution has implemented a "Student Honor Court" which is fully staffed by students to address such violations.
- (2) For any allegation of "academic dishonesty" as defined by the constituent institution.

(b) Any student organization officially recognized by a constituent institution that is accused of a violation of the disciplinary or conduct rules of the constituent institution shall have the right to be represented, at the organization's expense, by a licensed attorney or nonattorney advocate who may fully participate during any disciplinary procedure or other procedure adopted and used by the constituent institution regarding the alleged violation. However, a student organization shall not have the right to be represented by a licensed attorney or nonattorney advocate if the constituent institution has implemented a "Student Honor Court" which is fully staffed by students to address such violations.

(c) Nothing in this section shall be construed to create a right to be represented at a disciplinary proceeding at public expense. (2013-413, s. 6(c).)

**§ 116-40.12. Student organizations; rights and recognition.**

(a) No constituent institution that grants recognition to any student organization shall deny recognition to a student organization or deny to a student organization access to programs, funding, facilities, or other privileges associated with official recognition otherwise available to another student organization, on the basis of the organization's exercise of its rights pursuant to subsection (b) of this section.

(b) To the extent allowed by State and federal law, a religious or political student organization may, in conformity with the organization's established written doctrines expressing the organization's faith or mission, (i) determine that only persons professing the faith or mission of the group, and comporting themselves in conformity with, are qualified to serve as leaders of that organization, (ii) order its internal affairs according to the established written doctrines, and (iii) resolve the organization's disputes according to the established written doctrines. (2014-28, s. 1.)

**§ 116-40.13. Authorization to secure liability insurance for alcohol sales.**

A constituent institution of The University of North Carolina is authorized to procure insurance to protect against liability arising from or in connection with the sale or serving of alcohol on the constituent institution's campus or at a facility leased or owned by the constituent institution. (2019-232, s. 1.)

**§ 116-40.14: Reserved for future codification purposes.**

**§ 116-40.15: Reserved for future codification purposes.**

**§ 116-40.16: Reserved for future codification purposes.**

**§ 116-40.17: Reserved for future codification purposes.**

**§ 116-40.18: Reserved for future codification purposes.**

**§ 116-40.19: Reserved for future codification purposes.**

Part 3A. Management Flexibility for Special Responsibility Constituent Institutions.

**§ 116-40.20. Legislative findings.**

(a) The General Assembly finds that The University of North Carolina and its constituent institutions is one of the State's most valuable assets. The General Assembly further finds that to

provide the best benefit to North Carolina, the constituent institutions of The University of North Carolina need special budgeting flexibility in order to maximize resources, to enhance competitiveness with other peer institutions regionally, nationally, and internationally, and to provide the strongest educational and economic opportunity for the citizens of North Carolina.

(b) To ensure the continued preeminence of The University of North Carolina and its constituent institutions, it is the intent of the General Assembly to strengthen and improve these assets. The General Assembly commits to responsible stewardship and improvement of The University of North Carolina and its constituent institutions as provided by this Part. (2001-424, s. 31.11(a).)

#### **§ 116-40.21. Board of governors may authorize management flexibility.**

The Board of Governors of The University of North Carolina may authorize management flexibility for any special responsibility constituent institution as provided by this Part. The procedure for that authorization is the same as that to designate a constituent institution a special responsibility constituent institution under G.S. 116-30.1. (2001-424, s. 31.11(a).)

#### **§ 116-40.22. Management flexibility.**

(a) Definition. – For purposes of this section, the term "institution" means a special responsibility constituent institution that is granted management flexibility by the Board of Governors in compliance with this Part.

(b) Appoint and Fix Compensation of Senior Personnel. – Notwithstanding any provision in Chapter 116 of the General Statutes to the contrary, the Board of Trustees of an institution shall, on recommendation of the Chancellor, appoint and fix the compensation of all vice-chancellors, senior academic and administrative officers, and any person having permanent tenure at that institution. No later than January 1, 2002, the Board of Governors shall adopt policies, compensation structures, and pay ranges concerning the appointment and compensation of senior personnel appointed by the Board of Trustees pursuant to this section. Compensation for senior personnel fixed by the Board of Trustees pursuant to this section shall be consistent with the compensation structure, policies, and pay ranges set by the Board of Governors.

(c) Tuition and Fees. – Notwithstanding any provision in Chapter 116 of the General Statutes to the contrary, in addition to any tuition and fees set by the Board of Governors pursuant to G.S. 116-11(7), the Board of Trustees of the institution may recommend to the Board of Governors tuition and fees for program-specific and institution-specific needs at that institution without regard to whether an emergency situation exists and not inconsistent with the actions of the General Assembly. Any tuition and fees set pursuant to this subsection are appropriated for use by the institution. Notwithstanding this subsection, neither the Board of Governors of The University of North Carolina nor its Board of Trustees shall impose any tuition or mandatory fee at the North Carolina School of Science and Mathematics without the approval of the General Assembly, except as provided in subsection (f) of this section.

(d) Information Technology. – Notwithstanding any other provision of law, the Board of Trustees of an institution shall establish policies and rules governing the planning, acquisition, implementation, and delivery of information technology and telecommunications at the institution. These policies and rules shall provide for security and encryption standards; software standards; hardware standards; acquisition of information technology consulting and contract services; disaster recovery standards; and standards for desktop and server computing, telecommunications, networking, video services, personal digital assistants, and other wireless technologies; and other

information technology matters that are necessary and appropriate to fulfill the teaching, educational, research, extension, and service missions of the institution. The Board of Trustees shall submit all initial policies and rules adopted pursuant to this subsection to the Department of Information Technology for review upon adoption by the Board of Trustees. Any subsequent changes to these policies and rules adopted by the Board of Trustees shall be submitted to the Department of Information Technology for review. Any comments by the Department of Information Technology shall be submitted to the Chancellor of that institution.

(e) Electronic Commerce. – The University is authorized to contract with service providers specializing in services offered to institutions of higher learning that offer systems or services under arrangements that provide for the receipt of funds electronically, provided the services are in compliance with the requirements of the payment industry security standards. For any funds collected and remitted to the University that are on deposit with the State Treasurer pursuant to G.S. 147-77, the funds shall be subject to the daily deposit requirements of the statute; provided that the State Treasurer may exempt the applicability of the daily deposit requirement for any standard business process resulting in a delay in the University receiving the funds from a service provider, when the exemption is based upon an acceptable business case that demonstrates an overall efficiency to the University and State. Such business case must first be endorsed by The University of North Carolina System Office before submission to the State Treasurer for consideration.

(f) The Board of Governors of The University of North Carolina may approve, upon the recommendation of the Board of Trustees of the North Carolina School of Science and Mathematics, the imposition of fees not inconsistent with actions of the General Assembly for distance education services provided by the North Carolina School of Science and Mathematics to nonresidents and for students participating in extracurricular enrichment programs sponsored by the School. (2001-424, s. 31.11(a); 2006-66, s. 9.11(h); 2006-203, s. 4.1; 2013-360, s. 11.7(a); 2013-375, s. 2; 2015-241, s. 7A.4(j); 2018-12, s. 5.)

#### **§ 116-40.23. Reporting requirement; effective date of reported policies, procedures, and rules.**

The Board of Trustees of a special responsibility constituent institution authorized to have management flexibility under this Part shall report to the Board of Governors and to the Joint Legislative Education Oversight Committee any policies, procedures, and rules adopted pursuant to G.S. 116-40.22 prior to implementation. The report shall be submitted to both at least 30 days before the next regularly scheduled meeting of the Board of Governors and shall become effective immediately following that same meeting unless otherwise provided for by the Board of Trustees. Any subsequent changes to the policies, procedures, or rules adopted by the Board of Trustees pursuant to G.S. 116-40.22 shall be reported to the Board of Governors and to the Joint Legislative Education Oversight Committee in the same manner. Failure of the Board of Governors to accept, review, or otherwise consider the report submitted by the Board of Trustees shall not affect in any manner the effective date of the policies, procedures, and rules contained in the report. (2001-424, s. 31.11(a).)

#### **§ 116-41: Repealed by Session Laws 1963, c. 448, s. 15.**

Part 4. Revenue Bonds for Service and Auxiliary Facilities.

#### **§ 116-41.1. Definitions.**

As used in this Part:

- (1) "Board" means the Board of Governors of the University of North Carolina;
- (2) "Construction" means acquisition, construction, provision, reconstruction, replacement, extension, improvement or betterment, or any combination thereof;
- (3) "Cost," as applied to a project, shall include the cost of construction (as herein defined), the cost of all labor, materials and equipment, the cost of all lands, property, rights and easements acquired, financing charges, interest prior to and during construction and, if deemed advisable by the Board, for one year after completion of construction, cost of plans and specifications, surveys and estimates of cost and/or revenues, cost of engineering and legal services, and all other expenses necessary or incident to such construction, administrative expense and such other expenses, including reasonable provisions for initial operating expenses necessary or incident to the financing herein authorized and a reserve for debt service, and any expense incurred by the Board in the issuance of bonds under the provisions of this Part in connection with any of the foregoing items of cost;
- (4) "Project" means any undertaking under this Part to acquire, construct or provide service and auxiliary facilities necessary or desirable for the proper and efficient operation of the University Enterprises, either as additions, extensions, improvements or betterments to the University Enterprises or otherwise, including one or more or any combination of any system, facility, plant, works, instrumentality or other property used or useful:
  - a. In obtaining, conserving, treating or distributing water for domestic, industrial, sanitation, fire protection or any other public or private use;
  - b. For the collection, treatment, purification or disposal of sewage, refuse or wastes;
  - c. For the production, generation, transmission or distribution of gas, electricity or heat;
  - d. In providing communication facilities including telephone facilities;
  - e. In providing storage, service, repair and duplicating facilities;
  - f. In improving, extending or adding to the University Enterprises as herein defined; and
  - g. In providing other service and auxiliary facilities serving the needs of the students, the staff or the physical plant of the University; and including all plants, works, appurtenances, machinery, equipment and properties, both personal and real, used or useful in connection therewith;

and in the case of the telephone, electric and water systems comprising a part of the University Enterprises such additions, extensions, improvements or betterments thereof as may be necessary or desirable, in the discretion of the Board, to provide service from such systems, where it may be reasonably made available, within the environs of the University, including, without limitation, areas presently served by the University Enterprises in Orange, Durham and Chatham Counties.

- (5) "Revenue bonds" or "bonds" means bonds of the University issued by the Board to pay the cost, in whole or in part, of any project pursuant to this Part and the bond resolution or resolutions of the Board; provided, however, that bonds, issued as a separate series which are stated to mature not later than 20 years from their date may be designated "revenue notes" or "notes";
- (6) "Revenues" means the income and receipts derived by or for the account of the University through the charging and collection of service charges;
- (7) "Service charges" means rates, fees, rentals or other charges for, or for the right to, the use, occupancy, services or commodities of or furnished by any project, or by any other service or auxiliary facility of the University, including the University Enterprises, any part of the income of which is pledged to the payment of the bonds or the interest thereon;
- (8) "University" means the body politic and corporate known and distinguished by the corporate name of the "University of North Carolina" under G.S. 116-3;
- (9) "University Enterprises" means the following existing facilities, systems, properties, plants, works and instrumentalities located in or near the Town of Chapel Hill, North Carolina, presently in the jurisdiction of and operated by the University; the telephone, electric, heating and water systems, the laundry, Carolina Inn, service and repair shops, the duplicating shop, bookstores and student supply stores, and rental housing properties for faculty members. (1961, c. 1078, s. 1; 1963, c. 448, s. 16; c. 944, s. 1; 1965, c. 1033, s. 1; 1971, c. 636; c. 1244, s. 16.)

**§ 116-41.2. Powers of Board of Governors generally.**

In addition to the powers which the Board now has, the Board shall have the following powers subject to the provisions of this Part and subject to agreements with the holders of any revenue bonds issued hereunder:

- (1) To acquire by gift, purchase or the exercise of the power of eminent domain or to construct, provide, improve, maintain and operate any project or projects;
- (2) To borrow money for the construction of any project or projects, and to issue revenue bonds therefor in the name of the University;
- (3) To establish, maintain, revise, charge and collect such service charges (free of any control or regulation by any State regulatory body until January 1, 1973, and thereafter only by the North Carolina Utilities Commission) as will produce sufficient revenues to pay the principal of and interest on the bonds and otherwise to meet the requirements of the resolution or resolutions of the Board authorizing the issuance of the revenue bonds;
- (4) To pledge to the payment of any bonds of the University issued hereunder and the interest thereon the revenues of the project financed in whole or in part with the proceeds of such bonds, and to pledge to the payment of such bonds and interest any other revenues, subject to any prior pledge or encumbrance thereof;
- (5) To appropriate, apply, or expend in payment of the cost of the project the proceeds of the revenue bonds issued for the project;
- (6) To sell, furnish, distribute, rent, or permit, as the case may be, the use, occupancy, services, facilities and commodities of or furnished by any project or any system, facility, plant, works, instrumentalities or properties whose

- revenues are pledged in whole or in part for the payment of the bonds, and to sell, exchange, transfer, assign or otherwise dispose of any project or any of the University Enterprises or any other service or auxiliary facility or any part of any thereof or interest therein determined by resolution of the Board not to be required for any public purpose by the Board;
- (7) To insure the payment of service charges with respect to the telephone, electric and water systems of the University Enterprises, as the same shall become due and payable, the Board may, in addition to any other remedies which it may have:
    - a. Require reasonable advance deposits to be made with it to be subject to application to the payment of delinquent service charges, and
    - b. At the expiration of 30 days after any such service charges become delinquent, discontinue supplying the services and facilities of such telephone, electric and water systems.
  - (8) To retain and employ consultants and other persons on a contract basis for rendering professional, technical or financial assistance and advice in undertaking and carrying out any project and in operating, repairing or maintaining any project or any system, facility, plant, works, instrumentalities or properties whose revenues are pledged in whole or in part for the payment of the bonds; and
  - (9) To enter into and carry out contracts with the United States of America or this State or any municipality, county or other public corporation and to lease property to or from any person, firm or corporation, private or public, in connection with exercising the powers vested under this Part.
  - (10) Notwithstanding any other provision of law and subject to policies established by the Board of Governors, to purchase or finance the purchase of computers, computer hardware, computer software, and emergency management equipment such as power generators through lease purchase or installment purchase contracts that create a security interest in the purchased property that secures payment of the purchase price to the seller or entity advancing monies or supplying financing for the purchase transaction. The contracts allowed in this subdivision shall be subject to State appropriations in accordance with the North Carolina State Constitution and shall not pledge directly or indirectly the taxing power of the State. No deficiency judgment may be rendered against the Board of Governors or the State in any action for breach of a contractual obligation authorized by this subdivision. (1961, c. 1078, s. 2; 1971, c. 634, s. 2; c. 636; c. 1244, s. 15; 2019-139, s. 2.2.)

**§ 116-41.3. University authorized to pay service charges; payments deemed revenues.**

The University is hereby authorized to pay service charges for, or for the right to, the use, occupancy, services or commodities of or furnished by any project or by any other service or auxiliary facility of the University, including the University Enterprises, and the income and receipts derive from such service charges paid by the University shall be deemed to be revenues under the provisions of this Part and shall be applied and accounted for in the same manner as other revenues. (1961, c. 1078, s. 3.)

**§ 116-41.4. Bonds authorized; amount limited; form, execution and sale; terms and conditions; use of proceeds; additional bonds; interim receipts or temporary bonds; replacement of lost, etc., bonds; approval or consent for issuance; bonds not debt of State; bond anticipation notes.**

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bonds of the University for the purpose of undertaking and carrying out any project or projects hereunder; provided, however, that the aggregate principal amount of revenue bonds which the Board is authorized to issue under this section during the biennium ending June 30, 1969, shall not exceed three million five hundred thousand dollars (\$3,500,000); provided, further, the Board shall have authority to issue revenue bonds under this section in an additional aggregate principal amount not to exceed three million five hundred thousand dollars (\$3,500,000) during the biennium ending June 30, 1971; provided, however, that the aggregate principal amount of revenue bonds which the Board is authorized to issue under this section during the biennium ending June 30, 1973, shall not exceed thirteen million dollars (\$13,000,000); provided, further, that the aggregate principal amount of revenue bonds which the Board is authorized to issue under this section during the biennium ending June 30, 1975, shall not exceed thirteen million dollars (\$13,000,000). The bonds shall be dated, shall mature at such time or times not exceeding 30 years from their date or dates, and shall bear interest at such rate or rates as may be determined by the Board, and may be made redeemable before maturity at the option of the Board at such price or prices and under such terms and conditions as may be fixed by the Board prior to the issuance of the bonds. The Board shall determine the form and manner of execution of the bonds, and any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature appears on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Part or any recitals in any bonds issued under the provisions of this Part, all such bonds shall be deemed to be negotiable instruments under the laws of this State. The bonds may be issued in coupon or registered form or both, as the Board may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The Board may sell such bonds in such manner, at public or private sale, and for such price, as it may determine to be for the best interests of the University.

The proceeds of the bonds of each issue shall be used solely for the purpose for which such bonds shall have been authorized and shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such bonds. Unless otherwise provided in the authorizing resolution, if the proceeds of such bonds, by error of estimates or otherwise, shall be less than such costs, additional bonds may in like manner be issued to provide the amount of such deficit and shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the bonds first issued for the same purpose.

The resolution providing for the issuance of revenue bonds may also contain such limitations upon the issuance of additional revenue bonds as the Board may deem proper, and such additional

bonds shall be issued under such restrictions and limitations as may be prescribed by such resolution.

Prior to the preparation of definitive bonds, the Board may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Board may also provide for the replacement of any bonds which shall become mutilated or be destroyed or lost.

Bonds may be issued by the Board under the provisions of this Part, subject to the approval of the Director of the Budget, but without obtaining the consent of any other commission, board, bureau or agency of the State, and without any other proceedings or the happening of any other conditions or things than those consents, proceedings, conditions or things which are specifically required by this Part.

Revenue bonds issued under the provisions of this Part shall not be deemed to constitute a debt of the State of North Carolina or a pledge of the faith and credit of the State, but such bonds shall be payable solely from the funds herein provided therefor and a statement to that effect shall be recited on the face of the bonds.

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bond anticipation notes of the Board in anticipation of the issuance of bonds authorized pursuant to the provisions of this Part. The principal of and the interest on such notes shall be payable solely from the proceeds of bonds or renewal notes or, in the event bond or renewal note proceeds are not available, any available revenues of the project or projects for which such bonds shall have been authorized. The notes of each issue shall be dated, shall mature at such time or times not exceeding two years from their date or dates, shall bear interest at such rate or rates as may be determined by the Board, and may be made redeemable before maturity, at the option of the Board, at such price or prices and under such terms and conditions as may be fixed by the Board, and may be made redeemable before maturity, at the option of the Board, at such price or prices and under such terms and conditions as may be fixed by the Board prior to the issuance of the notes. The Board shall determine the form and manner of execution of the notes, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the notes and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer, whose signature or a facsimile of whose signature shall appear on any notes or coupons, shall cease to be such officer before the delivery of such notes, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Part or any recitals in any notes issued under the provisions of this Part, all such notes shall be deemed to be negotiable instruments under the laws of this State. The notes may be issued in coupon or registered form or both, as the Board may determine, and provision may be made for the registration of any coupon notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon notes of any notes registered as to both principal and interest. The Board may sell such notes in such manner, at public or private sale, and for such price, as it may determine to be for the best interests of the University.

The proceeds of the notes of each issue shall be used solely for the purpose for which the bonds in anticipation of which such notes are being issued shall have been authorized, and such note proceeds shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such notes or bonds.

The resolution providing for the issuance of notes or bonds may also contain such limitations upon the issuance of additional notes as the Board may deem proper, and such additional notes shall be issued under such restrictions and limitations as may be prescribed by such resolution.

Notes may be issued by the Board under the provisions of this Part, subject to the approval of the Director of the Budget, but without obtaining the consent of any other commission, board, bureau or agency of the State, and without any other proceedings or the happening of any other conditions or things than those consents, proceedings, conditions or things which are specifically required by this Part.

Revenue bond anticipation notes issued under the provisions of this Part shall not be deemed to constitute a debt of the State of North Carolina or a pledge of the faith and credit of the State, but such notes shall be payable solely from the funds herein provided therefor and a statement to that effect shall be recited on the face of the notes.

Unless the context shall otherwise indicate, the word "bonds," wherever used in this Part, shall be deemed and construed to include the words "bond anticipation notes." (1961, c. 1078, s. 4; 1963, c. 944, s. 2; 1965, c. 1033, s. 2; 1967, c. 724; 1969, c. 1236; 1971, c. 636; c. 1244, s. 15; 1973, c. 663; 1983, c. 577, s. 3; 1985 (Reg. Sess., 1986), c. 955, ss. 32, 33; 2006-203, s. 48.)

**§ 116-41.5. Contents of resolution authorizing issuance; powers liberally construed; deposit and use of revenues; rights and remedies of bondholders; service charges; insurance of projects; depositaries.**

The Board in the resolution authorizing the issuance of bonds under this Part may provide for a pledge to the payment of such revenue bonds and the interest thereon of the revenue derived from the project and also for a pledge of the revenues derived from any system, facility, plant, works, instrumentalities or properties improved, bettered, or extended by the project or otherwise within the jurisdiction of or operated by the University in connection with the University of North Carolina at Chapel Hill, North Carolina, the revenues derived from any future improvements, betterments or extensions of the project, the revenues derived from the University Enterprises, or any part thereof, or the revenues from the project and any or all of the revenues mentioned in this sentence, without regard to whether the operations involved are deemed governmental or proprietary, it being the purpose hereof to vest in the Board broad powers which shall be liberally construed. So long as any revenues of the University mentioned in this paragraph are pledged for the payment of the principal of or interest on any bonds issued hereunder, such revenues shall be deposited in a special fund and shall be applied and used only as provided in the resolution authorizing such bonds, subject, however, to any prior pledge or encumbrance thereof.

The resolution authorizing the issuance of the bonds may contain provisions for protecting and enforcing the rights and remedies of the holders of the bonds, including covenants setting forth the duties of the University in relation to the construction of any project to be financed with the proceeds of said bonds, and to the maintenance, repair, operation and insurance of such project or any other project, systems, facilities, plants, works, instrumentalities, properties, the University Enterprises or any part thereof, if the revenues thereof are in any way pledged as security for the bonds; the fixing and revising of service charges and the collection thereof; and the custody, safeguarding and application of all moneys of the University pertaining to the project and the bonds, and all revenues pledged therefor. Notwithstanding the provisions of any other law, the Board may carry insurance on any such project in such amounts and covering such risks as it may deem advisable. It shall be lawful for any bank or trust company incorporated under the laws of the State of North Carolina which may act as depositary of the proceeds of bonds or of revenues to

furnish such indemnifying bonds or to pledge such securities as may be required by the Board. Such resolution may set forth the rights and remedies of the bondholders and may restrict the individual right of action by bondholders. Such resolution may contain such other provisions in addition to the foregoing as the Board may deem reasonable and proper for the security of the bondholders.

The Board may provide for the payment of the proceeds of the bonds and any revenues pledged therefor to such officer, board or depository as it may designate for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. All expenses incurred in carrying out the provisions of such resolution may be treated as a part of the cost of operation. (1961, c. 1078, s. 5; 1971, c. 1244, s. 15.)

**§ 116-41.6. Pledge of revenues; lien.**

All pledges of revenues under the provisions of this Part shall be valid and binding from the time such pledges are made. All such revenues so pledged shall immediately upon receipt thereof be subject to the lien of such pledge without any physical delivery thereof or further action, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the University, irrespective of whether such parties have notice thereof. (1961, c. 1078, s. 6.)

**§ 116-41.7. Proceeds of bonds, revenues, etc., deemed trust funds.**

The proceeds of all bonds issued and all revenues and other moneys received pursuant to the authority of this Part shall be deemed to be trust funds, to be held and applied solely as provided in this Part. The resolution authorizing the issuance of bonds shall provide that any officer to whom, or bank, trust company or fiscal agent to which, such moneys shall be paid shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such regulations as such resolution may provide. (1961, c. 1078, s. 7.)

**§ 116-41.8. Rights and remedies of bondholders.**

Any holder of revenue bonds issued under the provisions of this Part or of any of the coupons appertaining thereto, except to the extent that the rights herein given may be restricted by the resolution authorizing the issuance of such bonds, may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State of North Carolina, including this Part, or under such resolution, and may enforce and compel the performance of all duties required by this Part or by such resolution to be performed by the University or by any officer thereof or the Board, including the fixing, charging and collecting of service charges. (1961, c. 1078, s. 8; 1971, c. 1244, s. 15.)

**§ 116-41.9. Refunding revenue bonds.**

The University is hereby authorized, subject to the approval of the Director of the Budget, to issue from time to time refunding revenue bonds for the purpose of refunding any revenue bonds issued by the University under this Part in connection with any project or projects, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. The University is further authorized, subject to the approval of the Director of the Budget, to issue from time to time refunding revenue bonds for the combined purpose of

- (1) Refunding any revenue bonds or refunding revenue bonds issued by the University in connection with any project or projects including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and
- (2) Paying all or any part of the cost of any project or projects.

The issuance of such refunding revenue bonds, the maturities and other details thereof, the rights and remedies of the holders thereof, and the rights, powers, privileges, duties and obligations of the University with respect to the same, shall be governed by the foregoing provisions of this Part insofar as the same may be applicable. (1961, c. 1078, s. 9; 1983, c. 577, s. 4; 1985 (Reg. Sess., 1986), c. 955, ss. 34, 35; 2006-203, s. 49.)

**§ 116-41.10. Exemption from taxation.**

The bonds issued under the provisions of this Part and the income therefrom shall at all times be free from taxation within the State. (1961, c. 1078, s. 10.)

**§ 116-41.11. Executive committee may be authorized to exercise powers and functions of Board.**

The Board by resolution may authorize its executive committee to exercise or perform any of the powers or functions vested in the Board under this Part. (1961, c. 1078, s. 11; 1971, c. 1244, s. 15.)

**§ 116-41.12. Part provides supplemental and additional powers; compliance with other laws not required.**

This Part shall be deemed to provide an additional and alternative method for the doing of the things authorized hereby and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of or as repealing any powers now existing under any other law, either general, special or local; provided, however, that the issuance of revenue bonds or refunding revenue bonds under the provisions of this Part need not comply with the requirements of any other law applicable to the issuance of bonds and provided, further, that all general, special or local laws, or parts thereof, inconsistent herewith are hereby declared to be inapplicable to the provisions of this Part. (1961, c. 1078, s. 12.)

Part 4A. Distinguished Professors Endowment Trust Fund.

**§ 116-41.13. Purpose.**

The General Assembly of North Carolina recognizes that each constituent institution of The University of North Carolina would be greatly strengthened by the addition of distinguished scholars for degree programs in STEM subject areas. It further recognizes that private as well as State support is preferred in helping to obtain distinguished scholars for constituent institutions and that private support will help strengthen the commitment of citizens and organizations in promoting excellence throughout The University of North Carolina. It is the intent of the General Assembly to establish a trust fund to provide the opportunity to each constituent institution to receive and match challenge grants to create endowments for selected distinguished professors for degree programs in STEM subject areas to occupy chairs within the institution. The associated foundations that serve the constituent institutions shall solicit and receive gifts from private sources to provide for matching funds to the trust fund challenge grants for the establishment of

endowments for chairs for degree programs in STEM subject areas within constituent institutions. (1985, c. 757, s. 202; 2023-102, s. 1; 2023-134, s. 8.18(a).)

**§ 116-41.13A. Definitions.**

The following definitions apply in this Part:

- (1) Focused growth institution. – Any of the following:
  - a. Elizabeth City State University.
  - b. Fayetteville State University.
  - c. North Carolina Agricultural and Technical University.
  - d. North Carolina Central University.
  - e. The University of North Carolina at Pembroke.
  - f. Western Carolina University.
  - g. Winston-Salem State University.
- (2) Special needs institution. – The North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," the North Carolina School of Science and Mathematics, and The University of North Carolina at Asheville.
- (3) STEM subject area. – Any subject area in a field of scholarship related to science, technology, engineering, or mathematics. A subject area in a field of scholarship related to journalism or law is not a STEM subject area. (2003-293, s. 1; 2008-192, s. 6; 2023-102, s. 1; 2023-134, s. 8.18(a).)

**§ 116-41.14. Establishment of the Fund; maintenance.**

There is established a Distinguished Professors Endowment Trust Fund to be maintained by the Board to provide challenge grants to the constituent institutions. All appropriated funds deposited into the trust fund shall be invested pursuant to G.S. 116-36. Interest income accruing to that portion of the trust fund not matched shall increase the total funds available for challenge grants. (1985, c. 757, s. 202; 2023-134, s. 8.18(a).)

**§ 116-41.15. Allocation; administration.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

- (1) According to one of the following:
  - a. On the basis of one three hundred thirty-four thousand dollar (\$334,000) challenge grant for each six hundred sixty-six thousand dollars (\$666,000) raised from private sources.
  - b. On the basis of one one hundred sixty-seven thousand dollar (\$167,000) challenge grant for each three hundred thirty-three thousand dollars (\$333,000) raised from private sources.
  - c. On the basis of one challenge grant of up to six hundred sixty-seven thousand dollars (\$667,000) for funds raised from private sources in twice the amount of the challenge grant.
- (2) If an institution chooses to pursue the use of the allocated challenge grant funds described in either sub-subdivision a., sub-subdivision b., or sub-subdivision c. of subdivision (1) of this subsection, the challenge grant funds shall be matched

by funds from private sources on the basis of two dollars of private funds for every one dollar of State funds.

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) According to one of the following:

- a. On the basis of one five hundred thousand dollar (\$500,000) challenge grant for each five hundred thousand dollars (\$500,000) raised from private sources.
- b. On the basis of one two hundred fifty thousand dollar (\$250,000) challenge grant for each two hundred fifty thousand dollars (\$250,000) raised from private sources.
- c. On the basis of one challenge grant of up to one million dollars (\$1,000,000) for funds raised from private sources in the same amount as the challenge grant.

(2) If an institution chooses to pursue the use of the allocated challenge grant funds described in either sub-subdivision a., sub-subdivision b., or sub-subdivision c. of subdivision (1) of this subsection, the challenge grant funds shall be matched by funds from private sources on the basis of one dollar of private funds for every dollar of State funds.

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust Fund and shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created. (1985, c. 757, s. 202; 2003-293, s. 2; 2005-276, s. 9.21(a); 2023-134, s. 8.18(a).)

#### **§ 116-41.16. Contribution commitments.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching as follows:

(1) If there is one of the following:

- a. A commitment to make a donation of at least six hundred sixty-six thousand dollars (\$666,000), as prescribed by G.S. 143C-4-5, and an initial payment of one hundred eleven thousand dollars (\$111,000) to receive a grant described in G.S. 116-41.15(a)(1)a.
- b. A commitment to make a donation of at least three hundred thirty-three thousand dollars (\$333,000), as prescribed by G.S. 143C-4-5, and an initial payment of fifty-five thousand five hundred dollars (\$55,500) to receive a grant described in G.S. 116-41.15(a)(1)b.
- c. All of the following:
  1. A commitment to make a donation in excess of six hundred sixty-six thousand dollars (\$666,000), as prescribed by G.S. 143C-4-5.

2. An initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(a)(1)c.
  3. The initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment.
- (2) Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair in a STEM subject area.
- (b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching as follows:
- (1) If all of the following occur:
    - a. One of the following occurs:
      1. A commitment to make a donation of at least five hundred thousand dollars (\$500,000), as prescribed by G.S. 143C-4-5, and an initial payment of eighty-three thousand three hundred dollars (\$83,300) to receive a grant described in G.S. 116-41.15(b)(1)a.
      2. A commitment to make a donation of at least two hundred fifty thousand dollars (\$250,000), as prescribed by G.S. 143C-4-5, and an initial payment of forty-one thousand six hundred dollars (\$41,600) to receive a grant described in G.S. 116-41.15(b)(1)b.
      3. A commitment to make a donation in excess of five hundred thousand dollars (\$500,000), as prescribed by G.S. 143C-4-5, and an initial payment of one-sixth of the committed amount to receive a grant described in G.S. 116-41.15(b)(1)c.
    - b. The initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment.
  - (2) Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair in a STEM subject area. (1985, c. 757, s. 202; 2003-293, s. 3; 2005-276, s. 9.21(b); 2006-203, s. 50; 2023-134, s. 8.18(a).)

**§ 116-41.17. Establishment of chairs.**

(a) The board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs in a STEM subject area when the sum of the challenge grant and matching funds in the Distinguished Professors Endowment Trust Fund reaches one of the following:

- (1) One million dollars (\$1,000,000), if the sum of funds described in G.S. 116-41.15(a)(1)a. or G.S. 116-41.15(b)(1)a.
- (2) Five hundred thousand dollars (\$500,000), if the sum of funds described in G.S. 116-41.15(a)(1)b. or G.S. 116-41.15(b)(1)b.
- (3) An amount up to two million dollars (\$2,000,000), if the sum of funds described in G.S. 116-41.15(a)(1)c. or G.S. 116-41.15(b)(1)c.

(b) The Board, in considering whether to approve the recommendation made pursuant to subsection (a) of this section, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees. (1985, c. 757, s. 202; 2005-276, s. 9.21(c); 2023-134, s. 8.18(a).)

**§ 116-41.18. Selection of distinguished professors.**

(a) Each constituent institution that receives, through private gifts and an allocation by the Board of Governors, funds for the purpose shall, under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution, select a holder of the Distinguished Professorship in a STEM area. Once given, that designation shall be retained by the distinguished professor as long as the distinguished professor remains in the full-time service of the institution as a faculty member, or for more limited lengths of time when authorized by the Board of Governors and the board of trustees at the institution when the Distinguished Professorship is originally established or vacated. When a distinguished professorship becomes vacant, it shall remain assigned to the institution and another distinguished professor shall be selected under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution.

(a1) No rule shall prevent the constituent institutions of The University of North Carolina from selecting holders of Distinguished Professorships from among existing faculty members or newly hired faculty members.

(b) The Board of Governors of The University of North Carolina shall promulgate rules to implement this section.

(c) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two million dollars (\$2,000,000) for fiscal year 1985-86, and the sum of two million dollars (\$2,000,000) for fiscal year 1986-87, to implement this section. (1985, c. 757, s. 202; 1991 (Reg. Sess., 1992), c. 1030, s. 31; 1995, c. 507, s. 15.12; 1997-443, s. 10.6; 2023-134, s. 8.18(a).)

**§ 116-41.19. Promulgation of rules; list of STEM subject areas.**

(a) The Board of Governors of The University of North Carolina shall promulgate rules to implement this Part.

(b) No later than December 15, 2024, and annually thereafter, the Board of Governors shall identify and provide to the Joint Legislative Education Oversight Committee a list of degree programs in STEM subject areas and the number of distinguished professorships at each constituent institution funded pursuant to this Part in each STEM subject area. The Board of Governors shall make the list of degree programs in STEM subject areas available on its website. (1985, c. 757, s. 202; 2023-134, s. 8.18(a).)

Part 4B. Future Teachers of North Carolina.

**§ 116-41.30. Establishment of Future Teachers of North Carolina.**

(a) Purpose. – Future Teachers of North Carolina, hereinafter FTNC, is established to encourage high-achieving high school students with strong academic, interpersonal, and leadership skills to consider teaching as a career.

(b) Program. – FTNC shall be a selective, application-based symposium for high school juniors and seniors, offering a challenging introduction to teaching as a profession. FTNC courses shall provide instruction on pedagogy, ethics and professionalism, child development, successful teaching strategies and classroom management practices, effective lesson planning, assessment and intervention, and requirements of teacher licensure. The FTNC Symposium should provide practical benefits to participating students, which may include interaction with current educators, administrators, and educator preparation program faculty members; a simulated student teaching experience; and information about financial aid and scholarship opportunities. (2017-57, s. 10.9(a); 2020-56, s. 4(a).)

**§ 116-41.31. Oversight of Future Teachers of North Carolina.**

(a) FTNC System Office. – FTNC shall be administratively located in The University of North Carolina System Office. The President shall establish a Future Teachers of North Carolina Advisory Council (FTNC Council) to oversee the FTNC program. At the President's discretion, the FTNC Council shall coordinate with constituent institutions to utilize expertise from administrators, faculty, and staff members of institutions of higher education in designing the agenda and instructional content for the FTNC Symposium. The FTNC Council shall ensure diverse representation of the educator preparation programs represented at the FTNC Symposium. The FTNC Council shall also be responsible for creating an application process for interested high school students, reviewing submitted applications, selecting students to attend, and recruitment and outreach efforts.

(b), (c) Repealed by Session Laws 2020-56, s. 4(b), effective June 30, 2020. (2017-57, s. 10.9(a); 2018-12, s. 6; 2020-56, s. 4(b).)

**§ 116-41.32: Repealed by Session Laws 2021-80, s. 2.4(b), effective July 8, 2021.**

Part 5. Miscellaneous Provisions.

**§§ 116-42 through 116-42.4: Repealed by Session Laws 1973, c. 495, s. 2.**

**§ 116-43. Escheat receipts prior to July 1, 1971.**

All property that has heretofore escheated to the University of North Carolina, and all interest and earnings thereon, shall be set apart by the Board of Governors of the University for the six member campuses of the University of North Carolina as constituted on June 30, 1971, so that the interest and earnings from said fund shall be used for maintenance and/or for scholarships and loan funds for worthy and needy students, residents of the State, attending the member campuses of the University of North Carolina as constituted on June 30, 1971, under such rules and regulations as shall be adopted by the Board of Governors. (1874-5, c. 236, s. 2; Code, s. 2630; Rev., s. 4285; C.S., s. 5787; 1947, c. 614, s. 4; 1953, c. 1202, s. 3; 1971, c. 1244, s. 17.)

**§ 116-43.1. Institute for Transportation Research and Education.**

The Board of Governors of the University of North Carolina is authorized to establish an Institute for Transportation Research and Education to facilitate the development of a broad program of transportation research and education involving other organizations and institutions which have related programs. The immediate purpose of the Institute shall be to create a management structure to coordinate and eventually merge the Highway Safety Programs of the National Driving Center and the North Carolina Highway Safety Research Center. The Board of Governors of the University of North Carolina is further authorized to establish a Council for Transportation Research and Education to represent all interests in transportation research and education, including but not limited to transportation safety. (1975, 2nd Sess., c. 983, s. 57.)

**§ 116-43.5: Repealed by Session Laws 2011-145, s. 9.18(c), as amended by Session Laws 2012-142, s. 9.2(c), effective July 1, 2012.**

**§ 116-43.10. Academic Common Market program.**

(a) The Southern Regional Education Board operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs provides a cost-effective means of offering educational access for North Carolina residents. North Carolinians are able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State avoids the cost associated with the development of new academic programs.

(b) The Board of Governors of The University of North Carolina may continue participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina System and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina.

(c) Once a student is enrolled in The University of North Carolina System under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. (2005-276, s. 9.24; 2013-410, s. 36.5.)

**§ 116-43.15. Use of college or university facilities by public school students pursuant to cooperative programs.**

The existing facilities of any constituent institution of The University of North Carolina and the existing facilities of any private college or university licensed in accordance with G.S. 116-15 that comply with the North Carolina State Building Code and applicable local ordinances for those facilities may be used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs. Designs for new facilities of any constituent institution of The University of North Carolina and new facilities of any private college or university licensed in accordance with G.S. 116-15 that comply with the North Carolina State Building Code and applicable local ordinances for those facilities may be

used without modification for public school students in joint or cooperative programs such as middle or early college programs and dual enrollment programs.

For the purpose of establishing Use and Occupancy Classifications, these programs shall be considered "Business – Group B" in the same manner as other college and university uses. (2006-66, s. 8.11(b); 2006-221, s. 5; 2009-305, s. 5.)

**§ 116-43.16. Small business counseling information.**

Documents submitted to The University of North Carolina's Small Business and Technology Development Centers by an individual seeking business counseling or technical assistance and documents created by a Center to provide the individual with counseling and technical assistance are not public records as defined by G.S. 132-1. (2011-297, s. 2.)

**§ 116-43.17. Confidentiality of research data, records, and information of a proprietary nature.**

Research data, records, or information of a proprietary nature, produced or collected by or for state institutions of higher learning in the conduct of commercial, scientific, or technical research where the data, records, or information has not been patented, published, or copyrighted are not public records as defined by G.S. 132-1. (2014-115, s. 52.)

**§ 116-43.20. Operation of 4-H camps.**

(a) North Carolina State University shall not close the 4-H camps listed in subdivisions (1) through (3) of this subsection. Further, North Carolina State University shall continue to operate each of those camps as 4-H camps and to offer programs and services at the sites of each of those camps at a level that is at least equivalent to the programs and services offered at each site as of June 30, 2013. The following three 4-H camps are to continue and are to be operated as 4-H camps as provided by this subsection:

- (1) Eastern 4-H Center located in Columbia, NC.
- (2) Millstone 4-H Camp located near Ellerbe, NC.
- (3) Betsy-Jeff Penn 4-H Educational Center located near Reidsville, NC.

(b) The 4-H camps that were located at the sites listed in subdivisions (1) and (2) of this subsection have ceased to operate as 4-H camps. At the request of the board of county commissioners of any county that is the site of one of the defunct 4-H camps listed in this subsection, North Carolina State University shall consult with the board regarding actions that may be taken to reopen the 4-H camp in that county and other options that may be available for the use of the site.

Within 90 days after any consultation with a board of county commissioners conducted pursuant to this subsection, North Carolina State University shall submit a written report to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division regarding the feasibility of reopening the site as a 4-H camp and any other options considered for the use of the site.

The list of defunct 4-H camps follows:

- (1) Anita-Alta 4-H Camp in the Pisgah National Forest in Lenoir, NC.
- (2) Swannanoa 4-H Camp located at Swannanoa, NC.

(c) North Carolina State University shall take all practicable measures to operate the 4-H camps in a manner that will generate a positive fund balance in the institutional trust funds that account for the activities of the 4-H camps. (2014-100, s. 11.7(a).)

**§ 116-43.25. Availability of muscadine grape juice on campuses.**

Each constituent institution shall strive to make one hundred percent (100%) muscadine grape juice available as a beverage option in the operation of the institution's vending facilities. (2023-63, s. 5(g).)

**§ 116-43.30. Advanced Placement courses for secondary school students.**

(a) It is the intent of the State to enhance accessibility and encourage secondary school students to enroll in and successfully complete more rigorous Advanced Placement courses to enable success in postsecondary education for all students. To attain this goal, to the extent funds are made available for this purpose, secondary school students enrolled in the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts shall be exempt from paying any fees for registration and administration of examinations for Advanced Placement courses in which the student is enrolled, regardless of the score the student achieves on an examination.

(b) The University of North Carolina System Office shall report annually by December 15 to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on Advanced Placement course information for the North Carolina School of Science and Mathematics and the high school academic program at the University of North Carolina School of the Arts. The report shall include, at a minimum, the following information from the prior fiscal year:

- (1) Number of students enrolled in Advanced Placement courses and participating in Advanced Placement course examinations, including demographic information by gender and race.
- (2) Student performance on Advanced Placement course examinations, including information by course and school.
- (3) Amount of State funds expended for fees for Advanced Placement courses by school. (2021-180, s. 8.13(a).)

**§ 116-44. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-44.1. Transferred to § 116-42 by Session Laws 1971, c. 1244, s. 11.**

**§ 116-44.2. Transferred to § 116-38 by Session Laws 1971, c. 1244, s. 7.**

Part 6. Traffic and Parking.

**§ 116-44.3. Definitions.**

Unless the context clearly requires another meaning, the following words and phrases have the meanings indicated when used in this Part:

- (1) "Board of trustees" and "constituent institution" have the meanings assigned in G.S. 116-2.

(2) "Campus" means that University property, without regard to location, which is used wholly or partly for the purposes of a particular constituent institution of the University of North Carolina.

(3) "University" means a constituent institution as defined in G.S. 116-2.

(4) "University property" means property that is owned or leased in whole or in part by the State of North Carolina and which is subject to the general management and control of the Board of Governors of the University of North Carolina. (1973, c. 495, s. 1.)

#### **§ 116-44.4. Regulation of traffic and parking and registration of motor vehicles.**

(a) Except as otherwise provided in this Part, all of the provisions of Chapter 20 of the General Statutes relating to the use of highways of the State and the operation of motor vehicles thereon are applicable to all streets, alleys, driveways, parking lots, and parking structures on University property. Nothing in this section modifies any rights of ownership or control of University property, now or hereafter vested in the Board of Governors of the University of North Carolina or the State of North Carolina.

(b) Each board of trustees may by ordinance prohibit, regulate, divert, control, and limit pedestrian or vehicular traffic and the parking of motor vehicles and other modes of conveyance on the campus. In fixing speed limits, the board of trustees is not subject to G.S. 20-141(f1) or (g2), but may fix any speed limit reasonable and safe under the circumstances as conclusively determined by the board of trustees. The board of trustees may not regulate traffic on streets open to the public as of right, except as specifically provided in this Part.

(c) Each board of trustees may by ordinance provide for the registration of motor vehicles maintained or operated on the campus by any student, faculty member, or employee of the University, and may fix fees for such registration. The ordinance may make it unlawful for any person to operate an unregistered motor vehicle on the campus when the vehicle is required by the ordinance to be registered.

(d) Each board of trustees may by ordinance set aside parking lots and other parking facilities on the campus for use by students, faculty, and employees of the University and members of the general public attending schools, conferences, or meetings at the University, visiting or making use of any University facilities, or attending to official business with the University. The board of trustees may issue permits to park in these lots and garages and may charge a fee therefor. The board of trustees may also by ordinance make it unlawful for any person to park a motor vehicle in any lot or other parking facility without procuring the requisite permit and displaying it on the vehicle. No permit to park shall be issued until the student requesting the permit provides the name of the insurer, the policy number under which the student has financial responsibility, and the student certifies that the motor vehicle is insured at the levels set in G.S. 20-279.1(11) or higher. This subsection applies to motor vehicles that are registered in other states as well as motor vehicles that are registered in this State pursuant to Chapter 20 of the General Statutes.

(e) Each board of trustees may by ordinance set aside spaces in designated parking areas or facilities in which motor vehicles may be parked for specified periods of time. To regulate parking in such spaces, the board of trustees may install a system of parking meters and make it unlawful for any person to park a motor vehicle in a metered space without activating the meter for the entire time that the vehicle is parked, up to the maximum length of time allowed for that space. The meters may be activated by coins of the United States. The board of trustees may also install automatic gates, employ attendants, and use any other device or procedure to control access to and collect the fees for using its parking areas and facilities.

(f) The board of trustees may by ordinance provide for the issuance of stickers, decals, permits, or other indicia representing the registration status of vehicles or the eligibility of vehicles to park on the campus and may by ordinance prohibit the forgery, counterfeiting, unauthorized transfer, or unauthorized use of them.

(g) Violation of an ordinance adopted under any portion of this Part is an infraction as defined in G.S. 14-3.1 and is punishable by a penalty of not more than fifty dollars (\$50.00). An ordinance may provide that certain prohibited acts shall not be infractions and in such cases the provisions of subsection (h) may be used to enforce the ordinance.

(h) An ordinance adopted under any portion of this Part may provide that violation subjects the offender to a civil penalty. Penalties may be graduated according to the seriousness of the offense or the number of prior offenses by the person charged. Each board of trustees may establish procedures for the collection of these penalties and they may be enforced by civil action in the nature of debt. The board of trustees may also provide for appropriate administrative sanctions if an offender does not pay a validly due penalty or upon repeated offenses. Appropriate administrative sanctions include, but are not limited to, revocation of parking permits, termination of vehicle registration, and termination or suspension of enrollment in or employment by the University.

(i) An ordinance adopted under any portion of this Part may provide that any vehicle illegally parked may be removed to a storage area. Regardless of whether a constituent institution does its own removal and disposal of motor vehicles or contracts with another person to do so, the institution shall provide a hearing procedure for the owner. For purposes of this subsection, the definitions in G.S. 20-219.9 apply.

(1) If the institution operates in such a way that the person who tows the vehicle is responsible for collecting towing fees, all provisions of Article 7A, Chapter 20, apply.

(2) If the institution operates in such a way that it is responsible for collecting towing fees, it shall:

- a. Provide by contract or ordinance for a schedule of reasonable towing fees,
- b. Provide a procedure for a prompt fair hearing to contest the towing,
- c. Provide for an appeal to district court from that hearing,
- d. Authorize release of the vehicle at any time after towing by the posting of a bond or paying of the fees due, and
- e. If the institution chooses to enforce its authority by sale of the vehicle, provide a sale procedure similar to that provided in G.S. 44A-4, 44A-5, and 44A-6, except that no hearing in addition to the probable cause hearing is required. If no one purchases the vehicle at the sale and if the value of the vehicle is less than the amount of the lien, the institution may destroy it.

(j) Evidence that a motor vehicle was found parked or unattended in violation of an ordinance of the board of trustees is prima facie evidence that the vehicle was parked by:

- (1) The person holding a University parking permit for the vehicle, or
- (2) If no University parking permit has been issued for the vehicle, the person in whose name the vehicle is registered with the University pursuant to subsection (c), or
- (3) If no University parking permit has been issued for the vehicle and the vehicle is not registered with the University, the person in whose name it is registered with

the North Carolina Division of Motor Vehicles or the corresponding agency of another state or nation.

The rule of evidence established by this subsection applies only in civil, criminal, or administrative actions or proceedings concerning violations of ordinances of the board of trustees. G.S. 20-162.1 does not apply to such actions or proceedings.

(k) Each board of trustees shall cause to be posted appropriate notice to the public of applicable traffic and parking restrictions.

(l) All ordinances adopted under this Part shall be recorded in the minutes of the board of trustees and copies thereof shall be filed in the offices of the President of the University of North Carolina and the Secretary of State. Each board of trustees shall provide for printing and distributing copies of its traffic and parking ordinances.

(m) All moneys received pursuant to this Part, except for the clear proceeds of all civil penalties collected pursuant to subsection (h) of this section, shall be placed in a trust account in each constituent institution, are appropriated, and may be used for any of the following purposes:

- (1) To defray the cost of administering and enforcing ordinances adopted under this Part;
- (2) To develop, maintain, and supervise parking areas and facilities;
- (3) To provide bus service or other transportation systems and facilities, including payments to any public or private transportation system serving University students, faculty, or employees;
- (4) As a pledge to secure revenue bonds for parking facilities issued under Article 21 of this Chapter;
- (5) Other purposes related to parking, traffic, and transportation on the campus.

The clear proceeds of all civil penalties collected pursuant to subsection (h) of this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. (1973, c. 495, s. 1; 1975, c. 716, s. 5; 1981 (Reg. Sess., 1982), c. 1239, s. 3; 1983, c. 420, s. 5; 1985, c. 764, s. 36; 2001-336, s. 1; 2005-276, s. 6.37(r); 2006-203, s. 51.)

#### **§ 116-44.5. Special provisions applicable to identified constituent institutions of the University of North Carolina.**

In addition to the powers granted by G.S. 116-44.4, the board of trustees of each of the constituent institutions enumerated hereinafter shall have the additional powers prescribed:

- (1) The Board of Trustees of the University of North Carolina at Chapel Hill may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following public streets in the Town of Chapel Hill where parking is not prohibited by an ordinance of the Town of Chapel Hill:
  - a. Battle Lane;
  - b. Country Club Road, between Raleigh Street and South Road;
  - c. Manning Drive;
  - d. McCauley Street, between Columbia Street and Pittsboro Street;
  - e. Pittsboro Street, between South Columbia Street and Cameron Avenue;
  - f. Boundary Street, between Country Club Road and East Franklin Street;
  - g. Park Place, between Boundary Street and East Franklin Street;
  - h. South Columbia Street, between Franklin Street and Manning Drive;
  - i. Cameron Avenue, between South Columbia Street and Raleigh Street;
  - j. Raleigh Street;

- k. Ridge Road;
  - l. South Road, between Columbia Street and Country Club Road.
- In addition, the Board of Trustees of the University of North Carolina at Chapel Hill may regulate traffic on Cameron Avenue, between Raleigh Street and South Columbia Street, and on Raleigh Street, in any manner not inconsistent with ordinances of the Town of Chapel Hill.
- (2) The Board of Trustees of Appalachian State University may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following public streets in the Town of Boone where parking is not prohibited by an ordinance of the Town of Boone:
    - a. Rivers Street, between U.S. 221-U.S. 321 (Hardin Street) and Water Street;
    - b. Stadium Drive, between Rivers Street and Hemlock Drive;
    - c. College Street, to the extent that it is bounded on both sides by the university campus;
    - d. Appalachian Street, between Locust Street and Howard Street;
    - e. Brown Street, between Locust Street and Howard Street;
    - f. Hill Street, only on the half of Hill Street bounded by the university campus;
    - g. Stansberry Circle, from Holmes Drive to the end of Stansberry Circle;
    - h. Locust Street, from U.S. 221-U.S. 321 (Hardin Street) to the end of Locust Street; and
    - i. Dale Street, from State Farm Road to the end of Dale Street.
  - (3) The Board of Trustees of the University of North Carolina at Charlotte may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following public roads in the County of Mecklenburg where parking is not prohibited by ordinance or other source of legal regulation of the County of Mecklenburg or other governmental entity with jurisdiction to regulate parking on such public road:
    - a. Mary Alexander Boulevard (State Road No. 2834), between its intersection with N.C. Highway 49 and its intersection with Mallard Creek Church Road.

In addition, the Board of Trustees of the University of North Carolina at Charlotte may regulate traffic on Mary Alexander Boulevard (State Road No. 2834), between its intersection with N.C. Highway 49 and its intersection with Mallard Creek Church Road, in any manner not inconsistent with any ordinances or other sources of legal regulation of the County of Mecklenburg or other governmental entity with jurisdiction to regulate traffic on such public road.
  - (3a) The Board of Trustees of the University of North Carolina at Wilmington may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following public streets in the City of Wilmington where parking is not prohibited by an ordinance of the City of Wilmington:
    - a. "H" Street.
  - (3b) The Board of Trustees of the University of North Carolina at Greensboro may by ordinance prohibit, regulate, and limit the parking of motor vehicles for

those portions of any of the following public streets in the City of Greensboro where parking is not prohibited by an ordinance of the City of Greensboro:

- a. Forest Street between Oakland Avenue and Spring Garden Street.
- b. Highland Avenue between Oakland Avenue and Spring Garden Street.
- c. Jefferson Street between Spring Garden Street and the Walker/Aycock parking lot.
- d. Kenilworth Street between Oakland Avenue and Walker Avenue.
- e. McIver Street between Walker Avenue and West Market Street.
- f. Stirling Street between Oakland Avenue and Walker Avenue.
- g. Theta Street between Kenilworth Street and Stirling Street.
- h. Walker Avenue between Aycock Street and Jackson Library and between Tate Street and McIver Street.

(3c) The Board of Trustees of North Carolina Agricultural and Technical State University may by ordinance prohibit, regulate, and limit the parking of motor vehicles on those portions of the following streets in the City of Greensboro where parking is not prohibited by an ordinance of the City of Greensboro:

- a. Dudley Street between Market Street and Bluford Street.
- b. Bluford Street between Regan Street and Luther Street.
- c. Laurel Street between Lindsay Street and East Market Street.
- d. Benbow Road between Sullivan Street and East Market Street.
- e. Sullivan Street between O'Henry Boulevard overpass and Lindsay Street.
- f. Beech Street between Bluford Street and Lindsay Street.
- g. Obermeyer Street between Bluford Street and Market Street.
- h. Daniel Street between Bluford Street and Market Street.
- i. Nocho Street between Bluford Street and Market Street.

In addition, the Board of Trustees of North Carolina A&T State University may regulate traffic on the following streets for the portion of those streets that abut the university: Benbow Road, Dudley Street, Lindsay Street, and Market Street, provided that the regulation is not inconsistent with ordinances of the City of Greensboro.

(4) This section does not diminish the authority of any affected municipality, county or other governmental entity to prohibit parking on any public street or road listed herein. It is intended only to authorize the respective boards of trustees of the constituent institutions identified hereinabove to further prohibit, regulate, and limit parking on certain public streets and roads running through or adjacent to the campuses of the constituent institutions where parking is not prohibited by ordinance or other law of any affected municipality, county or other governmental entity. When an ordinance or other law of an affected municipality, county or other governmental entity is adopted to prohibit parking on any portion of any public street or road then regulated by an ordinance of a board of trustees, the ordinance of the board of trustees is superseded and the University, upon request of the municipality, county or other governmental entity, shall immediately remove any signs, devices, or markings erected or placed by the University on that portion of the street or road pursuant to the

superseded ordinance. (1973, c. 495, s. 1; 1979, c. 238; 2001-170, s. 1; 2003-213, s. 1; 2005-165, s. 1.)

#### Part 7. Fire Safety.

##### **§ 116-44.6. Definitions.**

Unless the context clearly requires another meaning, the following definitions apply in this Part:

- (1) Fraternity or sorority. – A social, professional, or educational incorporated organization that, by official recognition, is affiliated or identified with a public or nonpublic institution of higher education in this State and which maintains a living facility that provides accommodations for five or more students enrolled at the recognition-granting institution of higher education.
- (2) Fund. – The Fire Safety Loan Fund authorized by this Part.
- (3) Living facility. – A sleeping facility capable of overnight accommodation and other capabilities which support continuous occupancy.
- (4) Residence hall. – A living facility maintained by a public or nonpublic institution of higher education in North Carolina or by the North Carolina School of Science and Mathematics for use by enrolled students.
- (5) Supplemental fire safety protection system. – A water system capability which is sized to accommodate the added water supply pressure and volume required for building fire protection.
- (6) Water system. –
  - a. A city, county, or sanitary district; or
  - b. A water and sewer authority, a metropolitan water district, or county water and sewer district, established pursuant to Chapter 162A of the General Statutes. (1996, 2nd Ex. Sess., c. 18, s. 16.5(a).)

##### **§ 116-44.7. Exemption from certain fees and charges.**

No water system serving a residence hall or fraternity or sorority housing shall levy or collect any water-meter fee, water-hydrant fee, tap fee, or similar service fee on a residence hall or fraternity or sorority house with respect to supporting a supplemental fire safety protection system in excess of the marginal cost to the water system to support the fire safety protection system. (1996, 2nd Ex. Sess., c. 18, s. 16.5(a); 1997-443, s. 10.14.)

##### **§ 116-44.8. Fire Safety Loan Fund.**

(a) There is established the Fire Safety Loan Fund. The Fund shall be a revolving loan fund for installing fire safety equipment and systems in fraternity and sorority housing.

(b) The Fund shall be administered by the Office of the State Treasurer, and that office may establish the policies and procedures that it deems appropriate for the operation of the Fund. The Office of the State Treasurer may enlist the assistance of other State departments or entities which have expertise that would be useful in administering the Fund, and those State departments or entities shall provide the assistance requested.

(c) The Fund shall be operated on a revolving basis with proceeds from the repayment of prior loans being made available for subsequent loans.

(d) Loans from the Fund shall be secured by a first or second mortgage or other pledge. Loans shall be made for a period not to exceed 10 years. Interest shall not be charged on loans from the Fund. (1996, 2nd Ex. Sess., c. 18, s. 16.5(a).)

**§ 116-44.9. Reserved for future codification purposes.**

Part 8. Military Admissions and Deferment.

**§ 116-44.9A. Definitions.**

For purposes of this Part, the following definitions shall apply:

- (1) Applicant. – An individual who has applied for admission to a constituent institution of The University of North Carolina.
- (2) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, Navy, Space Force, and North Carolina National Guard.
- (3) Constituent institution of The University of North Carolina. – A constituent institution of higher education of The University of North Carolina, as defined in G.S. 116-2(4), excluding the constituent high school, the North Carolina School of Science and Mathematics.
- (4) Reserve Armed Forces. – The reserve components of any of the Armed Forces.
- (5) Uniformed service. – Any of the following:
  - a. Armed Forces.
  - b. Reserve Armed Forces.
  - c. The Merchant Marine. (2025-46, s. 4(a); 2025-72, s. 3(a); 2025-92, s. 2.5.)

**§ 116-44.9B. Nondiscriminatory evaluations of applications.**

A constituent institution of The University of North Carolina shall not deny admission to any applicant solely on the basis of the applicant's indication that the applicant is serving in the uniformed service or that the applicant intends to serve in the uniformed service. (2025-46, s. 4(a); 2025-72, s. 3(a); 2025-92, s. 2.5.)

**§ 116-44.9C. Deferment.**

(a) Deferment Requests. – The Board of Governors of The University of North Carolina shall adopt a policy requiring constituent institutions to provide for enrollment deferment for members of the uniformed services and spouses of members of the uniformed services if the deferment is requested at least 30 days prior to enrollment in a constituent institution.

(b) Deferment Periods. – Members and spouses of members of the reserve Armed Forces shall be granted deferments of at least two years after entry into the reserve Armed Forces. All other members and spouses of members of the uniformed services shall be granted deferments of at least five years after entry into the uniformed services. (2025-46, s. 4(a); 2025-72, s. 3(a); 2025-92, s. 2.5.)

Article 1A.

Regional Universities.

**§§ 116-44.10 through 116-44.16: Repealed by Session Laws 1971, c. 1244, s. 1.**

Article 2.

Western Carolina University, East Carolina University, Appalachian State University, North Carolina Agricultural and Technical State University.

**§ 116-45: Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-45.1. Repealed by Session Laws 1969, c. 801, s. 7.**

**§ 116-45.2. Repealed by Session Laws 1969, c. 297, s. 6.**

**§ 116-46. Repealed by Session Laws 1971, c. 1244, s. 1.**

**§ 116-46.1. Transferred to § 116-42.1 by Session Laws 1971, c. 1244, s. 11.**

**§ 116-46.1A. Transferred to § 116-42.2 by Session Laws 1971, c. 1244, s. 11.**

**§ 116-46.1B. Transferred to § 116-42.3 by Session Laws 1971, c. 1244, s. 11.**

**§ 116-46.2. Transferred to § 116-17 by Session Laws 1971, c. 1244, s. 3.**

**§§ 116-46.3 through 116-46.4: Transferred to §§ 116-40.3 and 116-40.4 by Session Laws 1971, c. 1244, s. 10.**

#### Article 3.

##### Community Colleges.

**§§ 116-47 through 116-62.1: Repealed by Session Laws 1991, c. 542, s. 2.**

#### Article 4.

##### University of North Carolina School of the Arts.

#### **§ 116-63. Policy.**

It is hereby declared to be the policy of the State to foster, encourage and promote, and to provide assistance for, the cultural development of the citizens of North Carolina, and to this end the General Assembly does create and provide for a training center for instruction in the performing arts. (1963, c. 1116.)

#### **§ 116-64. Establishment of school.**

There is hereby established, and there shall be maintained, a school for the professional training of students having exceptional talent in the performing arts which shall be defined as an educational institution of the State, to serve the students of North Carolina and other states, particularly other states of the South. The school shall be designated the 'North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts.'" (1963, c. 1116; 1971, c. 1244, s. 13; 2008-192, s. 7.)

#### **§ 116-65. To be part of University of North Carolina; membership of Board of Trustees.**

The North Carolina School of Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," is a part of the University of North Carolina and subject to

the provisions of Article 1, Chapter 116, of the General Statutes; provided, however, that notwithstanding the provisions of G.S. 116-31, the Board of Trustees of said school shall consist of 15 persons, 13 of whom are selected in accordance with provisions of G.S. 116-31, and the conductor of the North Carolina Symphony, or the conductor's designee, and the Secretary of Natural and Cultural Resources, both serving ex officio and nonvoting. (1963, c. 1116; 1971, c. 320, s. 4; c. 1244, s. 13; 1979, c. 562; 2003-215, s. 1; 2008-192, s. 8; 2015-241, s. 14.30(x).)

**§ 116-66. Powers of various boards.**

The Board of Governors of the University of North Carolina and the Board of Trustees of the school shall be advised and assisted by the State Board of Education. Entrance requirements shall be prescribed so that the professional training offered shall be available only to those students who possess exceptional talent in the performing arts. In developing curricula the school shall utilize, pursuant to agreement with institutions of higher education or with any local administrative school unit, existing facilities and such academic nonarts courses and programs of instruction as may be needed by the students of the school, and, in the discretion of the Board of Governors, personnel may be employed jointly with any such institution or unit on a cooperative, cost-sharing basis. Curricula below the collegiate level shall be developed with the advice and approval of the State Board of Education. The school shall confer and cooperate with the Southern Regional Education Board and with other regional and national organizations to obtain wide support and to establish the school as the center in the South for the professional training and performance of artists. The chancellor of the school shall preferably be a noted composer or dramatist. (1963, c. 1116; 1971, c. 1244, s. 13; 1985, c. 101, s. 2.)

**§ 116-67: Repealed by Session Laws 1985, c. 101, s. 1.**

**§ 116-68. Endowment fund.**

The Board of Trustees is authorized to establish a permanent endowment fund, and shall perform such duties in relation thereto as are prescribed by the provisions of Article 1, Chapter 116, of the General Statutes. The proceeds in this fund are appropriated as provided by G.S. 116-36. (1963, c. 1116; 1971, c. 1244, s. 13; 2006-203, s. 51.1.)

**§ 116-68.1. Fees.**

The Board of Governors of The University of North Carolina may set fees, not inconsistent with the actions of the General Assembly, to be paid by in-State high school students enrolled at the University of North Carolina School of the Arts to assist with expenses of the institution. The Board of Trustees may recommend to the Board of Governors of The University of North Carolina that fees be set, not inconsistent with actions of the General Assembly, to be paid by in-State high school students enrolled at the University of North Carolina School of the Arts to assist with expenses of the institution. The University of North Carolina School of the Arts may charge and collect fees established as provided by this section from in-State high school students enrolled at the University of North Carolina School of the Arts. (2013-360, s. 11.8(a).)

**§ 116-69. Purpose of school program.**

The primary purpose of the school shall be the professional training, as distinguished from liberal arts instruction, of talented students in the fields of music, drama, the dance, and allied performing arts, at both the high school and college levels of instruction, with emphasis placed

upon performance of the arts, and not upon academic studies of the arts. The said school may also offer high school and college instruction in academic subjects, and such other programs as are deemed necessary to meet the needs of its students and of the State, consistent with appropriations made and gifts received therefor, and may cooperate, if it chooses, with other schools which provide such courses of instruction. The school, on occasion, may accept elementary grade students of rare talent, and shall arrange for such students, in cooperation with an elementary school, a suitable educational program. (1963, c. 1116.)

**§ 116-69.1. Display of the United States and North Carolina flags and the recitation of the Pledge of Allegiance.**

The school shall (i) display the United States and North Carolina flags in each classroom when available, (ii) require the recitation of the Pledge of Allegiance on a daily basis, and (iii) provide instruction on the meaning and historical origins of the flag and the Pledge of Allegiance. The school shall not compel any person to stand, salute the flag, or recite the Pledge of Allegiance. If flags are donated or are otherwise available, flags shall be displayed in each classroom. (2006-137, s. 3.)

**§ 116-69.2. Information about child abuse and neglect.**

The school shall implement the rule addressing student awareness of child abuse and neglect, including sexual abuse, adopted by the State Board of Education under G.S. 115C-12(47). (2021-132, s. 6(e).)

**§§ 116-70 through 116-70.1. Repealed by Session Laws 1971, c. 1244, s. 13.**

Article 5.

Loan Fund for Prospective College Teachers.

**§ 116-71. Purpose of Article.**

The purpose of this Article is to encourage, assist, and expedite the postgraduate-level education and training of competent teachers for the public and private universities, colleges and community colleges in this State by the granting of loans to finance such study. The funds shall be used to increase the number of teaching faculty as distinguished from research specialists. (1965, c. 1148, s. 1; 1987, c. 564, s. 22.)

**§ 116-72. Fund established.**

There is established a loan fund for prospective college teachers to assist capable persons to pursue study and training leading to masters or doctorate degrees in preparation to become teachers in the public and private institutions of education beyond the high school in North Carolina. Both private and public sources may be solicited in the creation of the fund. (1965, c. 1148, s. 1.)

**§ 116-73. Joint committee for administration of fund; rules and regulations.**

"The Scholarship Loan Fund for Prospective College Teachers" shall be the responsibility of the Board of Governors of the University of North Carolina and the State Board of Education and will be administered by them through a joint committee, "The College Scholarship Loan Committee." This Committee will operate under the following rules and regulations and under such further rules and regulations as the Board of Governors of the University of North Carolina and the State Board of Education shall jointly promulgate.

- (1) The nomination of applicants and recommendations of renewals shall be the responsibility of the College Scholarship Loan Committee.
- (2) Loans should be made for a single academic year (nine months) with renewal possible for two successive years for students successfully pursuing masters or doctoral programs. Loans shall not exceed two thousand dollars (\$2,000) for single students and three thousand dollars (\$3,000) for married students.
- (3) All scholarship loans shall be evidenced by notes, with sufficient sureties, made payable to the State Board of Education, and shall bear interest at the rate of four percent (4%) per annum from and after September 1 following the awarding of the candidate's degree.
- (4) Recipients of loans may have them repaid by teaching in a college or other educational institution beyond the high school level in North Carolina upon completion of their masters or doctorate degree program, at the rate of one hundred dollars (\$100.00) per month for each month of such teaching. If a student supported by a loan in this program should fail to so teach in a North Carolina institution, the loan would become repayable to the State, with interest, for that part of the teaching commitment not met, said note to be repaid according to the terms thereof.
- (5) Loans for 12 weeks of summer study, carrying stipends not to exceed five hundred dollars (\$500.00) for single and married students, should be available to students who do not plan to attend postgraduate school as full-time students during the regular academic year. Recipients should be eligible for up to three renewals over a four-year period. The obligation to teach in a North Carolina college or other educational institution, or failing that, to repay the State, shall apply proportionally as indicated above. (1965, c. 1148, s. 1; 1971, c. 1244, s. 14.)

**§ 116-74. Duration of fund; use of repaid loans and interest.**

The Scholarship Loan Fund for Prospective College Teachers shall continue in effect until terminated by action of the General Assembly of North Carolina. Such amounts of loans as shall be repaid from time to time under the provisions of this Article, together with such amounts of interest as may be received on account of loans made shall become a part of the principal amount of said loan fund. These funds shall be administered for the same purposes and under the same provisions as are set forth herein to the end that they may be utilized in addition to such further amounts as may be privately donated or appropriated from time to time by public or corporate bodies. (1965, c. 1148, s. 1.)

**§§ 116-74.1 through 116-74.5. Reserved for future codification purposes.**

Article 5A.

Center for Advancement of Teaching.

**§ 116-74.6: Recodified as G.S. 115C-296.5 by Session Laws 2009-451, s. 9.13(b), effective July 1, 2009.**

**§ 116-74.7: Recodified as G.S. 115C-296.6 by Session Laws 2009-451, s. 9.13(d), effective July 1, 2009.**

**§§ 116-74.8 through 116-74.20. Reserved for future codification purposes.**

Article 5B.

School Administrator Training Programs.

**§ 116-74.21. Establishment of a competitive proposal process for school administrator programs.**

(a) The Board of Governors shall develop and implement a competitive proposal process and criteria for assessing proposals to establish school administrator training programs within the constituent institutions of The University of North Carolina. To facilitate the development of the programs, program criteria, and the proposal process, the Board of Governors may convene a panel of national school administrator program experts and other professional training program experts to assist it in designing the program, the proposal process, and criteria for assessing the proposals.

(b) No more than 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites.

(c) Repealed by Session Laws 2021-80, s. 2.4(a), effective July 8, 2021.

(d) The Board of Governors shall develop a budget for the programs established under subsection (a) of this section that reflects the resources necessary to establish and operate school administrator programs that meet the vision of the report submitted to the 1993 General Assembly by the Educational Leadership Task Force.

(e) Repealed by Session Laws 2005-276, s. 9.23, effective July 1, 2005. (1993, c. 199, s. 1; 1993 (Reg. Sess., 1994), c. 677, s. 13; 1995, c. 507, s. 27.2(a); 1998-212, s. 11.13(a); 2001-424, s. 31.10(a); 2005-276, s. 9.23; 2010-31, s. 9.3(b); 2021-80, s. 2.4(a).)

**§§ 116-74.22 through 116-74.40. Reserved for future codification purposes.**

Article 5C.

North Carolina Principal Fellows Program.

**§ 116-74.41. North Carolina Principal Fellows Commission established; membership.**

(a) There is established the North Carolina Principal Fellows Commission. The Commission shall exercise its powers and duties independently in its administration of the North Carolina Principal Fellows Program in accordance with this Article. The Director of the Program shall staff the Commission in accordance with G.S. 116-74.49. The State Education Assistance Authority as created in G.S. 116-203 shall be responsible for awarding grants upon selection of the recipients by the Commission in accordance with G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling through service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48.

(a1) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

(b) The Commission shall consist of 15 members appointed as follows:

- (1) One member of the Board of Governors of The University of North Carolina appointed by the chair of that board, notwithstanding G.S. 116-7(b).
  - (2) One member of the State Board of Education appointed by the State Board chair.
  - (3) One dean of a school of education appointed by the President of The University of North Carolina.
  - (3a) One dean of a school of education appointed by the President of the North Carolina Independent Colleges and Universities.
  - (4) One public school teacher appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
  - (5) One public school principal appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
  - (6) A local superintendent chosen by the State Superintendent of Public Instruction.
  - (7) One member to represent business and industry appointed by the Governor.
  - (8) One local school board member appointed by the chair of the State Board of Education.
  - (9) One human resources expert from the private sector appointed by the State Superintendent of Public Instruction.
  - (10) The chair of the Board of the State Education Assistance Authority, or the chair's designee.
  - (11) The director of the Program. The director shall chair the Commission.
  - (12) The Executive Director of the North Carolina Principals and Assistant Principals' Association or his or her designee.
  - (13) The President of the Personnel Administrators of North Carolina or his or her designee.
  - (14) The President and Chief Executive Officer of North Carolina Business Leaders for Education (BEST NC) or his or her designee.
- (c) All appointments to the Commission shall be for four-year terms.
- (d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing authority shall appoint another person to serve for the balance of the unexpired term. In the discretion of the appointing authority, a State Board of Education member or a member of the Board of Governors of The University of North Carolina may complete a term on the Commission after the member's appointment from the appointing board has expired.
- (e) Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.
- (f) The initial meeting of the Commission shall be called by the member of the Board of Governors of The University of North Carolina appointed under subdivision (1) of subsection (b) of this section and the director shall be appointed by the Commission at the initial meeting. Thereafter, the Commission shall meet regularly, at times and places deemed necessary by the chair. (1993, c. 321, s. 85(a); 2006-203, s. 51.2; 2018-5, s. 10A.3(a); 2019-60, s. 1(l), (w); 2022-71, s. 3.4(b).)

**§ 116-74.41A. Definitions.**

For the purposes of this Article, the following definitions apply:

- (1) Authority or SEAA. – The State Education Assistance Authority as created in G.S. 116-203.
- (2) Commission. – The North Carolina Principal Fellows Commission.
- (3) Eligible entity. – A for-profit or nonprofit organization or an institution of higher education that has an evidence-based plan for preparing school leaders who implement school leadership practices linked to increased student achievement.
- (4) High-need local school administrative unit. – A local school administrative unit with the majority of its schools deemed to be high-need schools as defined in subdivision (5) of this subsection.
- (5) High-need school. – A public school that meets one or more of the following criteria:
  - a. Is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
  - b. Is a persistently low-achieving school, as identified by the Department of Public Instruction for purposes of federal accountability.
  - c. A middle school containing any of grades five through eight that feeds into a high school with less than a seventy-five percent (75%) four-year cohort graduation rate.
  - d. A high school with less than a seventy-five percent (75%) four-year cohort graduation rate.
- (6) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- (7) Principal. – The highest administrative official in a public school building with primary responsibility for the instructional leadership, talent management, and organizational development of the school.
- (8) Repealed by Session Laws 2019-60, s. 1(x), effective July 1, 2021.
- (9) Program. – The North Carolina Principal Fellows Program established pursuant to G.S. 116-74.44.
- (10) Public school. – An elementary or secondary school located in North Carolina that is operated by a local board of education, charter school board of directors, regional school board of directors, chancellor for a University of North Carolina laboratory school, an innovative school operator, or the United States government.
- (11) School leader. – An individual employed in a school leadership role, including principal or assistant principal roles.
- (12) Student achievement. – At the whole school level, after three years of leading a school, consistent and methodologically sound measures of:
  - a. Student academic achievement.
  - b. Aggregated individual student academic growth.
  - c. Additional outcomes, such as high school graduation rates, the percentage of students taking advanced-level coursework, or the percentage of students who obtain a career-related credential through a national business certification exam.
- (13) Trust Fund. – The North Carolina Principal Fellows Trust Fund established pursuant to G.S. 116-74.41B. (2019-60, s. 1(l), (x); 2022-71, s. 3.4(c).)

**§ 116-74.41B. The North Carolina Principal Fellows Trust Fund.**

(a) Trust Fund Established. – The North Carolina Principal Fellows Trust Fund shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, (i) the Program for the award of grants pursuant to G.S. 116-74.44, (ii) all funds received as repayment of scholarship loans, including under the former Principal Fellows Program administered under G.S. 116-74.42 and the Transforming Principal Preparation Program under G.S. 116-209.77, and (iii) all interest earned on these funds shall be placed in the Trust Fund.

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including the award of grants pursuant to G.S. 116-74.44, administrative costs, and costs associated with Program operations in accordance with this Article. The Authority may use up to two percent (2%) of the funds appropriated for the Program or one hundred sixty thousand dollars (\$160,000) from the Trust Fund, whichever is greater, each fiscal year for administrative costs, including recovery of funds advanced under the Program, and may allocate to the Commission up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for the following:

- (1) The salary and benefits of the director and staff of the Program.
- (2) The expenses of the Commission to administer the Program.
- (3) Program monitoring and evaluation.
- (4) Extracurricular enhancement activities for the Program.
- (5) Repealed by Session Laws 2019-60, s. 1(y), effective July 1, 2021. (2019-60, s. 1(l), (y); 2022-71, s. 3.4(d).)

**§ 116-74.42. Repealed by Session Laws 2019-60, s. 1(s), effective July 1, 2021.**

**§ 116-74.43. Repealed by Session Laws 2019-60, s. 1(s), effective July 1, 2021.**

**§ 116-74.44. North Carolina Principal Fellows Program established; administration.**

(a) Established. – There is established the North Carolina Principal Fellows Program as a competitive grant program for eligible entities for the purpose of elevating educators in North Carolina public schools by transforming the preparation of principals across the State and providing for forgivable scholarship loans to the participants of those school leader preparation programs. The Authority shall administer the North Carolina Principal Fellows Program in collaboration with the Commission as set forth in this Article to provide funds for the preparation and support of highly effective future school principals in North Carolina.

(b) Program Administration. – The Commission shall select grant recipients and notify the Authority for the award of the grants with the Authority acting as the fiscal agent for the Trust Fund with respect to grants awarded by the Commission. The Commission shall also coordinate with grant recipients to provide extracurricular enhancement activities for program participants. The Authority shall monitor the implementation of forgivable scholarship loans to school leader preparation program participants, as authorized by this Article.

(c) Administration of Forgivable Scholarship Loans. – Upon the grant recipients' selection of the program participants for the school leader preparation programs, the Commission shall transfer the names of all program participants to the Authority. The Authority shall perform all of the administrative functions necessary to implement the forgivable scholarship loans to the school leader preparation program participants, which functions shall include rulemaking, disseminating information, acting as a liaison with participating eligible entities, implementing forgivable loan

agreements in the form of promissory notes, monitoring loan repayment through service and cash, and performing all other functions necessary for the execution, payment, and enforcement of promissory notes required under this Article.

(d) **Prior Loan Monitoring.** – The Authority, in collaboration with Commission, shall also monitor the implementation of forgivable scholarship loans to school leader preparation program participants executed pursuant to G.S. 116-209.77, and the Authority shall administer all outstanding forgivable scholarship loans previously awarded and subject to repayment under the former Transforming Principal Preparation Program administered pursuant to Part 4 of Article 23 of this Chapter. (2019-60, s. 1(l), (z); 2022-71, s. 3.4(e); 2025-25, s. 29(6).)

#### **§ 116-74.45. Grant applications; priority.**

(a) **Application Requirements.** – Subject to the availability of funds for this purpose, the Commission shall issue a request for proposal with guidelines and criteria for applying for a grant. An eligible entity that seeks a grant shall submit to the Commission an application at such time, in such manner, and accompanied by such information as the Commission may require. Eligible entities may create partnerships to develop and establish school leader preparation programs and apply jointly to be a grant recipient. An applicant shall include at least the following information in its application for consideration by the Commission:

- (1) The extent to which the entity has a demonstrated record of preparing school leaders who implement school leadership practices linked to increased student achievement.
- (2) The extent to which the entity has a rigorous school leader preparation program design that includes the following research-based programmatic elements:
  - a. A proactive, aggressive, and intentional recruitment strategy.
  - b. Rigorous selection criteria based on competencies that are predictive of success as a school leader, including, but not limited to, evidence of significant positive effect on student learning growth in the classroom, at the public school level, professional recommendations, evidence of problem solving and critical thinking skills, achievement drive, and leadership of adults.
  - c. Alignment to high-quality national standards for school leadership development.
  - d. Rigorous coursework that effectively links theory with practice through the use of field experiences and problem-based learning.
  - e. Full-time paid clinical practice of at least five months and 750 hours in duration in an authentic setting, including substantial leadership responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.
  - f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.
  - g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.
  - h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.

- i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.
- j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs.

(b) Application Priority. – The Commission shall evaluate the applicants for grants by giving priority to an eligible entity with a record of preparing principals demonstrating the following:

- (1) Improvement in student achievement.
- (2) Placement as school leaders in eligible schools.
- (3) A proposed focus on and, if applicable, a record of serving high-need schools, high-need local school administrative units, or both.
- (4) A detailed plan and commitment to share lessons learned and to improve the capacity of other entities in reaching similar outcomes.
- (5) A service area that is underserved by existing principal preparation programs or demonstrates unmet need despite current available programs. (2019-60, s. 1(l).)

**§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants; reporting requirements.**

(a) Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the Commission shall notify the Authority of its selection of the recipients of grants for each fiscal year. The Commission shall select up to eight grant recipients to be operating a school leader preparation program with grant funds in any fiscal year.

(b) Use of Funds. – Each eligible entity that receives grant funds shall use those funds to carry out the following:

- (1) Recruiting and selecting, based on a rigorous evaluation of the competencies of the school leader candidates participating in the program and their potential and desire to become effective school leaders.
- (2) Operating a school leader preparation program that provides the opportunity for all candidates to earn a master's degree, if they do not already have one, and subsequent principal licensure by doing the following:
  - a. Utilizing a research-based content and curriculum, including embedded participant assessments to evaluate candidates before program completion that prepares candidates to do the following:
    - 1. Provide instructional leadership, such as developing teachers' instructional practices and analyzing classroom and school-wide data to support teachers.
    - 2. Manage talent, such as developing a high-performing team.
    - 3. Build a positive school culture, such as building a strong school culture focused on high academic achievement for all students, including gifted and talented students, students with disabilities, and English learners; maintaining active engagement with family and community members; and ensuring student safety.
    - 4. Develop organizational practices, such as aligning staff, budget, and time to the instructional priorities of the school.

- b. Providing opportunities for sustained and high-quality job-embedded practice in an authentic setting where candidates are responsible for moving the practice and performance of a subset of teachers or for school-wide performance as principal-in-planning or interim school leaders.
  - (3) Collecting data on program implementation and program completion outcomes for continuous program improvement.
  - (4) Covering the cost of attendance and completion for program participants for the school leader preparation program from the funds received on behalf of program participants through forgivable scholarship loans issued in accordance with the requirements of G.S. 116-74.48.
- (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority of its decisions on the duration and renewal of grants to eligible entities made in accordance with the following:
  - (1) The duration of grants shall be as follows:
    - a. Grants shall be no more than six years and no fewer than two years in duration, unless the Commission finds early termination of a grant is necessary due to noncompliance with grant terms.
    - b. The Commission may renew a grant based on compliance with the grant terms and performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (3) of this subsection.
  - (2) The following conditions shall apply during the grant period:
    - a. The Commission shall develop a process with the Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms, including participation in third-party evaluation activities.
    - b. The Commission shall develop and enforce requirements for the disbursement of funds to the grantee for forgivable scholarship loans on behalf of program participants, which shall include the requirement that program graduates serve as school-based administrators in public schools located in North Carolina. Grantees shall facilitate the execution of promissory notes between the Authority and program participants containing the terms for forgivable scholarship loans, including requirements for forgiveness or repayment, consistent with requirements established by the Commission and the provisions of G.S. 116-74.48. The Commission shall monitor the repayment of a forgivable scholarship loan, in collaboration with the Authority and grantees.
  - (3) In evaluating performance for purposes of grant renewal and making its renewal decisions to provide to the Authority, the Commission shall consider at least the following:
    - a. For all grantees, the primary consideration in renewing grants shall be the extent to which program participants improved student achievement in eligible schools.
    - b. Other criteria from data received in the annual report in subsection (d) of this section may include the following:

1. The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.
2. The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric.

(d) Reporting Requirements for Grant Recipients. – Recipients of grants shall participate in all evaluation activities required by the Commission and submit an annual report to the Commission with any information requested by the Commission. The recipients shall comply with additional report requests made by the Commission. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publicly available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The Commission shall work with recipients, local school administrative units, and public schools, as needed, to enable the collection, analysis, and evaluation of at least the following relevant data, within necessary privacy constraints:

- (1) Student achievement in eligible schools.
- (2) The percentage of program completers who are placed as school leaders within three years in the State.
- (3) The percentage of program completers who are placed as school leaders within three years in high-need schools in the State.
- (4) The percentage of program completers rated proficient or above on school leader evaluation and support systems.
- (5) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement. (2019-60, s. 1(l); 2020-49, s. 9(a).)

#### **§ 116-74.47. Reports.**

The Commission shall provide the State Board of Education, the Authority, and the Joint Legislative Education Oversight Committee with the data collected from grant recipients in accordance with G.S. 116-74.46 on an annual basis. (2019-60, s. 1(l).)

#### **§ 116-74.48. Terms of forgivable scholarship loans for program recipients.**

(a) Notes. – A program participant shall be eligible for a forgivable scholarship loan in the amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program, with a maximum loan amount of forty thousand dollars (\$40,000) per participant. All forgivable scholarship loans for school leader preparation program participants shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school leader preparation program, or 90 days after termination of the loan, whichever is earlier. The funds from the forgivable scholarship loan shall be disbursed directly to the grantee on behalf of the recipient for participation in the school leader preparation program. The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the preparation program or by the recipient's failure to meet the standards set by the Commission or the grantee.

(b) **Forgiveness Through Service.** – The Authority shall forgive the total amount of a forgivable scholarship loan and any interest accrued on the loan if, within seven years after graduation from a school leader preparation program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school administrator at a North Carolina public school, in any combination of the following for every year of service:

- (1) If the school administrator serves one year at a school that qualifies as a high-need school under G.S. 116-74.41A at the time the school administrator accepts employment at the school or, if the school administrator changes employment during this period at another high-need school, then the recipient shall have fifty percent (50%) of the total amount of the loans forgiven.
- (2) If the school administrator serves one year at a school that does not qualify as a high-need school under G.S. 116-74.41A, then the recipient shall have twenty-five percent (25%) of the total amount of the loans forgiven.

A recipient shall be eligible for a percentage of the total amount of loans forgiven under this subsection regardless of whether the recipient repays all of the recipient's forgivable scholarship loans through service.

(c) **Repayment Period.** – The Authority, in collaboration with the Commission and grantees, shall monitor the acceptability of service repayment agreements and compliance of the recipient with the agreement. The Commission shall notify the Authority of any relevant information or change in the circumstances pertaining to the recipient impacting the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if the Commission finds it is impossible for the recipient to work for four years as a school administrator, within seven years after completion of the preparation program supported by the loan, because of the death or permanent disability of the recipient. If the recipient repays the forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid within 10 years after completion of the school leader preparation program supported by the loan. If the recipient completes the school leader preparation program, payment of principal and interest shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the forgivable scholarship loan in cash to no more than a total of 12 years. (2019-60, s. 1(l).)

#### **§ 116-74.49. Staff to the Commission.**

The Commission shall appoint a director of the North Carolina Principal Fellows Program. The director shall chair and staff the Commission and shall administer the extracurricular enhancement activities of the Program. The University of North Carolina System Office shall provide office space for the Program. The office space shall not be located on the campus of a constituent institution. (2019-60, s. 1; 2022-71, s. 3.4(f).)

#### ARTICLES 6-9.

[Repealed.]

#### **§§ 116-75 through 116-104: Repealed by Session Laws 1957, c. 1142.**

#### Article 10.

State School for the Blind and the Deaf in Raleigh.

**§§ 116-105 through 116-119: Transferred to §§ 115-321 to 115-335 by Session Laws 1963, c. 448, s. 28.**

Article 11.

North Carolina School for the Deaf at Morganton.

**§ 116-120: Transferred to § 115-336 by Session Laws 1963, c. 448, s. 28.**

**§§ 116-121 through 116-124. Repealed by Session Laws 1963, c. 448, s. 28.**

**§ 116-124.1. Transferred to § 115-342 by Session Laws 1963, c. 448, s. 28.**

**§ 116-125. Transferred to § 115-343 by Session Laws 1963, c. 448, s. 28.**

Article 11A.

Eastern North Carolina School for the Deaf and North Carolina School for the Deaf at Morganton.

**§§ 116-125.1 through 116-125.5. Transferred to §§ 115-337 to 115-341 by Session Laws 1963, c. 448, s. 28.**

Article 12.

The Caswell School.

**§§ 116-126 through 116-137. Repealed by Session Laws 1963, c. 1184, s. 7.**

Article 13.

Colored Orphanage of North Carolina.

**§§ 116-138 through 116-142. Transferred to §§ 115-344 to 115-348 by Session Laws 1963, c. 448, s. 28.**

Article 13A.

Negro Training School for Feebleminded Children.

**§§ 116-142.1 through 116-142.10. Repealed by Session Laws 1963, c. 1184, s. 8.**

Article 14.

General Provisions as to Tuition and Fees in Certain State Institutions.

**§ 116-143. State-supported institutions of higher education required to charge tuition and fees.**

(a) The Board of Governors of The University of North Carolina shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions of higher education enumerated in G.S. 116-4 in such amount or amounts as it may deem best, taking into consideration the nature of each institution and program of study and the cost of equipment and

maintenance; and each institution shall charge and collect from each student, at the beginning of each semester or quarter, tuition, fees, and an amount sufficient to pay other expenses for the term.

(b) In the event that said students are unable to pay the cost of tuition and required academic fees as the same may become due, in cash, the said several boards of trustees are hereby authorized and empowered, in their discretion, to accept the obligation of the student or students together with such collateral or security as they may deem necessary and proper, it being the purpose of this Article that all students in State institutions of higher learning shall be required to pay tuition, and that free tuition is hereby abolished. Notwithstanding this section, neither the Board of Governors of The University of North Carolina nor its Board of Trustees shall impose any tuition or mandatory fee at the North Carolina School of Science and Mathematics without the approval of the General Assembly, except as provided in subsection (e) of this section.

(c) Inasmuch as the giving of tuition and fee waivers, or especially reduced rates, represent in effect a variety of scholarship awards, the said practice is hereby prohibited except when expressly authorized by statute.

(d) Repealed by Session Laws 2025-17, s. 1, effective June 26, 2025, and applicable beginning with the 2025-2026 academic year.

(d1) Notwithstanding subsection (c) of this section, the Board of Governors of The University of North Carolina may do any of the following:

- (1) Personnel. – Provide regulations under which personnel may enroll in The University of North Carolina free of charge for tuition and fees during the period of normal employment if the (i) enrollment does not interfere with normal employment obligations and (ii) enrollments are not counted for the purpose of receiving General Fund appropriations. Personnel may enroll free of charge for tuition and fees as follows:
  - a. A full-time faculty member of the rank of full-time instructor or above of The University of North Carolina shall not enroll in more than three courses per year.
  - b. A full-time staff member of The University of North Carolina shall not enroll in more than three courses per year.
  - c. A full-time or part-time campus law enforcement officer may enroll in the number of courses per year determined by regulation.
- (2) Military students. – Allow constituent institutions, in their discretion, to discount tuition to qualifying military students by an amount of up to the difference in the maximum amount of military tuition assistance funds the student receives and the applicable tuition. For purposes of this subdivision, a qualifying military student is a student who meets the following criteria:
  - a. Is a resident for tuition purposes under G.S. 116-143.1.
  - b. Receives either (i) federal military tuition assistance funds or (ii) military tuition assistance funds for members of the North Carolina National Guard under Article 15 of Chapter 127A of the General Statutes.
- (3) Employer sponsorships. – Allow constituent institutions, in their discretion, to discount tuition to students who are enrolled in an employer-sponsored financial support program which has been approved by the Board of Governors of The University of North Carolina. The discount may be up to the difference in the maximum amount provided by the employer and the applicable tuition.

For purposes of this subdivision, an employer-sponsored financial support program is a program in which the employer of a student has committed to provide financial support to the student to offset the costs of tuition or fees in the student's degree or credential program.

(d2) No later than February 15 of each year, the Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the discounted tuition provided in the previous academic year pursuant to subdivisions (2) and (3) of subsection (d1) of this section, including at least the following information:

- (1) The number of students that receive a discount under subdivisions (2) and (3) of subsection (d1) of this section.
- (2) The annual financial impact on each constituent institution resulting from the discounted tuition provided.

(e) The Board of Governors of The University of North Carolina may approve, upon the recommendation of the Board of Trustees of the North Carolina School of Science and Mathematics, the imposition of fees not inconsistent with actions of the General Assembly for distance education services provided by the North Carolina School of Science and Mathematics to nonresidents and for students participating in extracurricular enrichment programs sponsored by the School. (1933, c. 320, s. 1; 1939, cc. 178, 253; 1949, c. 586; 1961, c. 833, s. 16.1; 1963, c. 448, s. 27.1; 1965, c. 903; 1971, c. 845, ss. 6, 10; c. 1086, s. 2; c. 1244, s. 12; 1973, c. 116, s. 1; 1977, c. 605; 1981, c. 859, s. 41.4; 2006-66, ss. 9.11(i), 9.12; 2009-451, ss. 9.21, 9.22(a); 2011-145, s. 9.13(a); 2013-360, s. 11.7(b); 2014-100, s. 11.9(a); 2021-20, s. 1; 2025-17, s. 1; 2025-92, s. 2.4(a).)

#### **§ 116-143.1. Provisions for determining resident status for tuition purposes.**

(a) As defined under this section:

- (1) A "legal resident" or "resident" is a person who qualifies as a domiciliary of North Carolina; a "nonresident" is a person who does not qualify as a domiciliary of North Carolina.
- (2) A "resident for tuition purposes" is a person who qualifies for the in-State tuition rate; a "nonresident for tuition purposes" is a person who does not qualify for the in-State tuition rate.
- (3) "Institution of higher education" means any of the constituent institutions of the University of North Carolina and the community colleges under the jurisdiction of the State Board of Community Colleges.
- (4) "Authority" means the State Education Assistance Authority created by and authorized to act under Article 23 of Chapter 116 of the General Statutes.

(b) To qualify as a resident for tuition purposes, a person must have established legal residence (domicile) in North Carolina and maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes. Every applicant for admission shall be required to make a statement as to his length of residence in the State.

(c) To be eligible for classification as a resident for tuition purposes, a person must establish that his or her presence in the State currently is, and during the requisite 12-month qualifying period was, for purposes of maintaining a bona fide domicile rather than of maintaining a mere temporary residence or abode incident to enrollment in an institution of higher education.

(d) An individual shall not be classified as a resident for tuition purposes and, thus, not rendered eligible to receive the in-State tuition rate, until he or she has provided such evidence

related to legal residence and its duration as may be required by the coordinated and centralized residency determination process administered by the Authority in accordance with this Article acting on behalf of officials of the institution of higher education from which the individual seeks the in-State tuition rate.

(e) When an individual presents evidence that the individual has living parent(s) or court-appointed guardian of the person, the legal residence of such parent(s) or guardian shall be prima facie evidence of the individual's legal residence. This presumption may be reinforced or rebutted relative to the age and general circumstances of the individual by the other evidence of legal residence required of or presented by the individual. An individual may offer evidence of graduation from a North Carolina high school to reinforce or rebut the presumption that the individual's domicile is the same domicile as the individual's living parent or guardian; however, evidence of graduation from a North Carolina high school alone shall not establish legal residence in the State. The legal residence of an individual whose parents are domiciled outside this State shall not be prima facie evidence of the individual's legal residence if the individual has lived in this State the five consecutive years prior to enrolling or reregistering at an institution of higher education.

(f) In making domiciliary determinations related to the classification of persons as residents or nonresidents for tuition purposes, the domicile of a married person, irrespective of sex, shall be determined, as in the case of an unmarried person, by reference to all relevant evidence of domiciliary intent. For purposes of this section:

- (1) No person shall be precluded solely by reason of marriage to a person domiciled outside North Carolina from establishing or maintaining legal residence in North Carolina and subsequently qualifying or continuing to qualify as a resident for tuition purposes;
- (2) No persons shall be deemed solely by reason of marriage to a person domiciled in North Carolina to have established or maintained a legal residence in North Carolina and subsequently to have qualified or continued to qualify as a resident for tuition purposes;
- (3) In determining the domicile of a married person, irrespective of sex, the fact of marriage and the place of domicile of his or her spouse shall be deemed relevant evidence to be considered in ascertaining domiciliary intent.

(g) Any nonresident person, irrespective of sex, who marries a legal resident of this State or marries one who later becomes a legal resident, may, upon becoming a legal resident of this State, accede to the benefit of the spouse's immediately precedent duration as a legal resident for purposes of satisfying the 12-month durational requirement of this section.

(h) No person shall lose his or her resident status for tuition purposes solely by reason of serving in the Armed Forces of the United States outside this State.

(h1) Any member of a North Carolina National Guard unit who is a nonresident shall be eligible to be charged the in-State tuition rate and shall pay the full amount of the in-State tuition rate and applicable mandatory fees. This subsection applies to members in a reserve or active duty status.

(h2) Any citizen of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau who is a nonresident shall be eligible to be charged the in-State tuition rate and shall pay the full amount of the in-State tuition rate and applicable mandatory fees.

(i) A person who, having acquired bona fide legal residence in North Carolina, has been classified as a resident for tuition purposes but who, while enrolled in an institution of higher

education, loses North Carolina legal residence, shall continue to enjoy the in-State tuition rate for a statutory grace period. This grace period shall be measured from the date on which the culminating circumstances arose that caused loss of legal residence and shall continue for 12 months; provided, that a resident's marriage to a person domiciled outside of North Carolina shall not be deemed a culminating circumstance even when said resident's spouse continues to be domiciled outside of North Carolina; and provided, further, that if the 12-month period ends during a semester or academic term in which such a former resident is enrolled at an institution of higher education, such grace period shall extend, in addition, to the end of that semester or academic term.

(j) Notwithstanding the prima facie evidence of legal residence of an individual derived pursuant to subsection (e), notwithstanding the presumptions of the legal residence of a minor established by common law, and notwithstanding the authority of a judicially determined custody award of a minor, for purposes of this section, the legal residence of a minor whose parents are divorced, separated, or otherwise living apart shall be deemed to be North Carolina for the time period relative to which either parent is entitled to claim and does in fact claim the minor as a dependent for North Carolina individual income tax purposes. The provisions of this subsection shall pertain only to a minor who is claimed as a dependent by a North Carolina legal resident.

Any person who immediately prior to his or her eighteenth birthday would have been deemed under this subsection a North Carolina legal resident but who achieves majority before enrolling at an institution of higher education shall not lose the benefit of this subsection if that person:

- (1) Upon achieving majority, acts, to the extent that the person's degree of actual emancipation permits, in a manner consistent with bona fide legal residence in North Carolina; and
- (2) Begins enrollment at an institution of higher education not later than the fall academic term next following completion of education prerequisite to admission at such institution.

(k) Notwithstanding other provisions of this section, a minor who satisfies the following conditions immediately prior to commencement of an enrolled term at an institution of higher education, shall be accorded resident tuition status for that term:

- (1) The minor has lived for five or more consecutive years continuing to such term in North Carolina in the home of an adult relative other than a parent, domiciled in this State; and
- (2) The adult relative has functioned during those years as a de facto guardian of the minor and exercised day-to-day care, supervision, and control of the minor.

A person who immediately prior to his or her eighteenth birthday qualified for or was accorded resident status for tuition purposes pursuant to this subsection shall be deemed upon achieving majority to be a legal resident of North Carolina of at least 12 months' duration; provided, that the legal residence of such an adult person shall be deemed to continue in North Carolina only so long as the person does not abandon legal residence in this State.

(l) Any person who ceases to be enrolled at or graduates from an institution of higher education while classified as a resident for tuition purposes and subsequently abandons North Carolina domicile shall be permitted to reenroll at an institution of higher education as a resident for tuition purposes without necessity of meeting the 12-month durational requirement of this section if the person reestablishes North Carolina domicile within 12 months of abandonment of North Carolina domicile and continuously maintains the reestablished North Carolina domicile at least through the beginning of the academic term(s) for which in-State tuition status is sought. The benefit of this subsection shall be accorded not more than once to any one person.

(m) Notwithstanding subsection (b) of this section, a person who is a full-time employee of The University of North Carolina, or is the spouse or dependent child of a full-time employee of The University of North Carolina, and who is a legal resident of North Carolina, qualifies as a resident for tuition purposes without having maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes. (1971, c. 845, ss. 7-9; 1973, cc. 710, 1364, 1377; 1975, c. 436; 1979, cc. 435, 836; 1981, cc. 471, 905; 1987, c. 564, s. 19; 1989, c. 728, s. 1.3; 1991 (Reg. Sess., 1992), c. 1030, s. 32; 2004-130, s. 2; 2005-276, s. 9.25(a); 2011-183, s. 83; 2016-57, s. 2(a); 2019-139, s. 3; 2024-40, s. 5(a).)

### **§ 116-143.2. Expired.**

### **§ 116-143.3. Tuition of qualifying federal services members and their spouses and dependents.**

(a) Definitions. – The following definitions apply in this section:

- (1) Abode. – The place where a person actually lives, whether temporarily or permanently; the term "abide" shall mean to live in a given place.
- (2) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, Space Force, and Navy; the North Carolina National Guard; and any reserve component of the foregoing.
- (2a) Dependent. – A spouse or dependent child.
- (3) Repealed by Session Laws 2007-484, s. 15, effective August 30, 2007.
- (4) Qualifying federal services member. – Any of the following:
  - a. A member of the Armed Forces who is on active duty for a period of more than 30 days, as defined in 10 U.S.C. § 101.
  - b. A member of the Foreign Service, as defined in 22 U.S.C. § 3903, who is on active duty for a period of more than 30 days.

(b) Any qualifying federal services member admitted to an institution of higher education, as defined in G.S. 116-143.1(a)(3), but not qualifying as a resident for tuition purposes under G.S. 116-143.1 shall be charged the in-State tuition rate and applicable mandatory fees for enrollments while the qualifying federal services member's permanent duty station is in this State. In the event the qualifying federal services member is reassigned outside of North Carolina or retires, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is reassigned. In the event the qualifying federal services member is an active duty member of the Armed Forces and receives an Honorable Discharge from military service, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member establishes residency in North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is discharged.

(b1), (b2) Repealed by Session Laws 2004-130, s. 1, effective August 1, 2004.

(c) Any dependent of a qualifying federal services member with a permanent duty station in this State shall be eligible to be charged the in-State tuition rate, if the dependent qualifies for admission to an institution of higher education, as defined in G.S. 116-143.1(a)(3). In the event the qualifying federal services member is reassigned outside of North Carolina or retires, the dependent shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent is continuously enrolled in the degree or other program in which the

dependent was enrolled at the time the member is reassigned or retires. In the event the qualifying federal services member is an active duty member of the Armed Forces and receives an Honorable Discharge from military service, the dependent shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent establishes residency within North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the dependent was enrolled at the time the member is discharged.

(c1) A dependent child who resides with a member of the Armed Forces who is reassigned outside of the State incident to active military duty shall remain eligible to be charged the in-State tuition rate if all of the following are met:

- (1) At the time the dependent child applies for admission to the institution of higher education, as defined in G.S. 116-143.1(a)(3), the dependent child both:
  - a. Is enrolled in a North Carolina high school.
  - b. Meets the requirements of subsection (c) of this section.
- (2) Upon admission, the dependent child enrolls in the institution of higher education no later than the fall academic semester immediately following notice of admission and remains continuously enrolled.

(d) The person applying for the benefit of this section has the burden of proving entitlement to the benefit.

(e) A person charged less than the out-of-state tuition rate solely by reason of this section shall not, during the period of receiving that benefit, qualify for or be the basis of conferring the benefit of G.S. 116-143.1(g), (h), (i), (j), (k), or (l). (1983 (Reg. Sess., 1984), c. 1034, s. 57; 1985, c. 39, s. 1; c. 479, s. 69; c. 757, s. 154; 1987, c. 564, s. 7; 1997-443, s. 10.2; 2003-284, s. 8.16(a); 2004-130, s. 1; 2005-276, s. 9.38; 2005-345, s. 14; 2005-445, s. 7; 2007-484, s. 15; 2011-183, s. 84; 2021-9, s. 2(a); 2023-134, ss. 8A.9(a), 8A.10(b); 2025-20, s. 1.3.)

### **§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other individuals.**

(a) Definitions. – The following definitions apply in this section:

- (1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).
- (2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).
- (3) Veteran. – A person who served active duty for not less than 90 days in the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration and who was discharged or released from such service.

(b) Waiver of 12-Month Residency Requirement for Certain Individuals. – Any veteran, dependent of a veteran, or other individual who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment, to the extent required by 38 U.S.C. § 3679, without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the individual meets all of the following criteria:

- (1), (2) Repealed by Session Laws 2019-201, s. 5(a), effective August 23, 2019.
- (3) The individual's abode is North Carolina.
- (4) The individual provides the institution of higher education at which the individual intends to enroll a letter of intent to establish residence in North Carolina.

- (5) The individual meets the definition of a "covered individual" under 38 U.S.C. § 3679(c).
- (c) through (c2) Repealed by Session Laws 2019-201, s. 5(a), effective August 23, 2019.
- (d) Repealed by Session Laws 2021-111, s. 2, effective August 23, 2021.
- (e) The individual applying for the benefit of this section has the burden of proving entitlement to the benefit. (2015-116, s. 1; 2015-264, s. 65.5; 2015-268, s. 3.9; 2017-57, s. 10.11; 2017-155, s. 4; 2019-201, s. 5(a); 2021-111, s. 2.)

**§ 116-143.3B. Tuition of qualifying veterans.**

- (a) Definitions. – The following definitions apply in this section:
  - (1) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, Navy, Space Force, the North Carolina National Guard, and any reserve component of any of these entities.
  - (2) Qualifying veteran. – An individual who meets all of the following criteria:
    - a. Served active duty for not less than 90 days in the Armed Forces.
    - b. Received an Honorable Discharge from the Armed Forces.
    - c. Meets at least one of the following criteria:
      - 1. Graduated from high school in North Carolina on or after January 1, 2004.
      - 2. Served active duty in the Armed Forces with a permanent station in North Carolina for at least 90 continuous days.
      - 3. Was awarded a Purple Heart.
- (b) [In-State Tuition. –] Any qualifying veteran admitted to an institution of higher education, as defined in G.S. 116-143.1(a)(3), shall be charged the in-State tuition rate and applicable mandatory fees for enrollment, without having to satisfy the 12-month residency requirement under G.S. 116-143.1.
- (c) [Burden of Proof. –] The individual applying for the benefit of this section has the burden of proving entitlement to the benefit. (2025-72, s. 3(b).)

**§ 116-143.4. Admissions status of persons charged in-State tuition.**

A person eligible for the in-State tuition rate pursuant to this Article shall be considered an in-State applicant for the purpose of admission; provided that, a person eligible for in-State tuition pursuant to G.S. 116-143.3(c) shall be considered an in-State applicant for the purpose of admission only if at the time of seeking admission he is enrolled in a high school located in North Carolina or enrolled in an adult high school equivalency diploma program in an institution located in this State. (1989 (Reg. Sess., 1990), c. 907, s. 1; 2014-115, s. 28(g).)

**§ 116-143.5: Repealed by Session Laws 2011-145, s. 9.13(b), effective July 1, 2011.**

**§ 116-143.6. Full scholarship students attending constituent institutions.**

(a) Notwithstanding any other provision of law, if the Board of Trustees of a constituent institution of The University of North Carolina elects to do so, it may by resolution adopted consider as residents of North Carolina all persons who receive full scholarships to the institution from entities recognized by the institution and attend the institution as undergraduate students. The aforesaid persons shall be considered residents of North Carolina for all purposes by The University of North Carolina.

- (b) The following definitions apply in this section:
  - (1) "Full cost" means an amount calculated by the constituent institution that is no less than the sum of tuition, required fees, and on-campus room and board.
  - (2) "Full scholarship" means a grant that meets the full cost for a student to attend the constituent institution for an academic year.
- (c) This section shall not be applied in any manner that violates federal law.
- (d) Repealed by Session Laws 2021-180, s. 8.7(a), effective July 1, 2021, and applicable beginning with the 2021-2022 academic year.
- (e) In administering this section, the electing constituent institution shall maintain at least the current number of North Carolina residents admitted to that constituent institution.
- (f) A change in residency status under this section shall not impact the financial aid amount a student is able to receive as determined by the Free Application for Federal Student Aid. (2005-276, s. 9.27(a); 2010-31, s. 9.25; 2021-180, s. 8.7(a).)

**§ 116-143.7. Repealed by Session Laws 2019-68, s. 1, effective July 1, 2019, and applicable beginning with the 2019-2020 academic year.**

**§ 116-143.8: Repealed by Session Laws 2015-116, s. 2, effective July 1, 2015.**

**§ 116-143.9. Fixed tuition payment.**

- (a) There is established the fixed tuition payment program. The rate of tuition of any freshman or transfer undergraduate student who is admitted to any constituent institution of The University of North Carolina and deemed to be a North Carolina resident for purposes of tuition shall be guaranteed as provided by this section. The program shall have the following components:
  - (1) A guarantee that the rate of tuition approved by either the Board of Governors or the Board of Trustees of the constituent institution will remain constant or decrease during the tuition period.
  - (2) Except as provided in subsection (b) of this section, the tuition period shall be (i) eight consecutive academic semesters for a student seeking a baccalaureate degree in a four-year program or 10 consecutive academic semesters for a student seeking a baccalaureate degree in a program officially designated by the Board of Governors as a five-year program, not including any summer sessions, or (ii) the appropriate balance of a designated program length after making the proper adjustments for a student who transfers to the constituent institution.
  - (3) Except as provided in subsection (b) of this section, the student must remain enrolled continuously at the constituent institution during the entire tuition period.
  - (4) At the end of the tuition period, the cost of tuition for any additional academic semesters reverts to the amount of the current tuition for that constituent institution.
- (b) The tuition period may be tolled if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors shall establish the appropriate procedures to implement this subsection.

(c) The Board of Governors shall adopt the policies needed to implement this section and shall also determine what the fixed tuition rates and the tuition periods shall be for undergraduate transfer students who are North Carolina residents for purposes of tuition. (2016-94, s. 11.4(a); 2019-68, s. 2.)

**§ 116-143.10. Cap on student fees.**

Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina and the Board of Trustees at each constituent institution may increase the cumulative total of all undergraduate student fees approved by either the Board of Governors or the Board of Trustees by no more than three percent (3%) per academic year. (2016-94, s. 11.4(b).)

**§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations; annual report.**

(a) The NC Promise Tuition Plan shall be established and implemented as provided by this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University as follows: the rate of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five hundred dollars (\$500.00) per academic semester and the rate of tuition for nonresident students shall be three thousand five hundred dollars (\$3,500) per academic semester.

(b) Notwithstanding any other provision of law, the State shall "buy down" the amount of any financial obligation resulting from the established tuition rate that may be incurred by Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University.

(c) When implementing the provisions of this section, the Board of Governors shall give due consideration to maintaining the unique historical character of each institution, including service to students who are first generation, college-going, economically disadvantaged, or minority.

(c1) This section does not apply to the rate of tuition charged for digital learning student credit hours provided with the support of a nonprofit corporation established by The University of North Carolina System Office pursuant to G.S. 116-30.20.

(d) By October 1 of each year, the Board of Governors and the chancellors of Elizabeth City State University, the University of North Carolina at Pembroke, Fayetteville State University, and Western Carolina University, respectively, shall submit a report to the Joint Legislative Education Oversight Committee, the House Appropriations Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Fiscal Research Division on the amount of any financial obligation resulting from the established tuition rate incurred at each constituent institution and at least the following information for the fiscal year:

- (1) The amount required to offset the forgone tuition receipts at each of the four constituent institutions as a result of the tuition rate established by this section and how those funds were allocated to each constituent institution.
- (2) The number of enrolled resident students at each constituent institution.
- (3) The number of enrolled nonresident students at each constituent institution. (2016-94, s. 11.4(c); 2018-5, s. 10.5; 2021-180, s. 8.25(a); 2022-6, s. 2.11; 2025-97, s. 2.2(a).)

**§ 116-144. Higher tuition to be charged nonresidents.**

Unless provided otherwise by law, the Board of Governors shall fix the tuition and required fees charged nonresidents of North Carolina who attend the institutions enumerated in G.S. 116-4 at rates higher than the rates charged residents of North Carolina and comparable to the rates charged nonresident students by comparable public institutions nationwide, except that a person who serves as a graduate teaching assistant or graduate research assistant or in a similar instructional or research assignment and is at the same time enrolled as a graduate student in the same institution may, in the discretion of the Board of Governors, be charged a lower rate fixed by the Board, provided the rate is not lower than the North Carolina resident rate. (1933, c. 320, s. 3; 1983, c. 761, s. 112; 2016-94, s. 11.4(c2).)

Article 15.

Educational Advantages for Children of World War Veterans.

**§§ 116-145 through 116-148.1. Repealed by Session Laws 1951, c. 1160, s. 1.**

**§§ 116-149 through 116-153. Repealed by Session Laws 1967, c. 1060, s. 10.**

Article 16.

State Board of Higher Education.

**§§ 116-154 through 116-157. Repealed by Session Laws 1971, c. 1244, s. 14.**

**§ 116-158. Powers and duties generally.**

The Board shall have the following specific powers and duties, in the exercise and performance of which it shall be subject to the provisions of Article 1, Chapter 143 of the General Statutes except as herein otherwise provided:

- (1) to (8) Repealed by Session Laws 1971, c. 1244, s. 14.
- (9) Transferred to G.S. 116-18 by Session Laws 1971, c. 1244, s. 4 (1955, c. 1186, s. 5; 1959, c. 326, ss. 2-7; 1965, c. 1096, s. 3; 1971, c. 1244, ss. 4, 14.)

**§§ 116-158.1 through 116-158.4. Transferred to §§ 116-19 to 116-22 by Session Laws 1971, c. 1244, s. 5.**

**§§ 116-159 through 116-167. Repealed by Session Laws 1971, c. 1244, s. 14.**

Article 17.

College Revolving Fund.

**§§ 116-168 through 116-170: Repealed by Session Laws 1983, c. 717, s. 34.**

Article 18.

Scholarship Loan Fund for Prospective Teachers.

**§§ 116-171 through 116-174: Transferred to §§ 115C-468 to 115C-471 by Session Laws 1983 (Regular Session 1984), c. 1034, s. 10.1.**

## Article 18A.

### Contracts of Minors Borrowing for Higher Education; Scholarship Revocation.

#### **§ 116-174.1. Minors authorized to borrow for higher education; interest; requirements of loans.**

All minors in North Carolina of the age of 17 years and upwards shall have full power and authority to enter into written contracts of indebtedness, at a rate of interest not exceeding the contract rate authorized in Chapter 24 of the General Statutes, with persons and educational institutions or with firms and corporations licensed to do business in North Carolina and to execute notes evidencing such indebtedness. Such loans shall be:

- (1) Unsecured by the conveyance of any property as security, whether real, personal or mixed;
- (2) For the sole purpose of borrowing money to obtain post-secondary education at an accredited college, university, junior college, community college, business or trade school provided, however, that none of the proceeds of such loans shall be used to pay for any correspondence courses;
- (3) The proceeds of any loan shall be disbursed either directly to the educational institution for the benefit of the borrower or jointly to the borrower and the educational institution. (1963, c. 780; 1969, c. 1073; 1987, c. 564, s. 36.)

#### **§ 116-174.2. Grounds for revocation of scholarships.**

Any student regularly registered and enrolled as an undergraduate, graduate, or professional student in a state-supported college, university or community college who shall be convicted, enter a plea of guilty or nolo contendere upon an indictment or charge for engaging in a riot, inciting a riot, unlawful demonstration or assembly, seizing or occupying a building or facility, sitting down in buildings they have seized, or lying down in entrances to buildings or any facilities, or on the campus of any college, university, or community college, or any student, whether an undergraduate, graduate or professional student who shall forfeit an appearance bond on an indictment or charge of any of the above-named offenses, shall have revoked and withdrawn from his benefit all state-supported scholarships or any State funds granted to him for educational assistance. It shall be the duty of all persons or officials having charge of and authority over the granting of state-supported scholarships or any other form of financial assistance to immediately revoke and withdraw same in the event and upon the happening of any of the conditions or matters above enumerated; provided, however, that in subsequent academic terms any such student shall be eligible to be considered for and to be granted financial assistance from State funds. (1969, c. 1019.)

## Article 19.

### Revenue Bonds for Student Housing.

#### **§ 116-175. Definitions.**

As used in this Article, the following words and terms shall have the following meanings, unless the context shall indicate another or different meaning or intent.

- (1) The word "Board" shall mean the Board of Governors of the University of North Carolina.

- (2) The word "cost" as applied to a project shall include the cost of acquisition or construction, the cost of all labor, materials and equipment, the cost of all lands, property, rights and easements acquired, financing charges, interest prior to and during construction and, if deemed advisable by the Board, for one year after completion of construction, cost of plans and specifications, surveys and estimates of cost and/or revenues, cost of engineering and legal services, and all other expenses necessary or incident to such acquisition or construction, administrative expense and such other expenses, including reasonable provision for initial operating expenses, as may be necessary or incident to the financing herein authorized. Any obligation or expense incurred by the Board prior to the issuance of bonds under the provisions of this Article in connection with any of the foregoing items of cost may be regarded as a part of such cost.
- (3) The word "institution" shall mean each of the institutions enumerated in G.S. 116-2.
- (4) The word "project" shall mean and shall include any one or more buildings for student housing of any size or type approved by the Board of Governors of the University of North Carolina, and the Director of the Budget, and any enlargements or improvements thereof or additions thereto, so approved for the housing of students at either institution, together with the necessary land and equipment. The approval of a project by the Board of Governors of the University of North Carolina and the Director of the Budget shall specify a time within which construction contracts shall be awarded. (1957, c. 1131, s. 1; 1963, cc. 421, 422; c. 448, s. 20.1; c. 1158, ss. 1, 11/2; 1965, c. 31, s. 3; 1967, c. 1038; 1969, c. 297, s. 7; c. 388; c. 608, s. 1; c. 801, ss. 2-4; 1971, c. 1244, s. 16; 1983, c. 577, s. 6.)

**§ 116-175.1: Repealed, effective July 1, 2007, and applicable to the budget for the 2007-2009 biennium and each subsequent biennium thereafter, by Session Laws 2006-203, s. 52.**

**§ 116-176. Issuance of bonds.**

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bonds of the Board for the purpose of acquiring or constructing any project or projects. The bonds of each issue shall be dated, shall mature at such time or times not exceeding 50 years from their date or dates, shall bear interest at such rate or rates as may be determined by the Board, and may be redeemable before maturity, at the option of the Board, at such price or prices and under terms and conditions as may be fixed by the Board prior to the issuance of the bonds. The Board shall determine the form and manner of execution of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Article or any recitals in any bonds issued under the provisions of this Article, all such bonds shall be deemed to be negotiable instruments

under the laws of this State. The bonds may be issued in coupon or registered form or both, as the Board may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The Board may sell such bonds in such manner, at public or private sale, and for such price, as it may determine to be in the best interest of the Board.

The proceeds of the bonds of each issue shall be used solely for the purpose for which such bonds shall have been authorized and shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such bonds or in the trust agreement hereinafter mentioned securing the same. Unless otherwise provided in the authorizing resolution or in the trust agreement securing such bonds, if the proceeds of such bonds, by error of estimates or otherwise, shall be less than such cost, additional bonds may in like manner be issued to provide the amount of such deficit and shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the bonds first issued for the same purpose.

The resolution providing for the issuance of revenue bonds, and any trust agreement securing such bonds, may also contain such limitations upon the issuance of additional revenue bonds as the Board may deem proper, and such additional bonds shall be issued under such restrictions and limitations as may be prescribed by such resolution or trust agreement.

Prior to the preparation of definitive bonds, the Board may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Board may also provide for the replacement of any bonds which shall become mutilated or be destroyed or lost.

Bonds may be issued by the Board under the provisions of this Article, subject to the approval of the Director of the Budget, but without obtaining the consent of any other commission, board, bureau or agency of the State, and without any other proceedings or the happening of any other conditions or things than those consents, proceedings, conditions or things which are specifically required by this Article.

Revenue bonds issued under the provisions of this Article shall not be deemed to constitute a debt of the State of North Carolina or a pledge of the faith and credit of the State, but such bonds shall be payable solely from the funds herein provided therefor and a statement to that effect shall be recited on the face of the bonds.

The Board may enter into or negotiate a note with an acceptable bank or trust company in lieu of issuing bonds for the financing of projects covered under this Article. The terms and conditions of any note of this nature shall be in accordance with the terms and conditions surrounding issuance of bonds. (1957, c. 1131, s. 2; 1969, c. 1158, s. 1; 1971, c. 511, s. 1; 1975, c. 233, s. 1; 1983, c. 577, s. 6.)

#### **§ 116-177. Revenues for payment of bonds; rules for use of facilities.**

So long as any bonds issued under this Article shall be outstanding the Board shall fix, and may revise from time to time, rentals for the facilities to be furnished by any project financed under this Article or for the right to use any such facilities or to receive any such services. Such rentals shall be fixed and revised so that the revenues received by the Board from any project or projects, together with any other available funds, will be sufficient at all times

- (1) To pay the cost of maintaining, repairing and operating such project or projects, including reserves for such purposes, and

- (2) To pay when added to increased rentals from existing facilities the principal of and the interest on the bonds for the payment of which such revenues are pledged and to provide reserves therefor.

The Board shall increase the rentals for the facilities furnished by any existing dormitories at any institution to provide, to the extent necessary, additional funds to liquidate in full any revenue bonds issued under this Article.

The Board is further authorized to make and enforce and to contract to make and enforce parietal rules that shall insure the maximum use of any project or existing facilities. (1957, c. 1131, s. 3.)

### **§ 116-178. Trust agreement.**

In the discretion of the Board and subject to the approval of the Director of the Budget, each or any issue of revenue bonds may be secured by a trust agreement by and between the Board and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the State. The resolution authorizing the issuance of the bonds or such trust agreement may pledge to the extent necessary the revenues to be received from any project or projects at any institution and from any similar existing facilities described in G.S. 116-175(4) at the same institution, in excess of amounts now charged to each occupant of such project, but shall not convey or mortgage any such project or existing facilities, and may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Board in relation to the acquisition or construction of such project or projects and in relation to the maintenance, repair, operation and insurance of such project or projects and such existing facilities, the fixing and revising of rentals and other charges; and, the custody, safeguarding and application of all moneys, and for the employment of consulting engineers or architects in connection with such acquisition, construction or operation. Notwithstanding the provisions of any other law the Board may carry insurance on any such project or projects in such amounts and covering such risks as it may deem advisable. It shall be lawful for any bank or trust company incorporated under the laws of the State of North Carolina which may act as depository of the proceeds of bonds or of revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the Board. Such resolution or trust agreement may set forth the rights and remedies of the bondholders and of the trustees, if any, and may restrict the individual right of action by bondholders. Such resolution or trust agreement may contain such other provisions in addition to the foregoing as the Board may deem reasonable and proper for the security of the bondholders.

The Board may provide for the payment of the proceeds of the sale of the bonds and the revenues of any project or existing facilities or part thereof to such officer, board or depository as it may designate for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. All expenses incurred in carrying out the provisions of such resolution or trust agreement may be treated as a part of the cost of operation.

All pledges of revenues under the provisions of this Article shall be valid and binding from the time when such pledges are made. All such revenues so pledged and thereafter received by the Board shall immediately be subject to the lien of such pledges without any physical delivery thereof or further action, and the lien of such pledges shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board, irrespective of whether such parties have notice thereof. (1957, c. 1131, s. 4; 1983, c. 577, s. 6.)

**§ 116-179. Sale of bonds; functions performed by executive committee.**

The Board may authorize its executive committee to sell any bonds which the Board has, with the approval of the Director of the Budget, authorized to be issued under this Article in such manner and under such limitations or conditions as the Board shall prescribe and to perform such other functions under this Article as the Board shall determine. (1957, c. 1131, s. 5; 1983, c. 577, s. 6.)

**§ 116-180. Moneys received deemed trust funds.**

All moneys received pursuant to the authority of this Article shall be deemed to be trust funds, to be held and applied solely as provided in this Article. The resolution authorizing the issuance of bonds or the trust agreement securing such bonds shall provide that any officer to whom, or bank, trust company or fiscal agent to which, such moneys shall be paid shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such regulations as such resolution or trust agreement may provide. (1957, c. 1131, s. 6.)

**§ 116-181. Remedies.**

Any holder of revenue bonds issued under the provisions of this Article or of any of the coupons appertaining thereto, and the trustee under any trust agreement, except to the extent that the rights herein given may be restricted by the resolution authorizing the issuance of such bonds or by such trust agreement, may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State of North Carolina or granted hereunder or under such resolution or trust agreement, and may enforce and compel the performance of all duties required by this Article or by such resolution or trust agreement to be performed by the Board or by any officer thereof, including the fixing, charging and collecting of fees, rentals and other charges. (1957, c. 1131, s. 7.)

**§ 116-182. Refunding bonds.**

The Board is hereby authorized, subject to the approval of the Director of the Budget, to issue from time to time revenue refunding bonds for the purpose of refunding any revenue bonds issued by the Board in connection with any project or projects at any one institution, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. The Board is further authorized, subject to the approval of the Director of the Budget, to issue from time to time revenue refunding bonds for the combined purpose of

- (1) Refunding any revenue bonds or revenue refunding bonds issued by the Board in connection with any project or projects at any one institution, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and
- (2) Paying all or any part of the cost of acquiring or constructing any additional project or projects at the same institution.

The issuance of such bonds, the maturities and other details thereof, the rights and remedies of the holders thereof, and the rights, powers, privileges, duties and obligations of the Board with respect to the same, shall be governed by the foregoing provisions of this Article insofar as the same may be applicable. (1957, c. 1131, s. 8; 1983, c. 577, s. 6.)

**§ 116-183. Acceptance of grants; exemption from taxation.**

The Board is hereby authorized, subject to the approval of the Director of the Budget, to accept grants of money or materials or property of any kind for any project from a federal agency, private agency, corporation or individual, upon such terms and conditions as such federal agency, private agency, corporation or individual may impose. The bonds issued under this Article are exempt from all State, county, and municipal taxation or assessment, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, excluding income taxes on the gain from the transfer of the bonds and notes, and franchise taxes. The interest on the bonds and notes is not subject to taxation as income. (1957, c. 1131, s. 9; 1983, c. 577, s. 6; 1995, c. 46, s. 6; 2015-264, s. 16(c).)

**§ 116-184. Article cumulative.**

This Article shall be deemed to provide an additional and alternative method for the doing of the things authorized hereby and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of or as repealing any powers now existing under any other law, either general, special or local; provided, however, that the issuance of revenue bonds or revenue refunding bonds under the provisions of this Article need not comply with the requirements of any other law applicable to the issuance of bonds. (1957, c. 1131, s. 10.)

**§ 116-185. Inconsistent laws declared inapplicable.**

All general, special or local laws, or parts thereof, inconsistent herewith are hereby declared to be inapplicable to the provisions of this Article. (1957, c. 1131, s. 11.)

Article 20.

Motor Vehicles of Students.

**§ 116-186. Transferred to § 116-42.4 by Session Laws 1971, c. 1244, s. 11.**

Article 21.

Revenue Bonds for Student Housing, Student Activities, Physical Education and Recreation.

**§ 116-187. Purpose of Article.**

The purpose of this Article is to authorize the Board of Governors of the University of North Carolina to issue revenue bonds, payable from rentals, charges, fees (including student fees) and other revenues but with no pledge of taxes or the faith and credit of the State or any agency or political subdivision thereof, to pay the cost, in whole or in part, of buildings and other facilities for the housing, health, welfare, recreation and convenience of students enrolled at the institutions hereinafter designated, housing of faculty, adult or continuing education programs and for revenue-producing parking decks or structures, and for University of North Carolina Hospitals at Chapel Hill. (1963, c. 847, s. 1; 1967, c. 1148, s. 1; 1971, c. 1061, s. 1; c. 1244, s. 16; 1979, c. 731, s. 6; 1989, c. 141, s. 4.)

**§ 116-187.1: Repealed by Session Laws 2006-203, s. 53, effective July 1, 2007, and applicable to the budget for the 2007-2009 biennium and each subsequent biennium thereafter.**

**§ 116-188. Credit and taxing power of State not pledged; statement on face of bonds.**

Revenue bonds issued as in this Article provided shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof or a pledge of the faith and credit of the State or of any such political subdivision, but shall be payable solely from the funds herein provided therefor from revenues. All such revenue bonds shall contain on the face thereof a statement to the effect that neither the State nor the Board (herein mentioned) shall be obligated to pay the same or the interest thereon except from revenues as herein defined and that neither the faith and credit nor the taxing power of the State or of any political subdivision or instrumentality thereof is pledged to the payment of the principal of or the interest on such bonds. The issuance of revenue bonds hereunder shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any taxes whatsoever therefor. (1963, c. 847, s. 2.)

**§ 116-189. Definitions.**

As used in this Article, the following words and terms shall have the following meanings, unless the context shall indicate another or different meaning or intent:

- (1) The word "Board" shall mean the Board of Governors of the University of North Carolina.
- (2) The word "cost," as applied to any project, shall include the cost of acquisition or construction, the cost of acquisition of all property, both real and personal, or interests therein, the cost of demolishing, removing or relocating any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved or relocated, the cost of all labor, materials, equipment and furnishings, financing charges, interest prior to and during construction and, if deemed advisable by the Board, for a period not exceeding one year after completion of such construction, provisions for working capital, reserves for debt service and for extensions, enlargements, additions and improvements, cost of engineering, financial and legal services, plans, specifications, studies, surveys, estimates of cost and of revenues, administrative expenses, expenses necessary or incident to determining the feasibility or practicability of constructing the project, and such other expenses as may be necessary or incident to the acquisition or construction of the project, the financing of such acquisition or construction, and the placing of the project in operation. Any obligation or expense incurred by the Board prior to the issuance of bonds under the provisions of this Article in connection with any of the foregoing items of cost may be regarded as a part of such cost.
- (3) The term "existing facilities" shall mean buildings and facilities then existing any part of the revenues of which are pledged under the provisions of any resolution authorizing the issuance of revenue bonds hereunder to the payment of such bonds.
- (4) The word "institution" shall mean each of the institutions enumerated in G.S. 116-2, the University of North Carolina Health Care System, and The University of North Carolina System Office.
- (5) The word "project" shall mean and shall include any one or more buildings, structures, or facilities of any size or type now or hereafter existing for (i) the housing, health, welfare, recreation, and convenience of students, (ii) the housing of faculty, (iii) academic, research, patient care, and community services, and (iv) parking at an institution or institutions, that has been approved

by the Board and the Director of the Budget and any improvements or additions so approved to any such buildings, structures, or facilities, including, but without limiting the generality thereof, dormitories and other student, faculty, and adult or continuing education housing, dining facilities, student centers, gymnasiums, field houses and other physical education and recreation buildings, infirmaries and other health care buildings, academic facilities, furnishings, equipment, parking facilities, and necessary land and interest in land. Any project may include, without limiting the generality thereof, facilities for services such as lounges, restrooms, lockers, offices, stores for books and supplies, snack bars, cafeterias, restaurants, laundries, cleaning, postal, banking and similar services, rooms and other facilities for guests and visitors, and facilities for meetings and for recreational, cultural, and entertainment activities.

- (6) The word "revenues" shall mean all or any part of the rents, charges, fees (including student fees) and other income revenues derived from or in connection with any project or projects and existing facilities, and may include receipts and other income derived from athletic games and public events. (1963, c. 847, s. 3; 1965, c. 31, s. 3; 1967, c. 1038; c. 1148, s. 2; 1969, c. 297, s. 8; c. 388; c. 608, s. 1; c. 801, ss. 2-4; 1971, c. 1061, s. 2; c. 1244, s. 16; 1979, c. 731, s. 6; 1983, c. 577, s. 8; 1989, c. 141, s. 5; 2000-168, ss. 4, 5; 2018-12, s. 8.)

#### **§ 116-190. General powers of Board of Governors.**

The Board is authorized, subject to the requirements of this Article:

- (1) To determine the location and character of any project or projects and to acquire, construct and provide the same and to maintain, repair and operate and enter into contracts for the management, lease, use or operation of all or any portion of any project or projects and any existing facilities;
- (2) To issue revenue bonds as hereinafter provided to pay all or any part of the cost of any project or projects, and to fund or refund the same;
- (3) To fix and revise from time to time and charge and collect (i) student fees from students enrolled at the institution operated by the Board, (ii) rates, fees, rents and charges for the use of and for the services furnished by all or any portion of any project or projects and (iii) admission fees for athletic games and other public events;
- (4) To establish and enforce, and to agree through any resolution or trust agreement authorizing or securing bonds under this Article to make and enforce, rules and regulations for the use of and services rendered by any project or projects and any existing facilities, including parietal rules, when deemed desirable by the Board, to provide for the maximum use of any project or projects and any existing facilities;
- (5) To acquire, hold, lease and dispose of real and personal property in the exercise of its powers and the performance of its duties hereunder and to lease all or any part of any project or projects and any existing facilities for such period or periods of years, not exceeding 40 years, upon such terms and conditions as the Board determines subject to the provisions of G.S. 143-341;

- (6) To employ consulting engineers, attorneys, accountants, construction and financial experts, superintendents, managers and such other employees and agents as may be necessary in its judgment in connection with any project or projects and existing facilities, and to fix their compensation;
- (7) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this Article;
- (8) To receive and accept from any federal, State or other public agency and any private agency, person or other entity donations, loans, grants, aid or contributions of any money, property, labor or other things of value for any project or projects, and to agree to apply and use the same in accordance with the terms and conditions under which the same are provided; and
- (9) To do all acts and things necessary or convenient to carry out the powers granted by this Article. (1963, c. 847, s. 4; 1971, c. 1244, s. 14.)

**§ 116-191. Issuance of bonds and bond anticipation notes.**

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing or providing any project or projects. The bonds of each issue shall be dated, shall mature at such time or times not exceeding 50 years from their date or dates, shall bear interest at such rate or rates as may be determined by the Board, and may be redeemable before maturity, at the option of the Board, at such price or prices and under such terms and conditions as may be fixed by the Board prior to the issuance of the bonds. The Board shall determine the form and manner of execution of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Article or any recitals in any bonds issued under the provisions of this Article, all such bonds shall be deemed to be negotiable instruments under the laws of this State, subject only to the provisions for registration in any resolution authorizing the issuance of such bonds or any trust agreement securing the same. The bonds may be issued in coupon or registered form or both, as the Board may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The Board may sell such bonds in such manner, at public or private sale, and for such price, as it may determine to be for the best interests of the Board.

The proceeds of the bonds of each issue shall be used solely for the purpose for which such bonds shall have been authorized and shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such bonds or in the trust agreement hereinafter mentioned securing the same. Unless otherwise provided in the authorizing resolution or in the trust agreement securing such bonds, if the proceeds of such bonds, by error of estimates or otherwise, shall be less than such cost, additional bonds may in like manner be issued to provide the amount of such deficit and shall be deemed to be of the

same issue and shall be entitled to payment from the same fund without preference or priority of the bonds first issued for the same purpose.

The resolution providing for the issuance of revenue bonds, and any trust agreement securing such bonds, may also contain such limitations upon the issuance of additional revenue bonds as the Board may deem proper, and such additional bonds shall be issued under such restrictions and limitations as may be prescribed by such resolution or trust agreement.

Prior to the preparation of definitive bonds, the Board may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Board may also provide for the replacement of any bonds which shall become mutilated or be destroyed or lost.

Except as herein otherwise provided, bonds may be issued under this Article and other powers vested in the Board under this Article may be exercised by the Board without obtaining the consent of any department, division, commission, board, bureau or agency of the State and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this Article.

The Board may enter into or negotiate a note with an acceptable bank or trust company in lieu of issuing bonds for the financing of projects covered under this section. The terms and conditions of any note of this nature shall be in accordance with the terms and conditions surrounding issuance of bonds.

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bond anticipation notes of the Board in anticipation of the issuance of bonds authorized pursuant to the provisions of this Article. The principal of and the interest on such notes shall be payable solely from the proceeds of bonds or renewal notes or, in the event bond or renewal note proceeds are not available, any available revenues of the project or projects for which such bonds shall have been authorized. The notes of each issue shall be dated, shall mature at such time or times not exceeding two years from their date or dates, shall bear interest at such rate or rates as may be determined by the Board, and may be redeemable before maturity, at the option of the Board, at such price or prices and under such terms and conditions as may be fixed by the Board prior to the issuance of the notes. The Board shall determine the form and the manner of execution of the notes, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the notes and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer, whose signature or a facsimile of whose signature shall appear on any notes or coupons, shall cease to be such officer before the delivery of such notes, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Article or any recitals in any notes issued under the provisions of this Article, all such notes shall be deemed to be negotiable instruments under the laws of this State, subject only to the provisions for registration in any resolution authorizing the issuance of such notes or any trust agreement securing the bonds in anticipation of which such notes are being issued. The notes may be issued in coupon or registered form or both, as the Board may determine, and provision may be made for the registration of any coupon notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon notes of any notes registered as to both principal and interest. The Board may sell such notes in such manner, at public or private sale, and for such price, as it may determine to be for the best interests of the Board.

The proceeds of the notes of each issue shall be used solely for the purpose for which the bonds in anticipation of which such notes are being issued shall have been authorized, and such note proceeds shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such notes or bonds or in the trust agreement securing such bonds.

The resolution providing for the issuance of notes, and any trust agreement securing the bonds in anticipation of which such notes are being authorized, may also contain such limitations upon the issuance of additional notes as the Board may deem proper, and such additional notes shall be issued under such restrictions and limitations as may be prescribed by such resolution or trust agreement. The Board may also provide for the replacement of any notes which shall become mutilated or be destroyed or lost.

Except as herein otherwise provided, notes may be issued under this Article and other powers vested in the Board under this Article may be exercised by the Board without obtaining the consent of any department, division, commission, board, bureau or agency of the State and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this Article.

Unless the context shall otherwise indicate, the word "bonds," wherever used in this Article, shall be deemed and construed to include the words "bond anticipation notes." (1963, c. 847, s. 5; 1969, c. 1158, s. 2; 1971, c. 511, s. 2; 1973, c. 662; 1975, c. 233, s. 2; 1983, c. 577, s. 8.)

**§ 116-192. Trust agreement; money received deemed trust funds; insurance; remedies.**

In the discretion of the Board and subject to the approval of the Director of the Budget, any revenue bonds issued under this Article may be secured by a trust agreement by and between the Board and a corporate trustee (or trustees) which may be any trust company or bank having the powers of a trust company within or without the State. Such trust agreement or the resolution providing for the issuance of such bonds may pledge or assign the revenues to be received, but shall not convey or mortgage any project or projects or any existing facilities or any part thereof. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the holders of such bonds as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Board in relation to the acquisition, construction or provision of any project or projects, the maintenance, repair, operation and insurance of any project or projects and any existing facilities, student fees and admission fees and charges and other fees, rents and charges to be fixed and collected, and the custody, safeguarding and application of all moneys. It shall be lawful for any bank or trust company incorporated under the laws of the State which may act as depository of the proceeds of bonds or revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the Board. Any such trust agreement or resolution may set forth the rights and remedies of the holders of the bonds and the rights, remedies and immunities of the trustee or trustees, if any, and may restrict the individual right of action by such holders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the Board may deem reasonable and proper for the security of such holders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the project or projects for which such bonds are issued or as an expense of operation of such project or projects, as the case may be.

All moneys received pursuant to the authority of this Article, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided

in this Article. The Board may provide for the payment of the proceeds of the sale of the bonds and the revenues, or part thereof, to such officer, board or depository as it may designate for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. Any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such requirements as are provided in this Article and in the resolution or trust agreement authorizing or securing such bonds.

Notwithstanding the provisions of any other law the Board may carry insurance on any project or projects and any existing facilities in such amounts and covering such risks as it may deem advisable.

Any holder of bonds issued under this Article or of any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights herein given may be restricted by such trust agreement or the resolution authorizing the issuance of such bonds, may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the State or granted hereunder or under such trust agreement or resolution, and may enforce and compel the performance of all duties required by this Article or by such trust agreement or resolution to be performed by the Board or by any officer thereof, including the fixing, charging and collecting of fees, rents and charges. (1963, c. 847, s. 6; 1983, c. 577, s. 8.)

#### **§ 116-193. Fixing fees, rents and charges; sinking fund.**

For the purpose of aiding in the acquisition, construction or provision of any project and the maintenance, repair and operation of any project or any existing facilities, the Board is authorized to fix, revise from time to time, charge and collect from students enrolled at the institution under its jurisdiction such student fee or fees for such privileges and services and in such amount or amounts as the Board shall determine, and to fix, revise from time to time, charge and collect other fees, rents and charges for the use of and for the services furnished or to be furnished by any project or projects and any existing facilities, or any portion thereof, and admission fees for athletic games and other public events, and to contract with any person, partnership, association or corporation for the lease, use, occupancy or operation of, or for concessions in, any project or projects and any existing facilities, or any part thereof, and to fix the terms, conditions, fees, rents and charges for any such lease, use, occupancy, operation or concession. So long as bonds issued hereunder and payable therefrom are outstanding, such fees, rents and charges shall be so fixed and adjusted, with relation to other revenues available therefor, as to provide funds pursuant to the requirements of the resolution or trust agreement authorizing or securing such bonds at least sufficient with such other revenues, if any, (i) to pay the cost of maintaining, repairing and operating any project or projects and any existing facilities any part of the revenues of which are pledged to the payment of the bonds issued for such project or projects, (ii) to pay the principal of and the interest on such bonds as the same shall become due and payable, and (iii) to create and maintain reserves for such purposes. Such fees, rents and charges shall not be subject to supervision or regulation by any other commission, board, bureau or agency of the State. A sufficient amount of the revenues, except such part thereof as may be necessary to pay such cost of maintenance, repair and operation and to provide such reserves therefor and for renewals, replacements, extensions, enlargements and improvements as may be provided for in the resolution authorizing the issuance of such bonds or in the trust agreement securing the same, shall be set aside at such regular intervals as may be provided in such resolution or such trust agreement in a sinking fund which is hereby pledged to, and charged with, the payment of the principal of and the interest on such bonds as the same shall

become due and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made, the fees, rents and charges and other revenues or other moneys so pledged and thereafter received by the Board shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board, irrespective of whether such parties have notice thereof. Neither the resolution nor any trust agreement by which a pledge is created need be filed or recorded except in the records of the Board. The use and disposition of moneys to the credit of such sinking fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds or of the trust agreement securing the same. (1963, c. 847, s. 7.)

**§ 116-194. Vesting powers in executive committee.**

The Board may authorize its executive committee to sell any bonds which the Board has, with the approval of the Director of the Budget, authorized to be issued under this Article in such manner and under such limitations or conditions as the Board shall prescribe and to perform such other functions under this Article as the Board shall determine. (1963, c. 847, s. 8; 1983, c. 577, s. 8.)

**§ 116-195. Refunding bonds.**

The Board is hereby authorized, subject to the approval of the Director of the Budget, to issue from time to time revenue refunding bonds for the purpose of refunding any revenue bonds or revenue refunding bonds issued by the Board under Chapter 1289 of the 1955 Session Laws of North Carolina or under G.S. 116-175 to 116-185, inclusive, or under this Article, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. The Board is further authorized, subject to the approval of the Director of the Budget, to issue from time to time revenue refunding bonds for the combined purpose of (i) refunding any such revenue bonds or revenue refunding bonds issued by the Board under said Chapter 1289 or under said G.S. 116-175 to 116-185, inclusive, or under this Article, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and (ii) paying all or any part of the cost of acquiring or constructing any additional project or projects.

The issuance of such refunding bonds, the maturities and other details thereof, the rights and remedies of the holders thereof, and the rights, powers, privileges, duties and obligations of the Board with respect to the same, shall be governed by the foregoing provisions of this Article insofar as the same may be applicable. (1963, c. 847, s. 9; 1983, c. 577, s. 8.)

**§ 116-196. Exemption from taxation; bonds eligible for investment or deposit.**

Any bonds issued under this Article shall at all times be exempt from all taxes or assessment, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, which are levied or assessed by the State or by any county, political subdivision, agency or other instrumentality of the State, excluding income taxes on the gain from the transfer of the bonds, and franchise taxes. The interest on the bonds is not subject to taxation as income. Bonds issued by the Board under the provisions of this Article are hereby made securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors,

administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State is now or may hereafter be authorized by law. (1963, c. 847, s. 10; 1995, c. 46, s. 7; 2015-264, s. 16(d).)

**§ 116-197. Article provides additional and alternative method.**

This Article shall be deemed to provide an additional and alternative method for the doing of the things authorized hereby and shall be regarded as supplemental and additional to powers conferred by other laws, including G.S. 116-175 to 116-185, inclusive, and shall not be regarded as in derogation of or as repealing any powers now existing under any other law, either general, special or local; provided, however, that the issuance of revenue bonds or revenue refunding bonds under the provisions of this Article need not comply with the requirements of any other law applicable to the issuance of bonds. (1963, c. 847, s. 11.)

**§ 116-198. Inconsistent laws declared inapplicable.**

All general, special or local laws, or parts thereof, inconsistent herewith are hereby declared to be inapplicable to the provisions of this Article. (1963, c. 847, s. 12.)

**§§ 116-198.1 through 116-198.5. Reserved for future codification purposes.**

Article 21A.

Higher Educational Facilities Finance Act.

**§§ 116-198.6 through 116-198.30: Not in effect.**

Article 21B.

The Centennial Campus, the Horace Williams Campus,  
and the Millennial Campuses Financing Act.

**§ 116-198.31. Purpose of Article.**

The purpose of this Article is to authorize the Board of Governors of The University of North Carolina to issue revenue bonds, payable from any leases, rentals, charges, fees, and other revenues but with no pledge of taxes or the faith and credit of the State or any agency or political subdivision thereof, to pay the cost, in whole or part, of buildings, structures, or other facilities for the Centennial Campus, located at North Carolina State University at Raleigh, for the Horace Williams Campus located at the University of North Carolina at Chapel Hill, and for any Millennial Campus as defined by G.S. 116-198.33(4b). (1987, c. 336, s. 1; 1999-234, s. 3; 2000-177, ss. 3, 4.)

**§ 116-198.32. Credit and taxing power of State not pledged; statement on face of bonds.**

Revenue bonds issued as in this Article provided shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof or a pledge of the faith and credit of the State or of any such political subdivision, but shall be payable solely from the funds herein provided therefor from revenues. All such revenue bonds shall contain on the face thereof a statement to the effect that neither the State nor the Board (herein mentioned) shall be obligated to

pay the same or the interest thereon except from revenues as herein defined and that neither the faith and credit nor the taxing power of the State or of any political subdivision or instrumentality thereof is pledged to the payment of the principal of or the interest on such bonds. The issuance of revenue bonds hereunder shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any taxes whatsoever therefor. (1987, c. 336.)

**§ 116-198.33. Definitions.**

As used in this Article, the following words and terms shall have the following meanings, unless the context shall indicate another or different meaning or intent:

- (1) The word "Board" shall mean the Board of Governors of The University of North Carolina.
- (2) The word "cost" as applied to any project, shall include the cost of acquisition or construction; the cost of acquisition of all property, both real and personal, or interests therein; the cost of demolishing, removing, or relocating any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be removed or relocated; the cost of all labor, materials, equipment and furnishings, financing charges, interest prior to and during construction and, if deemed advisable by the Board, for a period not exceeding one year after completion of such construction; provisions for working capital, reserves for debt service and for extensions, enlargements, additions, and improvements; cost of engineering, financial, and legal services, plans, specifications, studies, surveys, and estimates of cost and of revenues; administrative expenses; expenses necessary or incident to determining the feasibility or practicability of constructing the project; and such other expenses as may be necessary or incident to acquisition or construction with respect to the project or to the placing of the project in operation. Any obligation or expense incurred by the Board prior to the issuance of bonds under the provisions of this Article in connection with any of the foregoing items of cost may be regarded as a part of such cost.
- (3) The word "Institution" shall mean North Carolina State University at Raleigh and the University of North Carolina at Chapel Hill, or a constituent institution or affiliated institution of The University of North Carolina with a Millennial Campus as defined by G.S. 116-198.33(4b).
- (4) The term "Centennial Campus" means all of the following properties:
  - a. The real property and appurtenant facilities bounded by Blue Ridge Road, Hillsborough Street, Wade Avenue, and Interstate 440 that are the sites of the College of Veterinary Medicine, the University Club, and the Agricultural Turf Grass Management Program.
  - b. The real property and appurtenant facilities that are the former Dix Hospital properties and other contiguous parcels of property that are adjacent to Centennial Boulevard.
  - c. All other real property and appurtenant facilities designated by the Board of Governors as part of the Centennial Campus. The properties designated by the Board of Governors do not have to be contiguous with the Centennial Campus to be designated as part of that Campus.
- (4a) The term "Horace Williams Campus" means all of the following properties:

- a. The real property and appurtenant facilities left to the University of North Carolina at Chapel Hill by the Will of Henry Horace Williams.
  - b. All other real property and appurtenant facilities designated by the Board of Governors as part of the Horace Williams Campus. The properties designated by the Board of Governors do not have to be contiguous with the Horace Williams Campus to be designated as part of that Campus.
- (4b) The term "Millennial Campus" means all real property and appurtenant facilities designated by the Board of Governors as part of a Millennial Campus of a constituent institution or affiliated institution of The University of North Carolina other than North Carolina State University or the University of North Carolina at Chapel Hill. The properties designated by the Board of Governors do not have to be contiguous with the constituent institution or an affiliated institution to be designated as part of the institution's Millennial Campus.
  - (5) The term "existing facilities" shall mean buildings and facilities, then existing, any part of the revenues of which are pledged under the provisions of any resolution authorizing the issuance of revenue bonds hereunder to the payment of such bonds.
  - (6) The word "project" shall mean and shall include any one or more buildings, structures, administration buildings, libraries, research or instructional facilities, housing maintenance, storage, or utility facilities, and any facilities related thereto or required or useful for conducting of research or the operation of the Centennial Campus, the Horace Williams Campus, or of a Millennial Campus as defined by G.S. 116-198.33(4b), including roads, water, sewer, power, gas, greenways, parking, or any other support facilities essential or convenient for the orderly conduct of the Centennial Campus, the Horace Williams Campus, or a Millennial Campus, respectively.
  - (7) The word "revenues" shall mean all or any part of the rents, leases, charges, fees, and other income revenues derived from or in connection with any project or projects and existing facilities. (1987, c. 336, s. 1; 1998-159, s. 2; 1999-234, s. 4; 2000-177, s. 5; 2020-56, s. 8(a).)

**§ 116-198.34. General powers of Board of Governors.**

The Board may exercise any one or more of the following powers:

- (1) To determine the location and character of any project or projects, and to acquire, construct, and provide the same, and to maintain, repair, and operate, and to enter into contracts for the management, lease, use, or operation of all or any portion of any project or projects and any existing facilities.
- (2) To issue revenue bonds as hereinafter provided to pay all or any part of the cost of any project or projects, and to fund or refund the same.
- (3) To fix and revise from time to time and charge and collect rates, fees, rents, and charges for the use of, and for the services furnished by, all or any portion of any project or projects.
- (4) To establish and enforce, and to agree through any resolution or trust agreement authorizing or securing bonds under this Article to make and enforce, rules and regulations for the use of and services rendered by any project or projects and

any existing facilities, to provide for the maximum use of any project or projects and any existing facilities.

- (5) To acquire, hold, lease, and dispose of real and personal property in the exercise of its powers and the performance of its duties hereunder and to lease all or any part of any project or projects and any existing facilities upon such terms and conditions as the Board determines, subject to the provisions of G.S. 143-341 and Chapter 146 of the General Statutes.

Notwithstanding G.S. 143-341 and Chapter 146 of the General Statutes, an acquisition for a period of 10 years or less or a disposition of 99 years or less by easement, lease, or rental agreement of real property or space in any building on the Centennial Campus, on the Horace Williams Campus, on a Millennial Campus, or on a Kannapolis Research Campus shall not require the approval of the Governor and the Council of State. The Board shall report the acquisitions or dispositions described in this paragraph of this subdivision to the Department of Administration for inclusion in the inventory maintained by Department pursuant to G.S. 143-341(4)a. and b. and the information regarding those transactions that is required by G.S. 143-341(4)a. and b. All other acquisitions and dispositions made under this subdivision for a period in excess of the terms described in this paragraph of this subdivision are subject to the provisions of G.S. 143-341 and Chapter 146 of the General Statutes.

- (6) To employ consulting engineers, architects, attorneys, accountants, construction and financial experts, superintendents, managers, and such other employees and agents as may be necessary in its judgment in connection with any project or projects and existing facilities, and to fix their compensation.
- (7) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this Article.
- (8) To receive and accept from any federal, State, or other public agency and any private agency, person or other entity donations, loans, grants, aid, or contributions of any money, property, labor, or other things of value for any project or projects, and to agree to apply and use the same in accordance with the terms and conditions under which the same are provided.
- (8a) To designate the real property and appurtenant facilities to be included as part of the Centennial Campus, the Horace Williams Campus, or a Millennial Campus.
- (8b) Acting on recommendation made by the President of The University of North Carolina after consultation by the President with the Chancellor and the Board of Trustees of a constituent institution, or by the President with the chief executive officer or equivalent executive position for an affiliated institution, to designate real property held by, or to be acquired by, a constituent institution or an affiliated institution as a "Millennial Campus" of the institution. That designation shall be based on an express finding by the Board of Governors that the institution desiring to create a "Millennial Campus" has the administrative and fiscal capability to create and maintain such a campus and provided further, that the Board of Governors has found that the creation of the constituent institution's or affiliated institution's "Millennial Campus" will enhance the institution's research, teaching, and service missions as well as enhance the economic development of the region served by the institution. Upon formal

request by the institutions, the Board of Governors may authorize two or more institutions which meet the requirements of this section to create a joint Millennial Campus.

- (9) To do all acts and things necessary or convenient to carry out the powers granted by this Article. (1987, c. 336, s. 1; 1998-159, s. 3; 1999-234, s. 5; 2000-177, s. 6; 2012-142, s. 9.10(b); 2013-360, s. 11.10(a), (b); 2013-363, s. 3.12; 2014-100, s. 36.7(a), (b); 2020-56, s. 8(b).)

#### **§ 116-198.35. Issuance of bonds and bond anticipation notes.**

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing any project or projects on the Centennial Campus, on the Horace Williams Campus, or on a Millennial Campus. The bonds of each issue shall be dated, shall mature at such time or times not exceeding 40 years from their date or dates, shall bear interest at such rate or rates as may be determined by the Board, and may be redeemable before maturity, at the option of the Board, at such price or prices and under such terms and conditions as may be fixed by the Board prior to the issuance of the bonds. The Board shall determine the form and manner of execution of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Article or any recitals in any bonds issued under the provisions of this Article, all such bonds shall be deemed to be negotiable instruments under the laws of this State, subject only to the provisions for registration in any resolution authorizing the issuance of such bonds or any trust agreement securing the same. The bonds may be issued in coupon or registered form or both or as book-entry bonds, as the Board may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The Board may sell such bonds in such manner, at public or private sale, and for such price, as it may determine to be for the best interests of the Board.

The proceeds of the bonds of each issue shall be used solely for the purpose for which such bonds shall have been authorized and shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such bonds or in the trust agreement hereinafter mentioned securing the same. Unless otherwise provided in the authorizing resolution or in the trust agreement securing such bonds, if the proceeds of such bonds, by error of estimates or otherwise, shall be less than such cost, additional bonds may in like manner be issued to provide the amount of such deficit and shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the bonds first issued for the same purpose.

The resolution providing for the issuance of revenue bonds, and any trust agreement securing such bonds, may also contain such limitations upon the issuance of additional revenue bonds as the Board may deem proper, and such additional bonds shall be issued under such restrictions and limitations as may be prescribed by such resolution or trust agreement.

Prior to the preparation of definitive bonds, the Board may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Board may also provide for the replacement of any bonds which shall become mutilated or be destroyed or lost.

Except as herein otherwise provided, bonds may be issued under this Article and other powers vested in the Board under this Article may be exercised by the Board without obtaining the consent of any department, division, commission, board, bureau, or agency of the State and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions, or things which are specifically required by this Article.

The Board may enter into or negotiate a note with an acceptable bank or trust company in lieu of issuing bonds for the financing of projects covered under this section. The terms and conditions of any note of this nature shall be in accordance with the terms and conditions surrounding issuance of bonds.

The Board is hereby authorized to issue, subject to the approval of the Director of the Budget, at one time or from time to time, revenue bond anticipation notes of the Board in anticipation of the issuance of bonds authorized pursuant to the provisions of this Article. The principal of and the interest on such notes shall be payable solely from the proceeds of bonds or renewal notes, or, in the event bond or renewal note proceeds are not available, any available revenues of the project or projects for which such bonds shall have been authorized. The notes of each issue shall be dated, shall mature at such time or times not exceeding two years from their date or dates, shall bear interest at such rate or rates as may be determined by the Board, and may be redeemable before maturity, at the option of the Board, at such price or prices and under such terms and conditions as may be fixed by the Board prior to the issuance of the notes. The Board shall determine the form and the manner of execution of the notes, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the notes and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any notes or coupons shall cease to be such officer before the delivery of such notes, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Notwithstanding any of the other provisions of this Article or any recitals in any notes issued under the provisions of this Article, all such notes shall be deemed to be negotiable instruments under the laws of this State, subject only to the provisions for registration in any resolution authorizing the issuance of such notes or any trust agreement securing the bonds in anticipation of which such notes are being issued. The notes may be issued in coupon or registered form or both or as book entry notes, as the Board may determine, and provision may be made for the registration of any coupon notes as to principal alone and also as to both principal and interest, and for the reconversion into coupon notes of any notes registered as to both principal and interest. The Board may sell such notes in such manner, at public or private sale, and for such price, as it may determine to be for the best interests of the Board.

The proceeds of the notes of each issue shall be used solely for the purpose for which the bonds in anticipation of which such notes are being issued shall have been authorized, and such note proceeds shall be disbursed in such manner and under such restrictions, if any, as the Board may provide in the resolution authorizing the issuance of such notes or bonds or in the trust agreement securing such bonds.

The resolution providing for the issuance of notes, and any trust agreement securing the bonds in anticipation of which such notes are being authorized, may also contain such limitations upon

the issuance of additional notes as the Board may deem proper, and such additional notes shall be issued under such restrictions and limitations as may be prescribed by such resolution or trust agreement. The Board may also provide for the replacement of any notes which shall become mutilated or be destroyed or lost.

Except as herein otherwise provided, notes may be issued under this Article and other powers vested in the Board under this Article may be exercised by the Board without obtaining the consent of any department, division, commission, board, bureau, or agency of the State and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions, or things which are specifically required by this Article.

Unless the context shall otherwise indicate, the word "bonds" wherever used in this Article, shall be deemed and construed to include the words "bond anticipation notes." (1987, c. 336, s. 1; 1999-234, s. 6; 2000-177, s. 7.)

### **§ 116-198.36. Proceeds of bonds are deemed trust funds.**

In the discretion of the Board and subject to the approval of the Director of the Budget, any revenue bonds issued under this Article may be secured by a trust agreement by and between the Board and a corporate trustee (or trustees) which may be any trust company or bank having the powers of a trust company within or without the State. Such trust agreement or the resolution providing for the issuance of such bonds may pledge or assign the revenues to be received but shall not convey or mortgage any project or projects or any existing facilities or any part thereof. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the holders of such bonds as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Board in relation to the acquisition, construction, or provision of any project or projects, the maintenance, repair, operation, and insurance of any project or projects and any existing facilities, student fees and admission fees and charges, and other fees, rents, and charges to be fixed and collected, and the custody, safeguarding, and application of all moneys. It shall be lawful for any bank or trust company incorporated under the laws of the State which may act as depository of the proceeds of bonds or revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the Board. Any such trust agreement or resolution may set forth the rights and remedies of the holders of the bonds and the rights, remedies, and immunities of the trustee or trustees, if any, and may restrict the individual right of action by such holders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the Board may deem reasonable and proper for the security of such holders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the project or projects for which such bonds are issued or as an expense of operation of such project or projects, as the case may be.

The proceeds of all bonds issued and all revenues and other moneys received pursuant to the authority of this Article shall be deemed to be trust funds, to be held and applied solely as provided in this Article. The Board may provide for the payment of the proceeds of the sale of the bonds and the revenues, or part thereof, to such officer, board, or depository as it may designate for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. Any officer with whom, or any bank, trust company, or fiscal agent with which, such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such requirements as are provided in this Article and in the resolution or trust agreement authorizing or securing such bonds.

Notwithstanding the provisions of any other law, the Board may carry insurance on any project or projects and any existing facilities in such amounts and covering such risks as it may deem advisable.

Any holder of bonds issued under this Article or of any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights herein given may be restricted by such trust agreement or the resolution authorizing the issuance of such bonds, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the State or granted hereunder or under such trust agreement or resolution, and may enforce and compel the performance of all duties required by this Article or by such trust agreement or resolution to be performed by the Board or by any officer thereof, including the fixing, charging, and collecting of fees, rents, and charges. (1987, c. 336.)

**§ 116-198.37. Fixing fees, rents, and charges; sinking fund.**

For the purpose of aiding in the acquisition, construction, or provision of any project and the maintenance, repair, and operation of any project or any existing facilities, the Board is authorized to fix, revise from time to time, charge, and collect such fee or fees for such privileges and services and in such amount or amounts as the Board shall determine, and to fix, revise from time to time, charge, and collect other fees, rents, and charges for the use of and for the services furnished or to be furnished by any project or projects and any existing facilities, or any portion thereof, and to contract with any person, partnership, association, or corporation for the lease, use, occupancy, or operation of any project or projects and any existing facilities, or any part thereof, and to fix the terms, conditions, fees, rents, and charges for any such lease, use, occupancy, or operation. So long as bonds issued hereunder and payable therefrom are outstanding, such fees, rents, and charges shall be so fixed and adjusted, with relation to other revenues available therefor, as to provide funds pursuant to the requirements of the resolution or trust agreement authorizing or securing such bonds at least sufficient with such other revenues, if any, (i) to pay the cost of maintaining, repairing, and operating any project or projects and any existing facilities any part of the revenues of which are pledged to the payment of the bonds issued for such project or projects, (ii) to pay the principal of and the interest on such bonds as the same shall become due and payable, and (iii) to create and maintain reserves for such purposes. Any surplus funds remaining after application to the purposes mentioned in (i), (ii), and (iii), above, shall be held in trust and applied by the Board to the development of the Centennial Campus, the Horace Williams Campus, or a Millennial Campus, as applicable. Such fees, rents, and charges shall not be subject to supervision or regulation by any other commission, board, bureau, or agency of the State. A sufficient amount of the revenues, except such part thereof as may be necessary to pay such cost of maintenance, repair, and operation and to provide such reserves therefor and for renewals, replacements, extensions, enlargements, and improvements as may be provided for in the resolution authorizing the issuance of such bonds or in the trust agreement securing the same, shall be set aside at such regular intervals as may be provided in such resolution or such trust agreement in a sinking fund which is hereby pledged to and charged with the payment of the principal of and the interest on such bonds as the same shall become due and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made; the fees, rents, and charges and other revenues or other moneys so pledged and thereafter received by the Board shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act; and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Board,

irrespective of whether such parties have notice thereof. Neither the resolution nor any trust agreement by which a pledge is created need be filed or recorded except in the records of the Board. The use and disposition of moneys to the credit of such sinking fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds or of the trust agreement securing the same. (1987, c. 336, s. 1; 1999-234, s. 7; 2000-177, s. 8.)

**§ 116-198.38. Refunding bonds.**

The Board is hereby authorized, subject to the approval of the Director of the Budget, to issue from time to time revenue refunding bonds for the purpose of refunding any revenue bonds or revenue refunding bonds issued by the Board under this Article, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. The Board is further authorized, subject to the approval of the Director of the Budget, to issue from time to time revenue refunding bonds for the combined purpose of (i) refunding any such revenue bonds or revenue refunding bonds issued by the Board under this Article, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and (ii) paying all or any part of the cost of acquiring or constructing any additional project or projects.

The issuance of such refunding bonds, the maturities and other details thereof, the rights and remedies of the holders thereof, and the rights, powers, privileges, duties, and obligations of the Board with respect to the same, shall be governed by the foregoing provisions of this Article insofar as the same may be applicable. (1987, c. 336.)

**§ 116-198.39. Bonds are exempt from taxation.**

Any bonds issued under this Article shall at all times be exempt from all taxes or assessment, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, which are levied or assessed by the State or by any county, political subdivision, agency, or other instrumentality of the State, excluding income taxes on the gain from the transfer of the bonds, and franchise taxes. The interest on the bonds is not subject to taxation as income. Bonds issued by the Board under the provisions of this Article are hereby made securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State is now or may hereafter be authorized by law. (1987, c. 336, s. 1; 1995, c. 46, s. 8; 2015-264, s. 16(e).)

**§ 116-198.40. Article provides additional and alternative method of financing; not exclusive.**

This Article shall be deemed to provide an additional and alternative method for the doing of the things authorized hereby and shall be regarded as supplemental and additional to powers conferred by other laws, and shall not be regarded as in derogation of or as repealing any powers now existing under any other law, either general, special, or local; provided, however, that the issuance of revenue bonds or revenue refunding bonds under the provisions of this Article need not comply with the requirements of any other law applicable to the issuance of bonds. (1987, c. 336, s. 1.)

Article 22.

Visiting Speakers at State-Supported Institutions.

**§§ 116-199 through 116-200: Repealed by Session Laws 1995, c. 379, s. 17.**

Article 23.

State Education Assistance.

Part 1. State Education Assistance Authority.

**§ 116-201. Purpose and definitions.**

(a) The purpose of this Article is to authorize a system of financial assistance, consisting of grants, loans, work-study or other employment, and other aids, to assist qualified students to enable them to obtain an education beyond the high school level by attending public or private educational institutions. The General Assembly has found and hereby declares that it is in the public interest and essential to the welfare and well-being of the State and to the proper growth and development of the State to foster and provide financial assistance to properly qualified students in order to help them to obtain an education beyond the high school level. The General Assembly has further found that many students who are fully qualified to enroll in appropriate educational institutions for furthering their education beyond the high school level lack the financial means and are unable, without financial assistance as authorized under this Article, to pay the cost of such education, with a consequent irreparable loss to the State of valuable talents vital to its welfare. The General Assembly has determined that the establishment of a proper system of financial assistance for such objective purpose serves a public purpose and is fully consistent with the long established policy of the State to encourage, promote and assist education to enhance economic development.

(b) As used in this Article, the following terms shall have the following meanings unless the context indicates a contrary intent:

- (1) Article. – Article 23 of Chapter 116 of the General Statutes of North Carolina.
- (2) Authority. – The State Education Assistance Authority created by this Article or, if the Authority is abolished, the board, body, commission or agency succeeding to its principal functions, or on whom the powers given by this Article to the Authority shall be conferred by law.
- (3) Bond resolution or resolution. – When used in relation to the issuance of bonds, either any resolution authorizing the issuance of bonds or any trust agreement or other instrument securing any bonds.
- (4) Bonds or revenue bonds. – The obligations authorized to be issued by the Authority under this Article, which may consist of revenue bonds, revenue refunding bonds, bond anticipation notes and other notes and obligations, evidencing the Authority's obligation to repay borrowed money from revenues, funds and other money pledged or made available therefor by the Authority under this Article.
- (5) Eligible institution. – With respect to student loans, as is defined in section 1085 of Title 20 of the United States Code.
- (6) Eligible institution. – With respect to grants and work-study programs, includes the constituent institutions of The University of North Carolina, all State-supported institutions organized and administered pursuant to Chapter

115A of the General Statutes, and all private institutions as defined in subdivision (8) of this subsection.

- (7) Renumbered as subdivision (b)(14) at the direction of the Revisor of Statutes.
- (8) Private institution. – An institution that meets all of the following requirements:
  - a. Is not a seminary, Bible school, Bible college, or similar religious institution in this State.
  - b. Is not owned or operated by the State or any agency or political subdivision thereof, or by any combination thereof.
  - c. Offers post-high school education.
  - d. Is accredited by one of the following:
    - 1. A preferred accrediting agency, as defined in G.S. 115D-21.2 and G.S. 116-11.4.
    - 2. The Transnational Association of Christian Colleges and Schools.
    - 3. In the case of institutions that are not eligible to be considered for accreditation, a nationally recognized accrediting agency that is designated by the Authority.
- (9) Reserve Trust Fund. – The trust fund authorized under G.S. 116-209 of this Article.
- (10) State Education Assistance Authority Loan Fund. – The trust fund so designated and authorized by G.S. 116-209.3 of this Article.
- (11) Student. – With respect to scholarships, grants, and work-study programs, a person who meets all of the following requirements:
  - a. Is a resident of the State for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with any definitions of residency that may from time to time be prescribed by the Board of Governors of The University of North Carolina.
  - b. Under regulations adopted by the Authority, has enrolled or will enroll in an eligible institution for the purpose of pursuing his education beyond the high school level.
  - c. Is making suitable progress in his education in accordance with standards acceptable to the Authority.
  - d. For the purposes of G.S. 116-209.19, has not received a bachelor's degree, or qualified for it.
  - e. Is otherwise classified as an undergraduate under regulations that the Authority may promulgate.
- (12) Student. – With respect to loans, a person who meets all of the following requirements:
  - a. Is a resident of the State as defined in subdivision (11) of this subsection.
  - b. Is an eligible student as defined in 20 U.S.C. 1071.
  - c. Is enrolled in an eligible institution located in North Carolina.
- (13) Student loans. – Loans to students, as defined in subdivisions (11) and (12) of this subsection, to aid them in pursuing their education beyond the high school level.
- (14) Student obligations. – Student loan notes and other debt obligations evidencing loans to students which the Authority may make, take, acquire, buy, sell,

endorse or guarantee under the provisions of this Article. This term may include any direct or indirect interest in the whole or any part of any such notes or obligations. (1965, c. 1180, s. 1; 1971, c. 392, s. 1; c. 1244, s. 14; 1979, c. 165, s. 1; 1987, c. 227, ss. 1, 2; 2010-31, s. 17.3(b); 2013-410, s. 9.1; 2016-57, s. 2(b); 2023-132, s. 3.4(f); 2025-56, s. 2(o); 2025-92, s. 2.11(m).)

**§ 116-202. Authority may buy and sell students' obligations; undertakings of Authority limited to revenues.**

In order to facilitate vocational and college education and to promote the industrial and economic development of the State, the State Education Assistance Authority (hereinafter created) is hereby authorized and empowered to buy and sell obligations of students attending institutions of higher education or post-secondary business, trade, technical, and other vocational schools, which obligations represent loans made to such students for the purpose of obtaining training or education.

No bonds, as this term is defined in this Article, are deemed to constitute a debt of the State, or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision, but are payable solely from the funds of the Authority. All bonds shall contain on their faces a statement to the effect that neither the State nor the Authority is obligated to pay the same or the interest thereon except from revenues of the Authority and that neither the faith and credit nor the taxing power of the State or of any political subdivision is pledged to the payment of the principal of or the interest on the bonds.

All expenses incurred in carrying out the provisions of this Article shall be payable solely from funds provided under the provisions of this Article and no liability or obligation shall be incurred by the Authority hereunder beyond the extent to which moneys shall have been provided under the provisions of this Article. (1965, c. 1180, s. 1; 1967, c. 955, s. 1; 1979, c. 165, s. 2; 1987, c. 227, s. 3.)

**§ 116-203. Authority created as subdivision of State; appointment, terms and removal of board of directors; officers; quorum; expenses and compensation of directors.**

(a) Authority Created. – There is created and constituted a political subdivision of the State to be known as the "State Education Assistance Authority" (Authority) to be housed administratively within The University of North Carolina System Office for organizational, staffing, and budgetary purposes. The exercise by the Authority of the powers conferred by this Article shall be deemed and held to be the performance of an essential governmental function in administering a system of financial assistance to qualified students of the State. The Authority shall exercise its statutory powers independently from the System Office and the Board of Governors of The University of North Carolina.

(b) Membership. – The Authority shall be governed by a board of directors consisting of nine members, seven of whom shall be appointed and two of whom shall be ex officio as follows:

- (1) Seven members appointed according to the following:
  - a. The Board of Governors of The University of North Carolina shall appoint the following members:
    1. One member who shall have expertise in secondary or higher education.
    2. One member who shall be or have experience as a chief financial officer or chief administrative officer from a nonpublic school

that enrolls students receiving scholarship funds pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes.

3. One member who shall have expertise in finance.
- b. The Governor shall appoint the following members:
1. One member who shall have expertise in finance.
  2. One member who shall have expertise in secondary or higher education.
  3. One member who shall be a member of the public at large with an interest in higher education.
  4. One member who shall be a chief financial officer from a college or university that is a member of North Carolina Independent Colleges and Universities, Inc., appointed upon the recommendation of North Carolina Independent Colleges and Universities, Inc.
- (2) The chief financial officer of The University of North Carolina shall serve as an ex officio member.
  - (3) The chief financial officer of the North Carolina Community College System shall serve as an ex officio member.

(c) Terms. – Members appointed pursuant to subdivision (1) of subsection (b) of this section shall serve for a term of four years and until their successors are appointed and duly qualified. Immediately after appointment, the directors shall enter upon the performance of their duties.

(d) Vacancies. – A vacancy in an appointment shall be filled by the appointing authority in the same manner as the original appointment for the remainder of the unexpired term.

(e) Removal. – The appointing authority may remove any member of the board of directors appointed by that authority for misfeasance, malfeasance, or nonfeasance.

(f) Officers. – The board shall annually elect one of its members as chair and another as vice-chair. The chair, or in the chair's absence, the vice-chair, shall preside at all meetings of the board. In the absence of both the chair and vice-chair, the board shall appoint a chair pro tempore, who shall preside at such meetings.

(f1) Executive Director. – The President of The University of North Carolina shall appoint the Executive Director of the Authority, who shall be the Authority's principal executive officer, and the Executive Director shall be responsible to the President. The Executive Director shall serve as secretary to the board of directors.

(g) Quorum. – Five directors shall constitute a quorum for the transaction of the business of the Authority, and no vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the Authority. The favorable vote of at least a majority of the members of the board present at any meeting is required for the adoption of any resolution or motion or for other official action.

(h) Expenses. – The members of the board shall receive per diem and allowances as provided in G.S. 138-5 and G.S. 138-6. These expenses and compensation shall be paid from funds provided under this Article, or as otherwise provided. (1965, c. 1180, s. 1; 1979, c. 165, s. 3; 2010-109, s. 1; 2021-180, s. 8A.4(a); 2024-57, s. 2A.9(a).)

#### **§ 116-204. Powers of Authority.**

The Authority is hereby authorized and empowered:

- (1) To fix and revise from time to time and charge and collect fees for its acts and undertakings.
- (2) To establish rules and regulations concerning its acts and undertakings.
- (3) To acquire, hold and dispose of personal property in the exercise of its powers and the performance of its duties.
- (4) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this Article.
- (5) To employ, upon approval by the President of The University of North Carolina or his or her designee, consultants, attorneys, financial professionals, liaison personnel, clerical staff, and other employees and agents as may be necessary and to fix their compensation from any funds made available to the Authority through appropriations by the General Assembly, the availability of receipts, or both.
- (6) To receive and accept from any federal or private agency, corporation, association or person grants to be expended in accomplishing the objectives of the Authority, and to receive and accept from the State, from any municipality, county or other political subdivision thereof and from any other source aid or contributions of either money, property, or other things of value, to be held, used and applied only for the purposes for which such grants and contributions may be made.
- (7) To sue and to be sued; to have a seal and to alter the same at its pleasure; and to make and from time to time amend and repeal bylaws, rules and regulations not inconsistent with law to carry into effect the powers and purposes of the Authority.
- (8) To do all other acts and things necessary or convenient to carry out the powers expressly granted in this Article; provided, however, that nothing in this Article shall be construed to empower the Authority to engage in the business of banking or insurance.
- (9) To collect loan repayments for loans awarded under the Teaching Fellows Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding for more than 30 days.
- (10) To collect loan repayments for loans awarded from the Scholarship Loan Fund for Prospective Teachers pursuant to Article 32A of Chapter 115C of the General Statutes if the loan repayment is outstanding for more than 30 days.
- (11) To administer the awarding of scholarship grants to students attending nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the General Statutes.
- (11a) To be responsible for the disbursement and accounting of funds for the State's Scholarships for Children of Wartime Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes.
- (12) To administer the coordinated and centralized process for determining residency for tuition and State-funded financial aid purposes that is jointly developed and implemented by The University of North Carolina, the North Carolina Community College System, and the Authority, in consultation with the North Carolina Independent Colleges and Universities.

- (13) To collect loan repayments for scholarship loans awarded under the former Principal Fellows Program pursuant to Article 5C of this Chapter if the loan repayment is outstanding for more than 30 days. (1965, c. 1180, s. 1; 2002-126, s. 9.2(f); 2011-266, s. 1.38(b); 2013-360, ss. 8.29(d), 11.9; 2016-57, s. 2(c); 2019-60, s. 1(u); 2021-180, s. 8A.4(b); 2023-134, s. 8A.2(a).)

**§ 116-204.1. Council on residency determination policies.**

The State Education Assistance Authority shall establish a council comprised of representatives of The University of North Carolina, the North Carolina Community College System, and the North Carolina Independent Colleges and Universities to guide and assist the Authority in formulating, developing, and implementing any policies necessary for the proper administration and maintenance of the coordinated and centralized process for determining residency for tuition and State-funded financial aid as required by this act. (2016-57, s. 2(h).)

**§ 116-205. Title to property; use of State lands; offices.**

(a) Title to any property acquired by the Authority shall be taken in the name of the Authority.

(b) The State hereby consents, subject to the approval of the Governor, the Board of Governors of The University of North Carolina, and Council of State, to the use of any other lands or property owned by the State, which are deemed by the Authority to be necessary for its purposes.

(c) Upon approval by The University of North Carolina System Office, the Authority may establish such offices in State-owned or rented structures as it deems appropriate for its purposes. (1965, c. 1180, s. 1; 2021-180, s. 8A.4(c).)

**§ 116-206. Acquisition of obligations.**

With the proceeds of bonds or any other funds of the Authority available therefor, the Authority may acquire from any bank, insurance company, or educational lending institution, eligible student obligations, or any interest or participation therein in such amount, at such price or prices and upon such terms and conditions as the Authority shall determine to be in the public interest and desirable to carry out the purposes of this Article. The Authority shall take such actions and require the execution of such instruments deemed appropriate by it to permit the recovery, in connection with any such obligations or any interest or participation therein acquired by the Authority, of the amount to which the Authority may be rightfully entitled, and otherwise to enforce and protect its rights and interest thereto. (1965, c. 1180, s. 1; 1967, c. 955, s. 2; 1971, c. 392, s. 2, 1987, c. 227, s. 4.)

**§ 116-207. Terms of acquisitions.**

The Authority shall prescribe the terms, conditions and limitations upon which it will acquire a contingent or direct interest in any obligation and such terms, conditions and limitations shall include, but without limiting the generality hereof, the interest rate payable upon such obligations, the maturities thereof, the terms for payment of principal and interest, applicable life or other insurance which may be required in connection with any such obligation and who shall pay the premiums thereon, the safekeeping of assets pledged to secure any such undertaking, and any and all matters in connection with the foregoing as will protect the assets of the Authority. (1965, c. 1180, s. 1.)

**§ 116-208. Construction of Article.**

The provisions of this Article shall be liberally construed to the end that its beneficial purposes may be effectuated. (1965, c. 1180, s. 1.)

**§ 116-209. Reserve Trust Fund created; transfer of Escheat Fund; pledge of security interest for payment of bonds; administration.**

The appropriation made to the Authority under this Article shall be used exclusively for the purpose of acquiring contingent or vested rights in obligations which it may acquire under this Article; such appropriations, payments, revenue and interest as well as other income received in connection with such obligations is hereby established as a trust fund. Such fund shall be used for the purposes of the Authority other than maintenance and operation.

The maintenance and operating expenses of the Authority shall be paid from funds specifically appropriated for such purposes. No part of the trust fund established under this section shall be expended for such purposes.

The State Treasurer shall be the custodian of the assets of the Authority and shall invest them in accordance with the provisions of G.S. 147-69.2 and 147-69.3. All payments from the accounts thereof shall be made by him issued upon vouchers signed by such persons as are designated by the Authority. A duly attested copy of a resolution of the Authority designating such persons and bearing on its face the specimen signatures of such persons shall be filed with the State Treasurer as his authority for issuing warrants upon such vouchers.

The trust fund is designated "Reserve Trust Fund" and shall be maintained by the Authority, except as otherwise provided, pursuant to the provisions of this Article, as security for or insurance respecting any bonds or other obligations issued by the Authority under this Article. The corpus of the Escheat Fund, including all future additions other than the income, are transferred to, and become, a part of the Reserve Trust Fund and shall be accounted for, administered, invested, reinvested, used and applied as provided in Chapter 116B of the General Statutes. The Authority may pledge and vest a security interest in all or any part of the Reserve Trust Fund by resolution adopted or trust agreement approved by it as security for or insurance respecting the payment of bonds or other obligations issued under this Article. The Reserve Trust Fund shall be held, administered, invested, reinvested, used and applied as provided in any resolution adopted or trust agreement approved by the Authority, subject to the provisions of this Article and Chapter 116B of the General Statutes. (1965, c. 1180, s. 1; 1979, c. 165, s. 4; c. 467, s. 8; 1987, c. 227, s. 5.)

**§ 116-209.1. Provisions in conflict.**

Any of the foregoing provisions of this Article which shall be in conflict with the provisions hereinbelow set forth shall be repealed to the extent of such conflict. (1967, c. 1177.)

**§ 116-209.2. Reserves.**

The Authority may provide in any resolution authorizing the issuance of bonds or any trust agreement securing any bonds that proceeds of such bonds may be used to establish reserve accounts in any trustee or banking institution or otherwise as determined by the Authority, for securing such bonds and facilitating the making of student loans and acquiring student obligations, to provide for the payment of interest on such bonds for such period of time as the Authority shall determine, and for such other purposes as will facilitate the issuance of bonds at rates of interest and upon terms deemed reasonable by the Authority and will, in the Authority's judgment, facilitate carrying out the purposes of this Article. (1967, c. 1177; 1971, c. 392, s. 3.)

### **§ 116-209.3. Additional powers.**

The Authority is authorized to develop and administer programs and perform all functions necessary or convenient to promote and facilitate the making and insuring of student loans and providing such other student loan assistance and services as the Authority shall deem necessary or desirable for carrying out the purposes of this Article and for qualifying for loans, grants, insurance and other benefits and assistance under any program of the United States now or hereafter authorized fostering student loans. There shall be established and maintained a trust fund which shall be designated "State Education Assistance Authority Loan Fund" (the "Loan Fund") which may be used by the Authority in making student loans directly or through agents or independent contractors, insuring student loans, acquiring, purchasing, endorsing or guaranteeing promissory notes, contracts, obligations or other legal instruments evidencing student loans made by banks, educational institutions, nonprofit corporations or other eligible lenders, and for defraying the expenses of operation and administration of the Authority for which other funds are not available to the Authority. There shall be deposited to the credit of such Loan Fund the proceeds (exclusive of accrued interest) derived from the sale of its revenue bonds by the Authority and any other moneys made available to the Authority for the making or insuring of student loans or the purchase of obligations. There shall also be deposited to the credit of the Loan Fund surplus funds from time to time transferred by the Authority from the sinking fund. Such Loan Fund shall be maintained as a revolving fund. There is also deposited to the credit of the Loan Fund the income derived from the investment or deposit of the Escheat Fund distributed to the Authority pursuant to G.S. 116B-7. The income shall be held, administered and applied by the Authority as provided in any resolution adopted or trust agreement approved by the Authority, subject to the provisions of Chapter 116B of the General Statutes and this Article.

In lieu of or in addition to the Loan Fund, the Authority may provide in any resolution authorizing the issuance of bonds or any trust agreement securing such bonds that any other trust funds or accounts may be established as may be deemed necessary or convenient for securing the bonds or for making student loans, acquiring obligations or otherwise carrying out its other powers under this Article, and there may be deposited to the credit of any such fund or account proceeds of bonds or other money available to the Authority for the purposes to be served by such fund or account. (1967, c. 1177; 1971, c. 392, s. 4; 1979, c. 165, s. 5; 1987, c. 227, s. 6; 1999-460, s. 12.)

### **§ 116-209.4. Authority to issue bonds.**

The Authority is hereby authorized to provide for the issuance, at one time or from time to time, of revenue bonds of the Authority in such principal amounts as the Board of Directors shall determine to be necessary. The bonds shall be designated, subject to such additions or changes as the Authority deems advisable, "State Education Assistance Authority Revenue Bonds, Series \_\_\_\_\_," inserting in the blank space a letter identifying the particular series of bonds.

The principal of and the interest on such bonds shall be payable solely from the funds herein provided for such payment. The bonds of each issue shall be dated, shall bear interest at such rate or rates, shall mature at such time or times not exceeding 30 years from their date or dates, as may be determined by the Authority, and may be made redeemable before maturity, at the option of the Authority, at such price or prices and under such terms and conditions as may be fixed by the Authority prior to the issuance of the bonds. Prior to the preparation of definitive bonds, the Authority may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are

available for delivery. The Authority may also provide for the replacement of any bonds which shall become mutilated or shall be destroyed or lost. The Authority shall determine the form and the manner of execution of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. The Authority may also provide for the authentication of the bonds by a fiscal agent. The bonds may be issued in coupon or in registered form, or both, as the Authority may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest, and for the interchange of registered and coupon bonds. The Authority may sell such bonds in such manner, either at public or private sale, and for such price as it may determine will best effectuate the purposes of this Article.

The Authority is authorized to provide in any resolution authorizing the issuance of bonds for pledging or assigning as security for its revenue bonds, subject to any prior pledge or assignment, and for deposit to the credit of the sinking fund, any or all of its income, receipts, funds or other assets, exclusive of bond proceeds and other funds required to be deposited to the credit of the Loan Fund, of whatsoever kind from time to time acquired or owned by the Authority, including all donations, grants and other money or property made available to it, payments received on student loans, such as principal, interest and penalties, if any, premiums on student loan insurance, fees, charges and other income derived from services rendered or otherwise, proceeds of property or insurance, earnings and profits on investments of funds and from sales, purchases, endorsements or guarantees of obligations, as defined in G.S. 116-201 hereof, and other securities and instruments, contract rights, any funds, rights, insurance or other benefits acquired pursuant to any federal law or contract to the extent not in conflict therewith, money recovered through the enforcement of any remedies or rights, and any other funds or things of value which in the determination of the Authority may enhance the marketability of its revenue bonds. Money in the sinking fund shall be disbursed in such manner and under such restrictions as the Authority may provide in the resolution authorizing the issuance of such bonds. Unless otherwise provided in the bond resolution, the revenue bonds at any time issued hereunder shall be entitled to payment from the sinking fund without preference or priority of the bonds first issued. Bonds may be issued under the provisions of this Article without obtaining, except as otherwise expressly provided in this Article, the consent of any department, division, commission, board, body, bureau or agency of the State, and without any other proceedings or the happening of any conditions or things other than those proceedings, conditions or things which are specifically required by this Article and the provisions of the resolution authorizing the issuance of such bonds.

The Authority is authorized to provide by resolution or in any trust agreement for the issuance of revenue refunding bonds of the Authority for the purpose of refunding, or advance refunding and paying, any bonds then outstanding, which have been issued under the provisions of this Article, including the payment of any redemption premium and of any interest accrued or to accrue up to the date of redemption of the bonds, and, if deemed advisable by the Authority, for making student loans or acquiring obligations under this Article. The issuance of the revenue refunding bonds, the maturities and other details, the rights of the holders and the rights, duties and obligations of the Authority, shall be governed by the appropriate provisions of this Article relating

to the issuance of revenue bonds. Revenue refunding bonds issued under this section may be sold or exchanged for outstanding bonds issued under this Article. If sold, in addition to any other authorized purpose, the proceeds may be deposited in an escrow or other trust fund and invested, in whole or in part, and with the earnings from the investments, may be applied to the purchase or to the redemption prior to, or to payment at maturity, of outstanding bonds, all as provided by resolution or in trust agreement securing the bonds. (1967, c. 1177; 1971, c. 392, ss. 5-7; 1979, c. 165, s. 6.)

#### **§ 116-209.5. Bond resolution.**

The resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Authority in relation to the purchase or sale of obligations, the making of student loans, the insurance of student loans, the fees, charges and premiums to be fixed and collected, the terms and conditions for the issuance of additional bonds and the custody, safeguarding and application of all moneys. It shall be lawful for any bank or trust company incorporated under the laws of the State which may act as depository of the proceeds of bonds, revenues or other money hereunder to furnish such indemnifying bonds or to pledge such securities as may be required by the Authority. Any such resolution may set forth the rights and remedies of the bondholders and may restrict the individual right of action by bondholders. All expenses incurred in carrying out the provisions of such resolution may be treated as a part of the cost of administering this Article and may be payable, together with other expenses of operation and administration under this Article incurred by the Authority, from the Loan Fund.

In the discretion of the Authority, any bonds issued under the provisions of this Article may be secured by a trust agreement by and between the Authority and a corporate trustee, which may be any trust company or bank having powers of a trust company within or without the State. Such trust agreement or the resolution providing for the issuance of such bonds may pledge or assign the fees, penalties, charges, proceeds from collections, grants, subsidies, donations and other funds and revenues to be received therefor. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the holders of such bonds as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Authority in relation to student loans, the acquisition of obligations, insurance, the fees, penalties and other charges to be fixed and collected, the sale or purchase of obligations or any part thereof, or other property, the terms and conditions for the issuance of additional bonds, and the custody, safeguarding and application of all moneys. It shall be lawful for any bank or trust company incorporated under the laws of the State which may act as depository of the proceeds of bonds, revenues or other money hereunder to furnish such indemnifying bonds or to pledge such securities as may be required by the Authority. Any such trust agreement or resolution may set forth the rights and remedies of the bondholders and of the trustee, and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the Authority may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of carrying out the purposes for which such bonds shall be issued.

In addition to all other powers granted to the Authority by this Article, the Authority is hereby authorized to pledge to the payment of the principal of and the interest on any bonds under the

provisions of this Article any moneys received or to be received by it under any appropriation made to it by the General Assembly, unless the appropriation is restricted by the General Assembly to specific purposes of the Authority or such pledge is prohibited by the law making such appropriation; provided, however, that nothing herein shall be construed to obligate the General Assembly to make any such appropriation. (1967, c. 1177; 1971, c. 392, s. 8.)

#### **§ 116-209.6. Revenues.**

The Authority is authorized to fix and collect fees, charges, interest and premiums for making or insuring student loans, purchasing, endorsing or guaranteeing obligations and any other services performed under this Article. The Authority is further authorized to contract with the United States of America or any agency or officer thereof and with any person, partnership, association, banking institution or other corporation respecting the carrying out of the Authority's functions under this Article. The Authority shall at all times endeavor to fix and collect such fees, charges, receipts, premiums and other income so as to have available in the sinking fund at all times an amount which, together with any other funds made available therefor, shall be sufficient to pay the principal of and the interest on such bonds as the same shall become due and payable and to create reserves for such purposes. Money in the sinking fund, except such part thereof as may be necessary to provide such reserves for the bonds as may be provided for in the resolution authorizing the issuance of such bonds, shall be set aside in the sinking fund at such regular intervals as may be provided in such resolution and is hereby pledged to, and charged with, the payment of the principal of and the interest on such bonds as the same shall become due and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made. The fees, charges, receipts, proceeds and other revenues and moneys so pledged and thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. The resolution by which a pledge is created need not be filed or recorded except in the records of the Authority. The use and disposition of money to the credit of the sinking fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds. Any such resolution may, in the discretion of the Authority, provide for the transfer of surplus money in the sinking fund to the credit of the Loan Fund. Except as may otherwise be provided in such resolution, such sinking fund shall be a fund for all such bonds without distinction or priority of one over another. (1967, c. 1177.)

#### **§ 116-209.7. Trust funds.**

Notwithstanding any other provisions of law to the contrary, all money received pursuant to the authority of the Article, whether as proceeds from the sale of bonds, sale of property or insurance, or as payments of student loans, whether principal, interest or penalties, if any, thereon, or as insurance premiums, or from the purchase or sale of obligations, or as any other receipts or revenues derived hereunder, shall be deemed to be trust funds to be held and applied solely as provided in this Article. The resolution authorizing the bonds of any issue may provide that any of such money may be temporarily invested pending the disbursement thereof and shall provide that any officer with whom, or any bank or trust company with which, such money shall be deposited shall act as trustee of such money and shall hold and apply the same for the purposes hereof, subject to such regulations as this Article and such resolution may provide. (1967, c. 1177.)

**§ 116-209.8. Remedies.**

Any holder of bonds issued under the provisions of this Article or any of the coupons appertaining thereto, except to the extent the rights herein given may be restricted by such resolution authorizing the issuance of such bonds, may either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the State or granted hereunder or under such resolution authorizing the issuance of such bonds, or under any contract executed by the Authority pursuant to this Article, and may enforce and compel the performance of all duties required by this Article or by such resolution to be performed by the Authority or by any officer thereof, including the fixing, charging and collecting of fees, charges and premiums and the collection of principal, interest and penalties, if any, on student loans or obligations evidencing such loans. The Authority may provide in any trust agreement securing the bonds that any such rights may be enforced for and on behalf of the holders of bonds by the trustee under such trust agreement. (1967, c. 1177; 1971, c. 392, s. 9.)

**§ 116-209.9. Negotiability of bonds.**

All bonds issued under the provisions of this Article shall have and are hereby declared to have all the qualities and incidents, including negotiability, of investment securities under the Uniform Commercial Code of the State but no provision of such Code respecting the filing of a financial statement to perfect a security interest shall be deemed applicable to or necessary for any security interest created in connection with the issuance of any such bonds. (1967, c. 1177; 1971, c. 392, s. 10.)

**§ 116-209.10. Bonds eligible for investment.**

Bonds issued by the Authority under the provisions of this Article are hereby made securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State is now or may hereafter be authorized by law. (1967, c. 1177.)

**§ 116-209.11. Additional pledge.**

Notwithstanding any other provision to the contrary herein, the Authority is hereby authorized to pledge as security for any bonds issued hereunder any contract between the Authority and the United States of America under which the United States agrees to make funds available to the Authority for any of the purposes of this Article, to insure or guarantee the payment of interest or principal on student loans, or otherwise to aid in promoting or facilitating student loans. (1967, c. 1177.)

**§ 116-209.12. Credit of State not pledged.**

Bonds issued under the provisions of this Article shall not be deemed to constitute a debt, liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any such political subdivision, but shall be payable solely from the revenues and other funds provided therefor. Each bond issued under this Article shall contain on the face

thereof a statement to the effect that the Authority shall not be obligated to pay the same nor the interest thereon except from the revenues, proceeds and other funds pledged therefor and that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such bonds. Expenses incurred by the Authority in carrying out the provisions of this Article may be made payable from funds provided pursuant to this Article and no liability or obligation shall be incurred by the Authority hereunder beyond the extent to which moneys shall have been so provided. (1967, c. 1177.)

**§ 116-209.13. Tax exemption.**

The exercise of the powers granted by this Article in all respects will be for the benefit of the people of the State, for their well-being and prosperity and for the improvement of their social and economic conditions, and the Authority shall not be required to pay any taxes on any property owned by the Authority under the provisions of this Article or upon the income therefrom, and the bonds issued under the provisions of this Article shall at all times be free from taxation by the State or any local unit or political subdivision or other instrumentality of the State, excepting inheritance or gift taxes, income taxes on the gain from the transfer of the bonds, and franchise taxes. The interest on the bonds is not subject to taxation as income. (1967, c. 1177; 1995, c. 46, s. 9.)

**§ 116-209.14. Annual reports.**

The Authority shall, following the close of each fiscal year, publish an annual report of its activities for the preceding year to the Board of Governors of The University of North Carolina, the Governor, and the General Assembly. Each report shall set forth a complete operating and financial statement covering the operations of the Authority during the year. The operations of the Authority shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. (1967, c. 1177; 1979, c. 165, s. 7; 1983, c. 913, s. 20; 2021-180, s. 8A.4(d).)

**§ 116-209.15. Merger of trust fund.**

The Authority may merge into the Loan Fund the trust fund established pursuant to G.S. 116-209 hereof and may transfer from such trust fund to the credit of the Loan Fund all money, investments and other assets and resources credited to such trust fund, for application and use in accordance with the provisions of this Article pertaining to the Loan Fund, including the power to pay expenses of the Authority from the Loan Fund to the extent that other funds are not available therefor. (1967, c. 1177.)

**§ 116-209.16. Other powers; criteria.**

The Authority, in addition to all the powers more specifically vested hereunder, shall have all other powers necessary or convenient to carry out and effectuate the purposes and provisions of this Article, including the power to receive, administer and comply with the conditions and requirements respecting any gift, grant or donation of any property or money, any insurance or guarantee of any student loan or student obligations, any loans, advances, contributions, interest subsidies or any other assistance from any federal or State agency or other entity; to pledge or assign any money, charges, fees or other revenues and any proceeds derived by the Authority from any student loans, obligations, sales of property, insurance or other sources; to borrow money and to issue in evidence thereof revenue bonds of the Authority for the purposes of this Article and to issue revenue refunding bonds; to conduct studies and surveys respecting the needs for financial assistance of residents of the State respecting education beyond the high school level.

In carrying out the powers vested and the responsibilities imposed under this Article, the Authority shall be guided by and shall observe the following criteria and requirements, the determination of the Authority as to compliance with such criteria and requirements being final and conclusive:

- (1) Any student loan, grant or other assistance provided by the Authority to any student shall be necessary to enable the student to pursue his education above the high school level; and
- (2) No student loan, grant or other financial assistance shall be provided to any student by the Authority except in conformity with the provisions of this Article and to carry out the purposes hereof.

The Authority shall by rules and regulations prescribe other conditions, criteria and requirements that it shall deem necessary or desirable for providing financial assistance to students under this Article upon a fair and equitable basis, giving due regard to the needs and qualifications of the students and to the purposes of this Article. (1971, c. 392, s. 11.)

**§ 116-209.16A. Information on career and major options.**

(a) Know Before You Go. – The Authority shall provide information on a website, under a section entitled "Know Before You Go," to students and parents to assist in selection of major and career options as provided in this section. The information shall be updated annually.

(b) Career Options. – The Authority shall, as data is available, provide information on projected employment needs in the labor economy and associated salary ranges for those areas of employment, college majors which may fulfill those needs, and institutions of higher education that may provide those majors. The Authority may use existing sources of public information, such as the employment projections produced by the federal Department of Labor, Bureau of Labor Statistics, to develop this information.

(c) Major Options. – The Authority shall, as data is available, provide information based on aggregate data for outcomes of public and private institutions of higher education in North Carolina. Outcome information for each public and private institution of higher education shall include, but is not limited to, the following:

- (1) Completion rates within the expected number of semesters for the degree sought.
- (2) Transfer rates of students to other institutions.
- (3) Percentage of students receiving financial aid, by type of aid.
- (4) Average and median amount of loan debt upon student graduation, by major.
- (5) Average and median salary, by major.
- (6) Percentage of graduates employed within six months of graduation, by major.
- (7) Percentage of graduates enrolled in graduate school within six months of graduation, by major.

(d) Public and Private Institutions of Higher Education. – For the purposes of this section, "public institutions of higher education" shall include the constituent institutions of The University of North Carolina and the community colleges under the jurisdiction of the State Board of Community Colleges and "private institutions of higher education" shall include postsecondary institutions that award postsecondary degrees, as defined in G.S. 116-15(a2)(1). (2016-57, s. 1; 2025-25, s. 29(5).)

**§ 116-209.17. Establishment of student assistance program.**

The Authority is authorized, in addition to all other powers and duties vested or imposed under this Article, to establish and administer a statewide student assistance program for the purpose of removing, insofar as may be possible, the financial barriers to education beyond the high school level for eligible needy students at public or private institutions in this State and, with respect to loans, public, and private institutions located elsewhere. This objective shall be accomplished, consistent with Federal law or regulation, through a comprehensive program under which the financial ability of each student and of his family, under standards prescribed by the Authority, is measured against the reasonable costs, as determined by the Authority, of the educational program which the student proposes to pursue. Needs of students for financial assistance shall, to the extent of the availability of funds from federal, State, institutional or other sources, be met through work-study programs, loans, grants and out-of-term employment, or a combination of these forms of assistance. With respect to grants made pursuant to this Article, no student is eligible to receive benefits under this student assistance program for a total of more than 45 months of full-time, post-high school level education. (1971, c. 392, s. 11; 1979, c. 165, s. 8; 1987, c. 227, s. 7.)

**§ 116-209.18. Powers of Authority to administer student assistance program.**

In order to accomplish the purposes of this Article the Authority is authorized:

- (1) To receive from the general fund or other sources such sums as the General Assembly may authorize from time to time for such purposes, and to receive from any other donor, public or private, such sums as may be made available, and to cause such sums to be disbursed for the purposes for which they have been provided;
- (2) To establish such criteria as the Authority shall deem necessary or desirable for determining the need of students for grants under this Article, as opposed to other forms of financial assistance, and for deciding who shall receive grants;
- (3) To prescribe the form and to regulate the submission of applications for assistance and to prescribe the procedures for considering and approving such applications;
- (4) To provide for the making of, and to make, grants under this Article under such terms and conditions as the Authority shall deem advisable;
- (5) To encourage educational institutions to increase the resources available for financial assistance; to prescribe such formulas for institutional maintenance of effort as the Authority may determine to be consistent with the purposes of this Article;
- (6) To provide by contract for the administration of all or any portion of the student assistance program by nonprofit organizations or corporations, pursuant to regulations and criteria established by the Authority;
- (7) To serve, on designation by the Governor, or as may otherwise be provided by federal law, as the State agency to administer such statewide programs of student assistance as shall be established from time to time under federal law; and
- (8) To have all other powers and authority necessary to carry out the purposes of the student assistance program, including, without limitation, all the powers given to the Authority by G.S. 116-204 and by other provisions of the General Statutes. (1971, c. 392, s. 11.)

**§ 116-209.19. Grants to students.**

The Authority is authorized to make grants to eligible students enrolled or to be enrolled in eligible institutions in North Carolina out of such money as from time to time may be appropriated by the State or as may otherwise be available to the Authority for such grants. The Authority, subject to the provisions of this Article and any applicable appropriation act, shall adopt rules, regulations and procedures for determining the needs of the respective students for grants and for the purpose of making such grants. The amount of any grant made by the Authority to any student, whether enrolled or to be enrolled in any private institution or any tax-supported public institution, shall be determined by the Authority upon the basis of substantially similar standards and guides that shall be set forth in the Authority's rules, regulations and procedures; provided, however, that grants made in any fiscal year to students enrolled or to be enrolled in private institutions may be increased to compensate, in whole or in part, for the average annual State appropriated tuition subsidy for such fiscal year, determined as provided herein. The average annual State appropriated subsidy for each fiscal year shall be determined by the Secretary of Administration, after consultation with the Board of Governors of the University of North Carolina and the Authority, for each of the two categories of tax-supported institutions, being (i) institutions, presently 16, that provide education of the collegiate grade and grant baccalaureate degrees and (ii) institutions, such as community colleges and technical institutes created and existing under Chapter 115A of the General Statutes and community colleges created and existing under Chapter 115D of the General Statutes. The average annual State appropriated subsidy for each of such two categories of institutions shall mean the amount of the total appropriations of the State for the respective fiscal years under the current operations budgets, pursuant to the State Budget Act reasonably allocable to undergraduate students enrolled in such institutions exclusive of the Division of Health Affairs of the University of North Carolina and the North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts" for all institutions in such category, all as shall be determined by the Secretary of Administration after consultation as above provided, divided by the budgeted number of North Carolina undergraduate students to be enrolled in such fiscal year.

The Authority, in determining the needs of students for grants, may among other factors, give consideration to the amount of other financial assistance that may be available to the students, such as nonrepayable awards under the Pell Grant Program, the Health Professions Education Assistance Act or other student assistance programs created by federal law. (1971, c. 392, s. 11; c. 1244, s. 14; 1975, c. 879, s. 46; 1979, c. 165, s. 9; 1983, c. 717, s. 35; 1985 (Reg. Sess., 1986), c. 955, ss. 38, 39; 1987, c. 227, s. 8; c. 564, s. 23; 2006-203, s. 54; 2008-192, s. 9.)

**§ 116-209.19A. Limit semesters eligible for need-based grants and scholarships.**

The Authority administers the following need-based grant and scholarship programs: the North Carolina Need-Based Scholarship for Public Colleges and Universities and Need-Based Scholarships for Students Attending Private Institutions of Higher Education. G.S. 116-209.82 and G.S. 116-281.1 limit the number of semesters that a student may receive a grant or scholarship from these programs and also provide the circumstances in which a waiver to those limits may be granted by the appropriate postsecondary institution. The Authority shall enforce these limitations in administering these programs so that unless a waiver is granted by the appropriate postsecondary institution, no student shall receive a grant or scholarship from any of those programs or any combination of those financial aid programs while pursuing a degree, diploma, or certificate for more than any of the following time periods: (i) 10 full-time academic semesters or its equivalent if

enrolled part-time or (ii) 12 full-time academic semesters or its equivalent if the student is enrolled in a program officially designated as a five-year degree program.

A postsecondary institution that grants a waiver under G.S. 116-209.82 or G.S. 116-281.1 shall certify the granting of the waiver in a manner acceptable to the Authority and shall also maintain documentation substantiating the reason for the waiver. (2013-360, s. 11.15(g); 2021-180, s. 8A.2(f).)

**§ 116-209.20. Public purpose.**

No expenditure of funds under this Article shall be made for any purpose other than a public purpose. (1971, c. 392, s. 11.)

**§ 116-209.21. Cooperation of the Board of Governors of the University of North Carolina. [Repealed] (1971, c. 392, s. 11; c. 1244, s. 14; repealed by 2021-180, s. 8A.4(e), effective November 18, 2021.)**

**§ 116-209.22. Constitutional construction.**

The provisions of this Article are severable, and if any of its provisions shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions. (1971, c. 392, s. 11.)

**§ 116-209.23. Inconsistent laws inapplicable.**

Insofar as the provisions of this Article are inconsistent with the provisions of any general or special laws, or parts thereof, the provisions of this Article shall be controlling, except that no provision of the 1971 amendments to this Article shall apply to scholarships for children of war veterans as set forth in Part 2 of Article 14 of Chapter 143B of the General Statutes, as amended. (1971, c. 392, s. 11; 2015-241, s. 24.1(s); 2015-268, s. 7.3(a).)

**§ 116-209.24. Parental loans.**

(a) Policy. – The General Assembly of North Carolina hereby finds and declares that the making and insuring of loans to the eligible parents of students is fully consistent with and furthers the long established policy of the State to encourage, promote and assist education as more fully set forth in G.S. 116-201(a).

(b) Definitions. – As used in this section, the following terms shall have the following meanings:

- (1) "Obligations", "student obligations", or "student loan obligations" as defined under G.S. 116-201(b)(14) includes, unless the context indicates a contrary intent, parental obligations.
- (2) "Parent" means a student's mother, father, adoptive parent, or legal guardian of the student if such guardian is required by court order to use his or her own financial resources to support that student.
- (3) "Parental loans" means loans made or guaranteed by the Authority to a parent of an eligible student.
- (4) "Parental obligations" means obligations evidencing loans made pursuant to subsection (c) of this section.
- (5) "Student loans" includes, unless the context indicates a contrary intent, parental loans.

(c) Parental Assistance. – The Authority is authorized to develop and administer programs and perform all functions necessary or convenient to promote and facilitate the making and insuring of loans to parents of students in order to facilitate the vocational and college education of such students who are enrolled or to be enrolled in eligible institutions. The Authority is also authorized to provide such other services and loan assistance to parents of students as the Authority shall deem necessary or desirable for carrying out the purpose of this section and for qualifying for loans, grants, insurance, and other benefits and assistance under any program of the United States now or hereafter authorized fostering loans to eligible parents of students.

(d) Authorization to Buy and Sell Parental Obligations. – The Authority is hereby authorized and empowered to buy and sell parental obligations.

(e) Authorization to Issue Bonds. – The Authority is hereby authorized to provide for the issuance, at one time or from time to time, of bonds or revenue bonds, as such terms are defined in G.S. 116-201(4), in conformity with provisions of this section. (1981, c. 794, s. 1; 1987, c. 227, s. 9.)

#### **§ 116-209.25. Parental Savings Trust Fund.**

(a) Policy. – The General Assembly of North Carolina hereby finds and declares that encouraging parents and other interested parties to save for the education expenses of eligible students is fully consistent with and furthers the long-established policy of the State to encourage, promote, and assist education as more fully set forth in G.S. 116-201(a).

(b) Parental Savings Trust Fund. – There is established a parental savings trust fund to be administered by the State Education Assistance Authority to enable qualified parents and other interested parties to save funds to meet the costs of education expenses of eligible students in accordance with section 529 of the Code. For purposes of this section, the term "Code" has the same meaning as defined in G.S. 105-228.90.

(c) Contributions to the Trust Funds. – The Authority is authorized to accept, hold, invest, and disburse contributions, and interest earned on such contributions, from qualified parents and other interested parties as trustee of the Parental Savings Trust Fund. The Authority shall hold all contributions to the Parental Savings Trust Fund, and any earnings thereon, in a separate trust fund and shall invest the contributions in accordance with this section. The assets of the Parental Savings Trust Fund shall at all times be preserved, invested, and expended solely for the purposes of the trust fund and shall be held in trust for the parents and other interested parties and their designated beneficiaries. Nothing in this Article shall be construed to prohibit the Authority from accepting, holding, and investing contributions from persons who reside outside of North Carolina. Neither the contributions to the Parental Savings Trust Fund, nor the earnings thereon, shall be considered State moneys, assets of the State, or State revenue for any purpose.

(c1) Investments. – The Authority shall determine an appropriate investment strategy for the Parental Savings Trust Fund. The strategy may include a combination of fixed income assets and preferred or common stocks issued by any company incorporated, or otherwise located within or without the United States, or other appropriate investment instruments to achieve long-term return through a combination of capital appreciation and current income. The Authority may deposit all or any portion of the Parental Savings Trust Fund for investment either with the State Treasurer, or in the individual, common, or collective trust funds of an investment manager or managers that meet the requirements of this subsection. Contributions to the Parental Savings Trust Fund on deposit with the State Treasurer shall be invested by the State Treasurer as authorized in G.S. 147-69.2(b)(1) through (6) and the applicable provisions of G.S. 147-69.3. Contributions to

the Parental Savings Trust Fund may be invested in the individual, common, or collective trust funds of an investment manager provided that the investment manager meets both of the following conditions:

- (1) The investment manager has assets under management of at least one hundred million dollars (\$100,000,000) at all times.
- (2) The investment manager is subject to the jurisdiction and regulation of the United States Securities and Exchange Commission.

(d) Administration of the Trust Fund. – The Authority is authorized to develop and perform all functions necessary and desirable to administer the Parental Savings Trust Fund and to provide such other services as the Authority shall deem necessary to facilitate participation in the Parental Savings Trust Fund. The Authority is further authorized to obtain the services of such investment advisors or program managers as may be necessary for the proper administration and marketing and investment strategy for the Parental Savings Trust Fund.

(e) Loan Program. – The Authority is authorized to develop and administer a loan program in conjunction with the Parental Savings Trust Fund to provide loan assistance to qualified parents and interested parties in order to facilitate the postsecondary education of eligible students. All funds appropriated to, or otherwise received by the Authority for loans under this section, all funds received as repayment of such loans, and all interest earned on these funds shall be placed in an institutional trust fund. This institutional trust fund may be used only for loans made to qualified parents and interested parties who contributed to the Parental Savings Trust Fund and administrative costs associated with the recovery of funds advanced under this loan program.

(f) Limitations. – Nothing in this section shall be construed to create any obligation of the Authority, the State Treasurer, the State, or any agency or instrumentality of the State to guarantee for the benefit of any parent, other interested party, or designated beneficiary the rate of return or other return for any contribution to the Parental Savings Trust Fund and the payment of interest or other return on any contribution to the Parental Savings Trust Fund. (1996, 2nd Ex. Sess., c. 18, s. 16.7; 2000-177, s. 11; 2001-243, s. 1; 2002-159, s. 19; 2018-5, s. 38.1(i).)

**§ 116-209.26: Repealed by Session Laws 2009-451, s. 9.2(e), effective July 1, 2010.**

**§ 116-209.27. Administration of scholarships previously awarded by Teaching Fellows Program.**

(a) The Authority shall, as of March 1, 2015, administer all outstanding scholarship loans previously awarded by the former North Carolina Teaching Fellows Commission and subject to repayment under the former Teaching Fellows Program administered pursuant to Part 2 of Article 24C of Chapter 115C of the General Statutes.

(b) Scholarship loans previously awarded by the North Carolina Teaching Fellows Commission by notes payable to the Commission shall be deemed payable to the Authority, as the successor in interest to the North Carolina Teaching Fellows Commission, by the same terms stated in the note.

(c) All funds received by the Authority in association with its administration of the Teaching Fellows Program, including all funds received as repayment of scholarship loans and all interest earned on these funds, shall be deposited into the Forgivable Education Loans for Service Fund established in G.S. 116-209.45. (2014-100, s. 11.10(b); 2017-57, s. 10A.3(g).)

**§ 116-209.28. Administration of scholarships previously awarded by the Principal Fellows Program.**

(a) The Authority shall administer all outstanding scholarship loans previously awarded by the former North Carolina Principal Fellows Commission and subject to repayment under the former Principal Fellows Program administered pursuant to Article 5C of this Chapter.

(b) All funds received by the Authority in association with its administration of the Principal Fellows Program, including all funds received as repayment of scholarship loans and all interest earned on these funds, shall be deposited into the North Carolina Principal Fellows Trust Fund established in G.S. 116-74.41B. (2019-60, s. 1(v); 2025-25, s. 15.)

**§ 116-209.29. Reserved for future codification purposes.**

**§ 116-209.30: Repealed by Session Laws 2011-74, s. 9(a), effective July 1, 2012.**

**§ 116-209.31: Reserved for future codification purposes.**

**§ 116-209.32: Reserved for future codification purposes.**

**§ 116-209.33: Repealed by Session Laws 2011-74, s. 7(a), effective July 1, 2012.**

**§ 116-209.34: Repealed by Session Laws 2011-74, s. 7(a), effective July 1, 2012.**

**§ 116-209.35: Repealed by Session Laws 2011-74, s. 8, effective July 1, 2012.**

**§ 116-209.36: Repealed by Session Laws 2008-107, s. 9.1(a), effective July 1, 2008.**

**§ 116-209.37: Reserved for future codification purposes.**

**§ 116-209.38: Repealed by Session Laws 2009-451, s. 9.18(c), effective July 1, 2011.**

**§ 116-209.39: Reserved for future codification purposes.**

**§ 116-209.40: Repealed by Session Laws 2013-360, s. 11.2(d), effective July 1, 2013.**

**§ 116-209.45. Forgivable Education Loans for Service Program and Fund.**

(a) Policy. – The General Assembly finds that it is in the public interest to provide financial assistance in the form of forgivable loans for service to qualified students who are committed to working in the State in order to respond to critical employment shortages.

(b) Definitions. – The following definitions apply in this section:

(1) Eligible county. – A county designated as a development tier one or development tier two area in the annual ranking performed by the Department of Commerce pursuant to G.S. 143B-437.08.

(1a) Eligible institution. – Notwithstanding G.S. 116-201(b)(5) and G.S. 116-201(b)(6) and for purposes of this section only, an institution of higher education that is any of the following:

- a. A postsecondary constituent institution of The University of North Carolina as defined in G.S. 116-2(4).
  - b. A community college as defined in G.S. 115D-2(2).
  - c. through e. Repealed by Session Laws 2012-142, s. 9.2(a), effective July 1, 2012.
  - f. Another public or nonprofit postsecondary institution offering a program of study not otherwise available in North Carolina that is deemed to be eligible under rules promulgated by the Authority.
  - g. An eligible private postsecondary institution as defined in G.S. 116-280(3).
- (2) Fund. – The Forgivable Education Loans for Service Fund.
  - (2a) Healthcare facility. – Any hospital, clinic, or other medical practice of any size that provides in-person healthcare services to patients in an eligible county. It is the intent of the General Assembly that a majority of the services provided by a healthcare facility are in-person services to residents of eligible counties.
  - (3) Loan. – A forgivable loan made under the Program.
  - (3a) Primary Care Medicine and Psychiatry Targeted Assistance Program. – A targeted assistance program administered through the Forgivable Education Loans for Service Program to provide forgivable loans to certain students who agree to practice primary care medicine or psychiatry on a full-time basis at healthcare facilities located in eligible counties, as set forth in subsection (c1) of this section.
  - (4) Program. – The Forgivable Education Loans for Service Program.

(c) Establish Forgivable Education Loans for Service Program. – There is established the Forgivable Education Loans for Service Program to be administered by the Authority. The purpose of the Program is to facilitate and promote the making, insuring, and collection of loans from the Forgivable Education Loans for Service Fund. The Program shall target future teachers, nurses, and allied health professionals, including the professionals described in subsection (c1) of this section, to further the purposes of the Program in responding to high-need employment shortages in the State.

(c1) Loans for Students in the Primary Care Medicine and Psychiatry Targeted Assistance Program. – The Primary Care Medicine and Psychiatry Targeted Assistance Program is established for the purpose of addressing the critical demand for physicians practicing primary care medicine and psychiatry in the rural and highest-need areas of the State through a forgivable loan for service program. Unless otherwise provided under this subsection, the Authority shall administer the Primary Care Medicine and Psychiatry Targeted Assistance Program in the same manner as the Forgivable Education Loans for Service Program as set forth in this section and in accordance with the following criteria:

- (1) Loan amount. – To the extent funds are made available for the Primary Care Medicine and Psychiatry Targeted Assistance Program, the Authority shall award loans to students as follows:
  - a. Students enrolled in a medical school at an institution of higher education that is an eligible institution pursuant to sub-subdivision a. or g. of subdivision (1a) of subsection (b) of this section for the purpose of obtaining licensure as a physician under Article 1 of Chapter 90 of the General Statutes to practice either primary care medicine or psychiatry

may qualify for an award of loans in an amount of up to twenty-five thousand dollars (\$25,000) per academic year, per student, for a total amount of loans of up to one hundred thousand dollars (\$100,000) per student.

- b. The Authority shall give priority for the award of loans under this subsection to qualified applicants residing in eligible counties.
  - c. To the extent funds provided for the Primary Care Medicine and Psychiatry Targeted Assistance Program are insufficient to award forgivable loans to qualified applicants, the Authority may establish a lottery process for selection of loan recipients in accordance with the requirements established by this subsection.
- (2) Repayment through service. – The Authority shall forgive a loan awarded under this subsection through service repayment according to the following:
- a. The total amount of any loan awarded in one academic year, and any interest accrued on the loan, shall be forgiven if the loan recipient serves in one year of full-time employment as a licensed physician practicing primary care medicine or psychiatry in a healthcare facility located in an eligible county. The Authority may verify compliance with all or a portion of the requirements of this sub-subdivision by requiring the loan recipient, his or her employer, or both to complete an attestation of qualifying employment.
  - b. If the loan recipient is practicing primary care medicine or psychiatry in a healthcare facility located in a county that loses its status as an eligible county before the recipient completes his or her service obligation for the total amount of loans awarded under this subsection, the loan recipient's employment as a physician practicing primary care medicine or psychiatry shall continue to be deemed qualifying for the purposes of loan forgiveness in accordance with this section as long as the recipient is employed in a healthcare facility located in that county without a break in service.
  - c. The Authority may provide for accelerated repayment and less than full-time employment options.

(d) Establish Forgivable Loans for Service Fund. – There is established the Forgivable Education Loans for Service Fund to be administered by the Authority. The purpose of the Fund is to provide financial assistance to qualified students to enable them to obtain the requisite education beyond the high school level to work in North Carolina in certain high-need professions as identified by the General Assembly and to respond to current as well as future employment shortages in North Carolina. The Authority shall reserve any funds made available for the Primary Care Medicine and Psychiatry Targeted Assistance Program for the purpose of administering the award of loans pursuant to subsection (c1) of this section.

(e) Eligibility for Loans. – The Authority shall establish the criteria for initial and continuing eligibility to participate in the Program. All loan recipients shall be residents of North Carolina and shall attend an eligible institution.

The Authority shall adopt standards deemed appropriate by the Authority to ensure that only qualified, potential recipients receive a loan under the Program. The standards may include minimum grade point average and satisfactory academic progress.

(f) Loan Terms and Conditions. – Except as otherwise provided in subsection (c1) of this section, [the] following terms and conditions shall apply to each loan made pursuant to this section:

- (1) Promissory note. – All loans shall be evidenced by promissory notes made payable to the Authority.
- (2) Interest. – All promissory notes shall bear an interest rate established by the Authority that does not exceed ten percent (10%) and is in relation to the current interest rate for nonneed-based federal loans made pursuant to Title IV of the Higher Education Act of 1965, as amended. Interest shall accrue from the date of disbursement of the loan funds.
- (3) Loan amount. – The Authority shall establish the amount of the loan based on funds available and factors such as the recipient's educational program, enrollment status, and field of study.
- (4) Repayment. – The Authority shall establish the criteria for loan forgiveness for employment in a designated field in North Carolina. These criteria may provide for accelerated repayment and less than full-time employment options. The Authority shall collect cash repayments when service repayment is not completed. The Authority shall establish the terms for cash repayment, including a minimum monthly repayment amount and maximum period of time to complete repayment.
- (5) Death and disability. – The Authority may forgive all or part of a loan if it determines that it is impossible for the recipient to repay the loan in cash or service because of the death or disability of the recipient.
- (6) Hardship. – The Authority may grant a forbearance, a deferment, or both in hardship circumstances when a good faith effort has been made to repay the loan in a timely manner.
- (7) Other. – The Authority may establish other terms and conditions that are necessary or convenient to effectuate the Program.

(g) Advisory Group. – The Authority shall appoint an advisory group composed of, at minimum, appropriate representatives from higher education institutions and health and labor departments, agencies, or commissions to make recommendations to the Authority regarding the Authority's future apportionment and distribution of Program loans based on projected labor market shortages, higher education enrollment projections, and other relevant information.

(h) Use of Fund Monies. – All funds appropriated to or otherwise received by the Authority to provide loans through the Program, all funds received as repayment of loans, and all interest earned on these funds shall be placed in the Fund. The Fund shall be used only for loans made pursuant to this section and for administrative costs of the Authority, including costs of administering the former Teaching Fellows Program transferred to the Authority under G.S. 116-209.27.

(i) Rulemaking Authority. – The Authority may adopt rules necessary to implement, administer, and enforce the provisions of this section.

(j) Report to the General Assembly. – The Authority shall report no later than December 1, 2013, and annually thereafter to the Joint Legislative Education Oversight Committee regarding the Fund and loans awarded from the Fund. (2011-74, s. 1; 2012-142, s. 9.2(a); 2014-100, s. 11.10(g); 2023-134, s. 8A.14(a).)

Part 2. North Carolina National Guard Tuition Assistance Act of 1975.

§ 116-209.50. Recodified as G.S. § 127A-190, effective November 18, 2021. (1975, c. 917, s. 2; 2010-31, s. 17.3(b); recodified as N.C. Gen. Stat. § 127A-190 by 2021-180, s. 19E.1(b).)

§ 116-209.51. Recodified as G.S. § 127A-191, effective November 18, 2021. (1975, c. 917, s. 3; 2009-281, s. 1; 2010-31, s. 17.3(b); 2011-183, s. 85; recodified as N.C. Gen. Stat. § 127A-191 by 2021-180, s. 19E.1(b).)

§ 116-209.52. Recodified as G.S. § 127A-192, effective November 18, 2021. (1975, c. 917, s. 4; 1977, c. 70, s. 2; c. 228, s. 1; 1987, c. 564, s. 24; 2008-94, s. 2; 2010-31, s. 17.3(b), (c); 2015-264, s. 66(a); recodified as N.C. Gen. Stat. § 127A-192 by 2021-180, s. 19E.1(b).)

§ 116-209.53. Recodified as G.S. § 127A-193, effective November 18, 2021. (1975, c. 917, s. 5; 1977, c. 228, s. 2; 1983 (Reg. Sess., 1984), c. 1034, ss. 99, 100; 1993 (Reg. Sess., 1994), c. 769, s. 22.3; 2000-67, s. 18; 2005-444, s. 1; 2008-94, s. 3; 2010-31, s. 17.3(b), (c); recodified as N.C. Gen. Stat. § 127A-193 by 2021-180, s. 19E.1(b).)

§ 116-209.54. Recodified as G.S. § 127A-194, effective November 18, 2021. (1975, c. 917, s. 6; 1977, c. 228, ss. 3, 4; 2008-94, s. 4; 2010-31, s. 17.3(b), (c); 2011-183, s. 86(a), (b); 2015-264, s. 66(b); 2015-298, s. 1; 2017-155, s. 3; recodified as N.C. Gen. Stat. § 127A-194 by 2021-180, s. 19E.1(b).)

§ 116-209.55. Recodified as G.S. § 127A-195, effective November 18, 2021. (1975, c. 917, s. 7; 1977, c. 70, s. 2; 2005-444, ss. 2, 3; 2008-94, s. 1; 2010-31, s. 17.3(b), (c); 2011-183, s. 87; 2015-264, s. 66(c); recodified as N.C. Gen. Stat. § 127A-195 by 2021-180, s. 19E.1(b).)

### Part 3. North Carolina Teaching Fellows Program.

#### § 116-209.60. Definitions.

The following definitions apply in this Part:

- (1) Commission. – The North Carolina Teaching Fellows Commission.
- (2) Director. – The Director of the North Carolina Teaching Fellows Program.
- (3) Forgivable loan. – A forgivable loan made under the Program.
- (4) Program. – The North Carolina Teaching Fellows Program.
- (5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina laboratory school board of trustees.
- (5a) Qualifying licensure area. – A teacher licensure area in one of the following subjects:
  - a. Either of the following, as identified pursuant to G.S. 116-209.62(h):
    1. Special education.
    2. Stem.
  - b. Elementary education (K-6).

- (5b) Qualifying teacher. – A teacher in a North Carolina public school who meets the following criteria:
  - a. Received a forgivable loan under the Program.
  - b. Graduated within 10 years from an educator preparation program leading to teacher licensure, excluding any authorized deferment for extenuating circumstances.
  - c. Serves as a teacher in a qualifying licensure area.
- (6) STEM. – Science, technology, engineering, and mathematics.
- (7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund. (2017-57, s. 10A.3(a); 2023-134, s. 8A.4(a); 2024-1, s. 2.14(a).)

**§ 116-209.61. North Carolina Teaching Fellows Commission established; membership.**

(a) Commission Established. – There is established the North Carolina Teaching Fellows Commission. The Commission shall determine program and forgivable loan recipient selection criteria and selection procedures and shall select the recipients to receive forgivable loans under the North Carolina Teaching Fellows Program in accordance with the requirements of this Part. The Director of the North Carolina Teaching Fellows Program shall appoint staff to the Commission.

(b) Membership. – The Commission shall consist of 14 members who shall be appointed or serve as ex officio members as follows:

- (1) The Board of Governors of The University of North Carolina shall appoint seven members to the Commission in even-numbered years as follows:
  - a. Two deans of approved schools of education at postsecondary constituent institutions of The University of North Carolina.
  - b. The president of a North Carolina community college.
  - c. A teacher who graduated from an approved educator preparation program located in the State within three years of appointment to serve on the Commission.
  - d. A principal who graduated from an approved educator preparation program located in the State.
  - e. A local board of education member.
  - f. A member to represent business and industry in North Carolina.
- (2) The General Assembly shall appoint two members to the Commission in odd-numbered years in accordance with G.S. 120-121 as follows:
  - a. One dean of an approved school of education at a private postsecondary institution operating in the State upon the recommendation of the Speaker of the House of Representatives.
  - b. One dean of an approved school of education at a private postsecondary institution operating in the State upon the recommendation of the President Pro Tempore of the Senate.
- (3) The following five members shall serve as ex officio members to the Commission:
  - a. The North Carolina Teacher of the Year.
  - b. The North Carolina Principal of the Year.
  - c. The North Carolina Superintendent of the Year.
  - d. The chair of the Board of the State Education Assistance Authority, or the chair's designee.

e. The Director of the North Carolina Teaching Fellows Program.

(c) Terms of Office. – Appointments to the Commission shall be for two-year terms, beginning July 1 and expiring June 30. Members serving ex officio, other than the chair of the Board of the State Education Assistance Authority and Director of the North Carolina Teaching Fellows Program, who have otherwise completed their term of service, shall continue to serve on the Commission until June 30, annually.

(d) Vacancies. – Except as otherwise provided, if a vacancy occurs in the membership of the Commission, the appointing authority shall appoint another person meeting the same qualifications to serve for the balance of the unexpired term.

(e) Chair; Meetings. – The Director of the Program shall call the first meeting of the Commission. The Commission members shall elect a chair and a vice-chair from the membership of the Commission to serve one-year terms. The Commission shall meet regularly at times and places deemed necessary by the chair or, in the absence of the chair, by the vice-chair.

(f) Conflict of Interest. – A member of the Commission shall abstain from voting on the selection of an educator preparation program of a postsecondary constituent institution of The University of North Carolina or a private postsecondary institution operating in the State under G.S. 116-209.62(f) if the member is an officer or employee of the institution or sits as a member of the institution's board of directors.

(g) Expenses. – Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate. (2017-57, s. 10A.3; 2022-71, s. 3.4(g); 2023-102, s. 2(a).)

#### **§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

(a) Program. – There is established the North Carolina Teaching Fellows Program to be administered by the System Office of The University of North Carolina, in conjunction with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina for preparation as highly effective teachers in qualifying licensure areas in the State's public schools. The Program shall be used to provide a forgivable loan to individuals interested in preparing to teach in the public schools of the State in qualifying licensure areas.

(b) Trust Fund. – There is established the North Carolina Teaching Fellows Program Trust Fund to be administered by the Authority, in conjunction with the System Office of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program for forgivable loans and other Program purposes, (ii) received as repayment of forgivable loans, and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the Trust Fund is to provide financial assistance to qualified students for completion of teacher education and licensure programs to fill qualifying licensure areas in the public schools of the State.

(c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the Program, including recruitment and recovery of funds advanced under the Program, (iii) mentoring and coaching support to forgivable loan recipients, and (iv) extracurricular enhancement activities of the Program in accordance with the following:

- (1) The Authority shall transfer the greater of six hundred thousand dollars (\$600,000) or ten percent (10%) of the available funds from the Trust Fund to The University of North Carolina System Office at the beginning of each fiscal year for the Program's administrative costs, the salary of the Director of the

Program and other Program staff, expenses of the Commission, and to provide the Commission with funds to use for the extracurricular enhancement activities of the Program.

- (2) The Authority may use the greater of two hundred fifty thousand dollars (\$250,000) or four percent (4%) of the funds appropriated to the Trust Fund each fiscal year for administrative costs associated with the Program.
- (3) The Authority shall provide the Commission with up to six hundred thousand dollars (\$600,000) from the Trust Fund in each fiscal year for the Commission to provide mentoring and coaching support to forgivable loan recipients through the North Carolina New Teacher Support Program in an amount of up to two thousand two hundred dollars (\$2,200) for each Program recipient. Funds shall be prioritized for teachers serving in North Carolina public schools identified as low-performing under G.S. 115C-105.37.

(d) Director of the Program. – The Board of Governors of The University of North Carolina shall appoint a Director of the Program. The Director shall appoint staff to the Commission and shall be responsible for recruitment and coordination of the Program, including proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities shall include (i) targeting regions of the State with the highest teacher attrition rates and teacher recruitment challenges, (ii) actively engaging with educators, business leaders, experts in human resources, elected officials, and other community leaders throughout the State, and (iii) attracting candidates in qualifying licensure areas to the Program. The Director shall report to the President of The University of North Carolina. The Authority shall provide office space and clerical support staff, as necessary, to the Director for the Program.

(e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt stringent standards for awarding forgivable loans based on multiple measures to ensure that only the strongest applicants receive them, including the following:

- (1) Grade point averages.
- (2) Performance on relevant career and college readiness assessments.
- (3) Experience, accomplishments, and other criteria demonstrating qualities positively correlated with highly effective teachers, including excellent verbal and communication skills.
- (4) Demonstrated commitment to serve in a qualifying licensure area in North Carolina public schools.

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with up to 10 institutions of higher education with approved educator preparation programs selected by the Commission that represent a diverse selection of both postsecondary constituent institutions of The University of North Carolina and private postsecondary institutions operating in the State. The Commission shall adopt stringent standards for selection of the most effective educator preparation programs, including the following:

- (1) Demonstrates high rates of educator effectiveness on value-added models and teacher evaluations, including using performance-based, subject-specific assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.
- (2) Demonstrates measurable impact of prior graduates on student learning, including impact of graduates teaching in qualifying licensure areas.

- (3) Demonstrates high rates of graduates passing exams required for teacher licensure.
- (4) Provides curricular and co-curricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, classroom management, and reflection and assessment.
- (5) Requires at least a minor concentration of study in the subject area that the candidate may teach.
- (6) Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.
- (7) Is approved by the State Board of Education as an educator preparation program.
- (8) For an educator preparation program enrolling loan recipients in a program of study leading to licensure in elementary education (K-6), provides training that is aligned with the Science of Reading in accordance with G.S. 115C-269.20. The Commission shall contract with a third-party entity to biennially evaluate whether a program identified in this subdivision is providing training that is aligned with the Science of Reading.

(g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at up to 10 selected institutions for completion of a program leading to initial teacher licensure as follows:

- (1) North Carolina high school seniors. – Forgivable loans of up to five thousand dollars (\$5,000) per semester for up to eight semesters.
- (2) Students applying for transfer to a selected educator preparation program at an institution of higher education. – Forgivable loans of up to five thousand dollars (\$5,000) per semester for up to six semesters.
- (3) Individuals currently holding a bachelor's degree seeking preparation for teacher licensure. – Forgivable loans of up to five thousand dollars (\$5,000) per semester for up to four semesters.
- (4) Students matriculating at institutions of higher education who are changing to an approved program of study at a selected educator preparation program. – Forgivable loans of up to five thousand dollars (\$5,000) per semester for up to four semesters.

Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to obtaining licensure.

(h) Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to the Commission and the Authority a list of STEM and special education licensure areas and shall annually provide to the Commission the number of available positions in each qualifying licensure area relative to the number of current and anticipated teachers in that area of licensure. The Commission shall make the list of STEM and special education licensure areas readily available to applicants.

(i) Administration of Forgivable Loan Awards. – Upon the naming of recipients of the forgivable loans by the Commission, the Commission shall transfer to the Authority its decisions. The Authority, in coordination with the Director, shall perform all of the administrative functions necessary to implement this Part, which functions shall include rulemaking, disseminating information, acting as a liaison with participating institutions of higher education, implementing

forgivable loan agreements, loan monitoring, loan cancelling through service and collection, determining the acceptability of service repayment agreements, enforcing the agreements, and all other functions necessary for the execution, payment, and enforcement of promissory notes required under this Part.

(j) Annual Report. – The Commission, in coordination with the Authority, the Department of Public Instruction, and the selected educator education programs participating in the Program shall report no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:

- (1) Forgivable loans awarded from the Trust Fund, including the following:
  - a. Demographic information regarding recipients.
  - b. Number of recipients by institution of higher education and program.
  - c. Information on number of recipients by anticipated qualifying licensure area.
- (2) Placement and repayment rates, including the following:
  - a. Number of graduates who have been employed in a qualifying licensure area within two years of program completion.
  - b. Number of graduates who accepted employment at a low-performing school identified under G.S. 115C-105.37 as part of their years of service.
  - c. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.
  - d. Number of graduates employed in a qualifying licensure area who have received an overall rating of at least accomplished and have met expected growth on applicable standards of the teacher evaluation instrument.
  - e. Aggregate information on student growth and proficiency in courses taught by graduates who have fulfilled service requirements through employment in a qualifying licensure area.
- (2a) Mentoring and coaching support through the North Carolina New Teacher Support Program, including the following:
  - a. Number of forgivable loan recipients who received mentoring and coaching support when employed at a low-performing school identified under G.S. 115C-105.37.
  - b. Number of forgivable loan recipients who received mentoring and coaching support when employed at a school not identified as low-performing under G.S. 115C-105.37.
- (3) Selected school outcomes by program, including the following:
  - a. Turnover rate for forgivable loan graduates, including the turnover rate for graduates who also received mentoring and coaching support through the North Carolina New Teacher Support Program.
  - b. Aggregate information on student growth and proficiency as provided annually by the State Board of Education to the Commission in courses taught by forgivable loan graduates.
  - c. Fulfillment rate of forgivable loan graduates. (2017-57, s. 10A.3(a); 2018-5, s. 10A.2(a); 2018-12, s. 9; 2020-56, s. 5(a)-(c); 2023-134, s. 8A.4(a); 2025-25, s. 29(6).)

**§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.**

(a) Notes. – All forgivable loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning on the first day of September after the completion of the program leading to teacher licensure or 90 days after graduation, whichever is later. If a forgivable loan is terminated, the note shall be made payable to the Authority 90 days after termination of the forgivable loan. The forgivable loan may be terminated upon the recipient's withdrawal from the Program or by the recipient's failure to meet the standards set by the Commission.

(b) Forgiveness. – For every year a qualifying teacher remains a qualifying teacher, the Authority shall forgive the loan amount received over one year of enrollment in an educator preparation program and any interest accrued on that amount.

The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to eight years, within 10 years after completion of the program leading to teacher licensure, at a North Carolina public school because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the program leading to teacher licensure supported by the forgivable loan. If the recipient completes a program leading to teacher licensure, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years. (2017-57, s. 10A.3(a); 2018-5, s. 10A.2(b); 2023-134, s. 8A.4(a).)

**§ 116-209.64: Reserved for future codification purposes.**

**§ 116-209.65: Reserved for future codification purposes.**

**§ 116-209.66: Reserved for future codification purposes.**

**§ 116-209.67: Reserved for future codification purposes.**

**§ 116-209.68: Reserved for future codification purposes.**

**§ 116-209.69: Reserved for future codification purposes.**

Part 4. Transforming Principal Preparation Grant Program.

**§§ 116-209.70 through 116-209.74: Repealed by Session Laws 2019-60, s. 1(i), effective July 1, 2021.**

**§ 116-209.75: Repealed by Session Laws 2019-60, s. 1(a), effective June 27, 2019.**

**§§ 116-209.76, 116-209.77: Repealed by Session Laws 2019-60, s. 1(i), effective July 1, 2021.**

Part 5. The North Carolina Need-Based Scholarship for Public Colleges and Universities.

**§ 116-209.80. Definitions.**

The following definitions apply to this Part:

- (1) Eligible postsecondary institution. – A school that is:
  - a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4).
  - b. A community college as defined in G.S. 115D-2(2).
- (2) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible postsecondary institution.
- (3) Program. – The North Carolina Need-Based Scholarship Program for Public Colleges and Universities.
- (4) Reserve Fund. – Scholarship Reserve Fund for Public Colleges and Universities.
- (5) Scholarship. – A scholarship for education awarded under this Part.
- (6) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq. (2021-180, s. 8A.2(a).)

**§ 116-209.81. Eligibility requirements for a scholarship.**

(a) In order to be eligible to receive a scholarship under this Part, a student seeking a degree, diploma, or certificate at an eligible postsecondary institution must meet all of the following requirements:

- (1) Qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- (2) Meet enrollment standards by being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution. The President of The University of North Carolina and the President of the North Carolina Community College System may jointly agree to additional enrollment standards for the Program.
- (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate need according to federal methodology in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

(b) In addition to the criteria set forth in subsection (a) of this section, in order for a student to continue to be eligible for a scholarship for the student's second and subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the eligible postsecondary institution in which the student is enrolled. (2021-180, s. 8A.2(a).)

**§ 116-209.82. Semester limitation on eligibility for scholarship.**

(a) Except as otherwise provided by subsection (c) of this section, a student matriculating at a constituent institution of The University of North Carolina shall not receive a scholarship for more than 10 full-time academic semesters, or its equivalent if enrolled part-time, unless the student is enrolled in a program officially designated by the Board of Governors of The University of North Carolina as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a scholarship for more than 12 full-time academic semesters or the equivalent if enrolled part-time.

(b) Except as otherwise provided by subsection (c) of this section, a student shall not receive a scholarship for more than six full-time academic semesters, or the equivalent if enrolled part-time, while matriculating at a community college.

(c) Upon application by a student, the applicable eligible postsecondary institution may grant a waiver to the student who may then receive a scholarship for the equivalent of one additional full-time academic semester if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree, diploma, or certificate: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors of The University of North Carolina or the State Board of Community Colleges, as appropriate, shall establish policies and procedures to implement the waiver provided by this subsection. (2021-180, s. 8A.2(a).)

**§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

(a) Scholarship Amounts. – Subject to the availability of funds in the Scholarship Reserve Fund for Public Colleges and Universities, as provided in G.S. 116-209.85, a scholarship awarded under this Part to a student at an eligible postsecondary institution shall be based upon a consolidated payment schedule established jointly by the President of The University of North Carolina and the President of the North Carolina Community College System, in consultation with the Authority. The payment schedule shall clearly define award amounts by type of eligible postsecondary institution and student financial need as defined by federal methodology. The Authority shall publish the payment schedule for the Program in an easily accessible and understandable format. Once published, a payment schedule shall remain in effect unless otherwise agreed by the President of The University of North Carolina and the President of the North Carolina Community College System.

(b) Availability of Scholarships. – Subject to the payment schedule described in subsection (a) of this section, the Authority shall have the power to determine the actual scholarship amounts disbursed to students in any given year based on the amount of funds available in the Scholarship Reserve Fund for Public Colleges and Universities created pursuant to G.S. 116-209.85. If the funds available are not sufficient to fully fund the scholarships as set forth in the payment schedule established pursuant to subsection (a) of this section, the Authority, in consultation with the President of The University of North Carolina and the President of the North Carolina Community College System, shall adjust the distribution of the funds as necessary. (2021-180, s. 8A.2(a).)

**§ 116-209.84. Scholarship administration; reporting requirements.**

(a) The scholarships provided for in this Part shall be administered by the Authority under rules adopted by the Authority in accordance with the provisions of this Part.

(b) Notwithstanding any other provision of law to the contrary, the Authority shall conduct periodic evaluations of expenditures under the Program administered by the Authority to determine if allocations are utilized to ensure access to eligible postsecondary institutions and to meet the goals of respective programs. The authority may make recommendations of the redistribution of funds to the President of The University of North Carolina and the President of the North Carolina Community College System, who then may jointly authorize redistribution of funds for a particular fiscal year.

(c) The Authority shall report no later than December 1, 2024, and annually thereafter to the Joint Legislative Education Oversight Committee. The report shall contain, for the previous

academic year, the dollar amount of awards disbursed, the number of eligible students receiving funds, and a breakdown of the eligible postsecondary institutions that received the funds.

(d) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Part. (2021-180, s. 8A.2(a).)

**§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.**

(a) There is established the Scholarship Reserve Fund for Public Colleges and Universities as a reserve consisting of the following monies:

- (1) Funds appropriated by the General Assembly for the Program from the Education Lottery Fund in the Current Operations Appropriations Act for a fiscal year for education-related purposes in accordance with G.S. 18C-164.
- (2) Funds appropriated by the General Assembly for the Program from the Escheat Fund in the Current Operations Appropriations Act for a fiscal year that is distributed annually on or before August 15 to the Authority pursuant to G.S. 116B-7(a).
- (3) Funds appropriated by the General Assembly for the Program from the General Fund in the Current Operations Appropriations Act for a fiscal year.
- (4) All returned scholarship funds from the Program.
- (5) All interest earned on these funds.

(b) The Authority shall create two reserves within the Reserve Fund as follows: The University of North Carolina (UNC Reserve) and the North Carolina Community College System (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for scholarships for the academic year that begins in the fiscal year following the fiscal year in which the allocations are made to the reserves. Allocations shall be made from the reserves for the amounts determined for the payment schedules for eligible postsecondary institutions pursuant to G.S. 116-209.83.

Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise agreed to by the President of The University of North Carolina and the President of the North Carolina Community College System. Additional funds may be directed to the reserves from a Current Operations Appropriations Act in a fiscal year. The reserves established for the 2022-2023 fiscal year shall consist of the following funds:

- (1) For the UNC Reserve, the monies shall consist of the following:
  - a. An amount equal to the amount appropriated to the Board of Governors of The University of North Carolina for The University of North Carolina Need-Based Financial Aid Program for the 2021-2022 fiscal year.
  - b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship Program based on awards of financial assistance to students enrolled in The University of North Carolina from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.
- (2) For the CC Reserve, the monies shall consist of the following:
  - a. An amount equal to the amount appropriated to the Community Colleges System Office for the North Carolina Community College

Grant Program, except for funds set aside for the targeted assistance program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.

- b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship based on awards of financial assistance to students enrolled in North Carolina community colleges from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

(c) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall remain available until expended for the purposes of this Part.

(d) The Authority may use up to one and one-half percent (1.5%) of the funds available in the Reserve Fund each fiscal year for administrative costs related to the Program. Upon a determination by the Authority that funds in excess of one percent (1%) are necessary to administer the Program, including funds necessary for one-time or recurring costs, the Authority shall consult with the President of The University of North Carolina and the President of the North Carolina Community College System at the same time the consolidated payment schedule is set pursuant to G.S. 116-209.83. The Authority shall also report the amount of the increase and the purpose for which the additional funds will be used to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly within 30 days of the increase. In no event shall the cost of administering the Program in a fiscal year exceed one and one-half percent (1.5%) of the funds available in the Reserve Fund. (2021-180, s. 8A.2(a).)

**§ 116-209.86: Reserved for future codification purposes.**

**§ 116-209.87: Reserved for future codification purposes.**

**§ 116-209.88: Reserved for future codification purposes.**

Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts.

**§ 116-209.89. Definitions.**

The following definitions apply in this Part:

- (1) Academic term. – Any of the following:
  - a. One fall semester.
  - b. One spring semester.
  - c. One summer term.
- (2) Summer term. – All instruction received in one summer between academic years. (2023-134, s. 8A.3(a).)

**§ 116-209.90. Tuition grants for graduates to attend a constituent institution.**

(a) Within the funds available, an eligible graduate in each school year who meets the following conditions shall qualify for a tuition grant awarded under this Part:

- (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- (2) Enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation. The Authority shall

have the discretion to postpone this requirement for up to one academic year after graduation if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's ability to enroll as a full-time student:

- a. A military service obligation.
- b. Serious medical debilitation.
- c. A short-term or long-term disability.
- d. Other extraordinary hardship.

(3) Submits a completed Free Application for Federal Student Aid (FAFSA) form.

(b) Students who receive initial tuition grants as a cohort of a high school graduating class of NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic terms for up to a total of eight academic terms, provided that tuition grants are only used for undergraduate tuition.

(b1) A student must be continuously enrolled in an undergraduate program at a constituent institution of The University of North Carolina after the award of the initial tuition grant to be eligible for tuition grants in subsequent academic terms. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree:

- (1) A military service obligation.
- (2) Serious medical debilitation.
- (3) A short-term or long-term disability.
- (4) Other extraordinary hardship.

(c) The amount of the tuition grant to each graduate shall be determined and distributed as provided in G.S. 116-209.91. (2021-180, s. 8A.1(a); 2022-74, s. 8A.2(a); 2023-102, s. 3(a); 2023-134, ss. 8A.3(a), (b).)

#### **§ 116-209.91. Administration of tuition grants.**

(a) The Authority shall administer the tuition grants provided for in this Part pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled in an undergraduate program and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

(b) Except as otherwise provided in this section, the amount of the grant awarded to a student shall cover the tuition cost at the constituent institution in which the student is enrolled. No tuition grant awarded to a student under this section shall exceed the cost of attendance at a constituent institution for which the student is enrolled.

(c) If a student, who is eligible for a tuition grant under this section, also receives a scholarship or other grant covering the cost of attendance at the constituent institution for which

the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each constituent institution.

(c1) The Authority shall place all funds appropriated to, or otherwise received by, the Authority for the award of tuition grants under this Part into an institutional trust fund established in accordance with the provisions of G.S. 116-36.1. All interest earned on these funds shall also be placed in the institutional trust fund established pursuant to this subsection. The monies in the institutional trust fund may be used only for the purposes set forth in this Part.

(d) In the event there are not sufficient funds to provide each eligible student who has applied in accordance with the application process and the schedule established by the Authority with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata share of funds available for the academic term covered by the appropriation in the preceding fiscal year.

(e) The Authority may use up to five percent (5%) of the funds appropriated each year for tuition grants under this Part for administrative costs. (2021-180, s. 8A.1(a); 2022-74, s. 8A.2(b); 2023-134, s. 8A.3(a).)

#### Part 7. The Early Graduate Scholarship Program.

##### **§ 116-209.100. Definitions.**

The following definitions apply to this Part:

- (1) Eligible postsecondary institution. – A school that is:
  - a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4).
  - b. A community college as defined in G.S. 115D-2(2).
  - c. A nonprofit postsecondary institution as defined in G.S. 116-280(3).
- (2) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible postsecondary institution.
- (3) Program. – The Early Graduate Scholarship Program.
- (4) Reserve Fund. – Reserve Fund for Early Graduate Scholarships.
- (5) Scholarship. – An Early Graduate Scholarship for education awarded under this Part. (2023-134, s. 8A.6(t).)

##### **§ 116-209.101. Eligibility requirements for a scholarship and duration of scholarship.**

(a) In order to be eligible to receive a scholarship under this Part, a student seeking a degree, diploma, or certificate at an eligible postsecondary institution must meet all of the following requirements:

- (1) Graduate from a State public high school within three years of entering the ninth grade. The Department of Public Instruction shall indicate on a student's transcript provided to the Authority that the student is an early graduate pursuant to this section.
- (2) Qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- (3) Meet enrollment standards by being admitted, enrolled, and classified as a student in a matriculated status at an eligible postsecondary institution.

(4) Submit a Free Application for Federal Student Aid (FAFSA).

(b) A student is eligible to receive the scholarship for no more than two semesters in the two academic years immediately following the student's graduation from high school. (2023-134, s. 8A.6(t).)

**§ 116-209.102. Scholarship amounts; amounts dependent on availability of funds.**

(a) The amount of a scholarship awarded under this Part to a student at an eligible postsecondary institution shall be determined annually by the Authority using a payment schedule that is based upon a corresponding value of student financial need as defined by federal methodology to the income eligibility for a scholarship grant awarded under G.S. 115C-562.2. The Authority shall publish the payment schedule for the Program in an easily accessible and understandable format. No scholarship awarded to a student under this Part shall exceed the cost of attendance at the eligible postsecondary institution in which the student is enrolled.

(b) If a student who is eligible for a scholarship under this Part also receives a scholarship or other grant covering the cost of attendance at the eligible postsecondary institution for which the scholarship is awarded, then the amount of the scholarship shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each eligible postsecondary institution.

(c) In the event there are not sufficient funds to provide each eligible student who has applied in accordance with the application process and the schedule established by the Authority with a full scholarship as provided by this Part, the Authority shall first award scholarships to those students whose student financial need as defined by federal methodology corresponds to those eligible to be awarded scholarship grants in accordance with G.S. 115C-562.2(b2)(1) and (b2)(2). (2023-134, s. 8A.6(t).)

**§ 116-209.103. Scholarship administration; reporting requirements.**

(a) The scholarships provided for in this Part shall be administered by the Authority under rules adopted by the Authority in accordance with the provisions of this Part. The rules shall include an application process and schedule, notification and disbursement procedures, and standards for reporting.

(b) The Authority shall report no later than December 1, 2026, and annually thereafter to the Joint Legislative Education Oversight Committee. The report shall contain, for the previous academic year, the dollar amount of awards disbursed, the number of eligible students receiving funds, and a breakdown of the eligible postsecondary institutions that received the funds.

(c) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Part. (2023-134, s. 8A.6(t).)

**§ 116-209.104. Reserve Fund for Early Graduate Scholarships.**

(a) There is established the Reserve Fund for Early Graduate Scholarships as a reserve consisting of the following monies:

- (1) Funds appropriated by the General Assembly for the Program from the General Fund in the Current Operations Appropriations Act for a fiscal year.
- (2) All interest earned on these funds.

(b) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall remain available until expended for the purposes of this Part.

(c) The Authority may use up to one and one-half percent (1.5%) of the funds available in the Reserve Fund each fiscal year for administrative costs related to the Program. (2023-134, s. 8A.6(t).)

Article 24.

Learning Institute of North Carolina.

**§§ 116-210 through 116-211: Repealed by Session Laws 1979, c. 744, s. 8.**

Article 25.

Disruption on Campuses of State-Owned Institutions of Higher Education.

**§ 116-212. Campus of state-supported institution of higher education subject to curfew.**

The chancellor or president of any state-supported institution of higher learning may designate periods of time during which the campuses of such institutions and designated buildings and facilities connected therewith are off-limits and subject to a curfew as to all persons who are not faculty members, staff personnel, currently enrolled students of that institution, local law-enforcement officers, members of the National Guard on active duty, members of the General Assembly, the Governor of North Carolina and/or his designated agents, persons authorized by the chief administrative officer of the institution or his designated agent, and any person who satisfactorily identifies himself as a reporter for any newspaper, magazine, radio or television station. Any person not herein authorized who comes onto or remains on said campus in violation of this section shall be punished as set out in G.S. 116-213. (1969, c. 860, s. 1; 2009-281, s. 1.)

**§ 116-213. Violation of curfew a misdemeanor; punishment.**

(a) Any person who during such period of curfew utilizes sound-amplifying equipment of any kind or nature upon the premises subject to such curfew in an educational, administrative building, or in any facility owned or controlled by the State or a State institution of higher learning, or upon the campus or grounds of any such institution, without the permission of the administrative head of the institution or his designated agent, shall be guilty of a Class 2 misdemeanor. For the purposes of this section the term "sound-amplifying equipment" shall mean any device, machine, or mechanical contrivance which is capable of amplifying sound and capable of delivering an electrical input of one or more watts to the loudspeaker, but this section shall not include radios and televisions.

(b) Any person convicted of violating any provision of G.S. 116-212 or 116-213, or who shall enter a plea of guilty to such violation or a plea of nolo contendere, shall be guilty of a Class 2 misdemeanor. (1969, c. 860, ss. 2, 3; 1993, c. 539, s. 895; 1994, Ex. Sess., c. 24, s. 14(c).)

**§§ 116-214 through 116-218. Reserved for future codification purposes.**

Article 26.

Liability Insurance or Self-Insurance.

**§ 116-219. Authorization to secure insurance or provide self-insurance.**

The Board of Governors of the University of North Carolina (hereinafter referred to as "the Board") is authorized through the purchase of contracts of insurance or the creation of self-insurance trusts, or through combination of such insurance and self-insurance, to provide

individual health-care practitioners with coverage against claims of personal tort liability based on conduct within the course and scope of health-care functions undertaken by such individuals as employees, agents, or officers of (i) the University of North Carolina, (ii) any constituent institution of the University of North Carolina, or (iii) any health-care institution, agency or entity which has an affiliation agreement with the University of North Carolina or with a constituent institution of the University of North Carolina. The types of health-care practitioners to which the provisions of this Article may apply include, but are not limited to, medical doctors, dentists, nurses, residents, interns, medical technologists, nurses' aides, and orderlies. Subject to all requirements and limitations of this Article, the coverage to be provided, through insurance or self-insurance or combination thereof, may include provision for the payment of expenses of litigation, the payment of civil judgments in courts of competent jurisdiction, and the payment of settlement amounts, in actions, suits or claims to which this Article applies. (1975, 2nd Sess., c. 976; 1989, c. 141, s. 6; 2023-134, s. 4.10(e).)

**§ 116-220. Establishment and administration of self-insurance trust funds; rules and regulations; defense of actions against covered persons; application of § 143-300.6.**

(a) In the event the Board elects to act as self-insurer of a program of liability insurance, it may establish one or more insurance trust accounts to be used only for the purposes authorized by this Article: Provided, however, said program of liability insurance shall not be subject to regulation by the Commissioner of Insurance. The Board is authorized to receive and accept any gift, donation, appropriation or transfer of funds made for the purposes of this section and to deposit such funds in the insurance trust accounts. All expenses incurred in collecting, receiving, and maintaining such funds and in otherwise administering the self-insured program of liability insurance shall be paid from such insurance trust accounts.

(b) Subject to all requirements and limitations of this Article, the Board is authorized to adopt rules and regulations for the establishment and administration of the self-insured program of liability insurance, including, but not limited to, rules and regulations concerning the eligibility for and terms and conditions of participation in the program, the assessment of charges against participants, the management of the insurance trust accounts, and the negotiation, settlement, litigation, and payment of claims.

(c) The Board is authorized to create a Liability Insurance Trust Fund Council composed of not more than 13 members; one member each shall be appointed by the State Attorney General, the State Insurance Commissioner, the Director of the Office of State Budget and Management, and the State Treasurer; the remaining members shall be appointed by the Board. Subject to all requirements and limitations of this Article and to any rules and regulations adopted by the Board under the terms of subsection (b) of this section, the Board may delegate to the Liability Insurance Trust Fund Council responsibility and authority for the administration of the self-insured liability insurance program and of the insurance trust accounts established pursuant to such program.

(d) Defense of all suits or actions against an individual health-care practitioner who is covered by a self-insured program of liability insurance established by the Board under the provisions of this Article may be provided by the Attorney General in accordance with the provisions of G.S. 143-300.3 of Article 31A of Chapter 143; provided, that in the event it should be determined pursuant to G.S. 143-300.4 that defense of such a claim should not be provided by the State, or if it should be determined pursuant to G.S. 143-300.5 and G.S. 147-17 that counsel other than the Attorney General should be employed, or if the individual health-care practitioner is not an employee of the State as defined in G.S. 143-300.2, then private legal counsel may be employed

by the Liability Insurance Trust Fund Council and paid for from funds in the insurance trust accounts.

(e) For purposes of the requirements of G.S. 143-300.6, the coverage provided State employees by any self-insured program of liability insurance established by the Board pursuant to the provisions of this Article shall be deemed to be commercial liability insurance coverage within the meaning of G.S. 143-300.6(c).

(f) By rules or regulations adopted by the Board in accordance with G.S. 116-220(b) of this Article, the Board may provide that funds maintained in insurance trust accounts under such a self-insured program of liability insurance may be used to pay any expenses, including damages ordered to be paid, which may be incurred by the University of North Carolina or a constituent institution of the University of North Carolina with respect to any tort claim, based on alleged negligent acts in the provision of health-care services, which may be prosecuted under the provisions of Article 31 of Chapter 143 of the General Statutes. (1975, 2nd Sess., c. 976; 1987, c. 263, s. 1; 1989, c. 141, s. 7; 2000-140, s. 93.1(a); 2001-424, s. 12.2(b); 2009-136, s. 4; 2023-134, s. 4.10(f).)

#### **§ 116-220.1. Funding of self-insurance program.**

(a) If the Board elects to establish a self-insurance trust fund, the initial contribution to the fund shall be determined by an independent actuary but shall be no less than three hundred thousand dollars (\$300,000). Annual contributions to said fund shall be made in an amount to be determined each year by the Trust Fund Council upon the advice of an independent actuary and shall include amounts necessary to pay all costs of administration of the self-insurance program and claims adjustment including litigation in addition to amounts necessary to pay claims. Contributions shall be no less than one hundred fifty percent (150%) of the amounts actually paid each year on medical malpractice claims until such time as the Trust Fund Council, with the advice of an independent actuary and the approval of the Board of Governors, determines that an annual contribution in a lesser amount will not impair the adequacy of the fund to satisfy existing and potential health care malpractice claims for a period of one year.

(b) Claims certified to be paid from the fund shall be paid in the order of award or settlement. In the event that the fund created hereunder shall at any time have insufficient funds to assure that both existing and future claims will be paid, the Board is hereby authorized to borrow necessary amounts up to thirty million dollars (\$30,000,000) per established self-insurance trust fund account to replenish the fund. The Board shall maintain funds in each self-insurance trust at no less than one hundred thousand dollars (\$100,000) at all times.

(c) Funds borrowed by the Board to replenish the trust fund account may be secured by pledging noncapital assets of the members. Members shall mean those entities, agencies, departments or divisions of the University which directly contribute funds to the self-insurance trust. In no event shall individual health care providers be deemed members for the purposes of this section.

(d) Obligations issued under the provisions of this Article shall not be deemed to constitute a debt, liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any such political subdivision but shall be payable solely from the revenues or assets of the members. Each obligation issued under this Article shall contain on the face thereof a statement to the effect that the University shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith

and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such obligation. (1977, c. 523, s. 2; 1987, c. 263, s. 2.)

**§ 116-220.2. Termination of fund.**

Any fund created hereunder may be terminated by the Board of Governors upon their determination that other satisfactory and adequate arrangements have been made to assure that both existing and future health care malpractice claims or judgments against the participants in the self-insurance program will be paid and satisfied. Upon the termination of any fund pursuant to this section, the full amount remaining in such fund upon termination less any outstanding indebtedness shall promptly be repaid to the University and allocated among the participating entities according to their respective contributions as determined by the Board of Governors. (1977, c. 523, s. 2.)

**§ 116-221. Sovereign immunity.**

Nothing in this Article shall be deemed to waive the sovereign immunity of the State. (1975, 2nd Sess., c. 976.)

**§ 116-222. Confidentiality of records.**

Records pertaining to the liability insurance program, including all information, correspondence, investigations, or interviews, concerning or pertaining to claims or potential claims against participants in the self-insurance program or to the program or applications for participation in the program shall not be considered public records under General Statutes Chapter 132 and shall not be subject to discovery under the Rules of Civil Procedure, General Statutes Chapter 1A. (1975, 2nd Sess., c. 976; 1977, c. 523, s. 1.)

**§ 116-223. Further action.**

The Board of Governors of the University of North Carolina is hereby authorized to take all action necessary to effectuate the purposes and provisions of this Article. (1977, c. 523, s. 2.)

**§ 116-224. Appropriation.**

The funds described by this Article are appropriated and shall be used only as provided by this Article. (2006-203, s. 54.1.)

**§ 116-225. Reserved for future codification purposes.**

**§ 116-226. Reserved for future codification purposes.**

**§ 116-227. Reserved for future codification purposes.**

**§ 116-228. Reserved for future codification purposes.**

Article 27.

Private Institution Towing Procedures.

**§ 116-229. Post-towing procedures.**

If a private college or university employs law-enforcement officers so that Article 7A, Chapter 20, would otherwise apply to the removal and disposal of motor vehicles, the governing body of

that college or university may by rule or ordinance provide an alternative hearing procedure for the owner. For purposes of this section, the definitions in G.S. 20-219.9 apply.

- (1) If the college or university operates in such a way that the person who tows the vehicle is responsible for collecting towing fees, all provisions of Article 7A, Chapter 20, apply.
- (2) If the college or university operates in such a way that it is responsible for collecting towing fees, it shall:
  - a. Provide by contract or ordinance for a schedule of reasonable towing fees,
  - b. Provide a procedure for a prompt fair hearing to contest the towing,
  - c. Provide for an appeal to district court from that hearing,
  - d. Authorize release of the vehicle at any time after towing by the posting of a bond or paying of the fees due, and
  - e. If the college or university chooses to enforce its authority by sale of the vehicle, provide a sale procedure similar to that provided in G.S. 44A-4, 44A-5, and 44A-6, except that no hearing in addition to the probable cause hearing is required. If no one purchases the vehicle at the sale and if the value of the vehicle is less than the amount of the lien, the college or university may destroy it. (1983, c. 420, s. 6.)

#### Article 27A.

##### Disclosure of Student Data and Records by Private Institutions.

#### **§ 116-229.1. Disclosure of student data and records by private colleges and universities.**

(a) A private college or university that discloses personally identifiable information in student data or records according to the terms of a written agreement with a State agency, local school administrative unit, community college, constituent institution of The University of North Carolina, or the North Carolina Independent Colleges and Universities, Inc., in compliance with the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, shall not be liable for a breach of confidentiality, disclosure, use, retention, or destruction of the student data or records if the breach, disclosure, use, retention, or destruction results from actions or omissions of either (i) the North Carolina Independent Colleges and Universities, Inc., the State agency, local school administrative unit, community college, or constituent institution of The University of North Carolina to which the data was provided or (ii) persons provided access to the data or records by those entities.

(b) The North Carolina Independent Colleges and Universities, Inc., shall not be liable for a breach of confidentiality, disclosure, use, retention, or destruction of student data or records transferred on behalf of a private college or university to a State agency, local school administrative unit, community college, or constituent institution of The University of North Carolina if the breach, disclosure, use, retention, or destruction results from actions or omissions of either (i) the State agency, local school administrative unit, community college, or constituent institution of The University of North Carolina to which the data was provided or (ii) persons provided access to the data or records by those entities. (2012-133, s. 3; 2016-94, s. 11.5.)

#### Article 28.

##### North Carolina-Israel Visiting Scholar Program.

**§ 116-230. North Carolina-Israel Visiting Scholar Program.**

(a) There is created the North Carolina-Israel Visiting Scholar Program for the purpose of granting funds to members of the faculties of the constituent institutions of The University of North Carolina and institutions of higher education in Israel to assist in their travel and living expenses while participating in the program.

(b) The President of The University of North Carolina shall appoint a North Carolina Committee to work with a committee from Israel to prepare proper guidelines for the administration of the program and to establish criteria for the designation of participating scholars.

(c) Funds for the support of this program shall come from private sources, and grants shall be made for as many suitable recipients as can be found within budget limitations. (1985, c. 757, s. 81(c).)

Article 29.

The North Carolina School of Science and Mathematics.

**§ 116-230.1. Policy.**

It is hereby declared to be the policy of the State to foster, encourage, promote, and provide assistance in the development of skills and careers in science and mathematics among the people of the State.(1985, c. 757, s. 206(b); 2006-66, s. 9.11(j).)

**§ 116-231. Reestablishment of the North Carolina School of Science and Mathematics as a Constituent High School of The University of North Carolina.**

The North Carolina School of Science and Mathematics is hereby reestablished, as a constituent high school of The University of North Carolina, and shall be governed by the Board of Governors as prescribed in this Chapter and a Board of Trustees as prescribed in this Article.(1985, c. 757, s. 206(b); 2006-66, s. 9.11(k).)

**§ 116-232. Purposes.**

The purposes of the School shall be to foster the educational development of North Carolina high school students who are academically talented in the areas of science and mathematics and show promise of exceptional development and global leadership through participation in a residential educational setting emphasizing instruction in the areas of science and mathematics; and to provide instruction, methods, and curricula designed to improve teaching and learning in North Carolina and the nation with an emphasis on distance education and programs that expand pathways for students into careers in science and mathematics.(1985, c. 757, s. 206(b); 2006-66, s. 9.11(l).)

**§ 116-233. Board of Trustees; appointment; terms of office.**

(a) Notwithstanding the provisions of G.S. 116-31(d), there shall be a Board of Trustees of the School, which shall consist of the following members:

- (1) A number of members equal to the membership of the House of Representatives of the Congress of the United States apportioned to the State by federal law, who shall be appointed by the Board of Governors of The University of North Carolina, one from each congressional district.
- (2) Four members without regard to residency who shall be appointed by the Board of Governors of The University of North Carolina.

- (3) Three members, ex officio, who shall be the chief academic officers, respectively, of constituent institutions or the members' designees. The Board of Governors shall in 1985 and quadrennially thereafter designate the three constituent institutions whose chief academic officers or officers' designees shall so serve, such designations to expire on June 30, 1989, and quadrennially thereafter.
- (4) The chief academic officer of a college or university in North Carolina other than a constituent institution, ex officio, or the chief academic officer's designee. The Board of Governors shall designate in 1985 and quadrennially thereafter which college or university whose chief academic officer or officer's designee shall so serve, such designation to expire on June 30, 1989, and quadrennially thereafter.
- (5) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.
- (6) Three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.
- (7) Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 36, effective December 19, 2016. See editor's note for applicability.
- (8) The president of the student government, ex officio, who shall be a nonvoting member.
- (9) Up to two additional nonvoting members selected at the discretion of the chancellor and the Board of Trustees, with terms expiring June 30 of each year.

(b) Appointed members of the Board of Trustees shall be selected for their interest in and commitment to public education and to the purposes of the School, and they shall be charged with the responsibility of serving the interests of the whole State. In appointing members, the objective shall be to obtain the services of the best qualified persons, taking into consideration the desirability of diversity of membership, including men and women, representatives of different races, and members of different political parties.

(c) No member of the General Assembly or officer or employee of the State, the School, The University of North Carolina, or of any constituent institution of The University of North Carolina, shall be eligible to be appointed to the Board of Trustees except as specified under subdivision (3) of subsection (a) of this section. No spouse of a member of the General Assembly, or of an officer or employee of the school may be a member of the Board of Trustees. Any appointed trustee who is elected or appointed to the General Assembly or who becomes an officer or employee of the State, except as specified under subdivision (3) of subsection (a) of this section, or whose spouse is elected or appointed to the General Assembly or becomes such an officer or employee of the School, shall be deemed thereupon to resign from his or her membership on the Board of Trustees. This subsection does not apply to ex officio members.

(d) Members appointed under subdivisions (1) or (2) of subsection (a) of this section shall serve staggered four-year terms expiring June 30 of odd numbered years. The Board of Governors, in appointing a position created by Congressional reapportionment under subdivision (1) of subsection (a) of this section, may provide that appointment an initial term of two years if the Board determines the shorter term is necessary to maintain staggered terms for appointments under that subdivision.

(d1) Only an ex officio member shall be eligible to serve more than two successive terms.

(d2) Any vacancy in the membership of the Board of Trustees appointed under G.S. 116-233(a)(1) or (2) shall be reported promptly by the Secretary of the Board of Trustees to the Board of Governors of The University of North Carolina, which shall fill any such vacancy by appointment of a replacement member to serve for the balance of the unexpired term. Any vacancy in members appointed under G.S. 116-233(a)(5) or (6) shall be filled in accordance with G.S. 120-122. Reapportionment of congressional districts does not affect the right of any member to complete the term for which the member was appointed.

(e) Of the initial members appointed under G.S. 116-233(a)(5) in 1985, one member shall serve a term to expire June 30, 1987, and one member shall serve a term to expire June 30, 1989. Subsequent appointments shall be for four-year terms. The initial members appointed under G.S. 116-233(a)(6) in 1985 shall be appointed for terms to expire June 30, 1987. Subsequent appointments shall be for two-year terms until January 15, 2017, at which point subsequent appointments shall be for four-year terms.

(e1) The initial members appointed under G.S. 116-233(a)(5) and (6) in 2017, and successors of those members, shall serve four-year terms.

(f) Whenever an appointed member of the Board of Trustees shall fail, for any reason other than ill health or service in the interest of the State or nation, to be present at three successive regular meetings of the Board, his or her place as a member of the Board shall be deemed vacant. The office of any member of the Board who serves ex officio under subdivisions (3) and (4) of subsection (a) of this section shall not be declared vacant if the member or the member's designee has complied with the attendance requirements of this subsection. (1985, c. 757, s. 206(b); 1991 (Reg. Sess., 1992), c. 879, ss. 1, 2; 1995, c. 490, s. 45; c. 509, s. 65; 2003-57, ss. 1, 2; 2006-66, s. 9.11(m); 2007-278, s. 4; 2015-30, s. 1; 2016-126, 4th Ex. Sess., s. 36; 2021-90, s. 18(a), (b); 2022-71, s. 3.5(a), (b).)

#### **§ 116-234. Board of Trustees; meetings; rules of procedure; officers.**

(a) The Board of Trustees shall meet at least three times a year and may hold special meetings at any time, at the call of the chairman or upon petition addressed to the chairman by at least four of the members of the Board.

(b) Notwithstanding the provisions of G.S. 116-32, the Board of Trustees shall elect a chairman and a vice-chairman; no ex officio member may hold such an office.

(c) The Board of Trustees shall determine its own rules of procedure and may delegate to such committees as it may create such of its powers as it deems appropriate.

(d) Members of the Board of Trustees, other than ex officio members under G.S. 116-233(a)(3) and G.S. 116-233(a)(8), shall receive such per diem compensation and necessary travel and subsistence expenses while engaged in the discharge of their official duties as is provided by law for members of State boards and commissions. Ex officio members under G.S. 116-233(a)(3) and G.S. 116-233(a)(8) shall be reimbursed for travel expenses as provided by G.S. 138-6. (1985, c. 757, s. 206(b); 1995, c. 509, s. 66; 2006-66, s. 9.11(n); 2015-30, s. 2.)

#### **§ 116-235. Board of Trustees; additional powers and duties.**

(a) In addition to the powers enumerated in Chapter 116, Article I, Part 3, the Board of Trustees shall have the powers and duties set out in this section.

(a1) Academic Program. –

(1) The Board of Trustees shall establish the standard course of study for the School. This course of study shall set forth the subjects to be taught in each

grade and the texts and other educational materials on each subject to be used in each grade.

- (2) The Board of Trustees shall adopt regulations governing class size, the instructional calendar, the length of the instructional day, and the number of instructional days in each term.

(b) Students. –

- (1) Admission of Students. – The School shall admit students in accordance with criteria, standards, and procedures established by the Board of Trustees. To be eligible to be considered for admission, an applicant must be either a legal resident of the State, as defined by G.S. 116-143.1(a)(1), or a student whose parent is an active duty member of the Armed Forces, as defined by G.S. 116-143.3(a)(2), who is abiding in this State incident to active military duty at the time the application is submitted, provided the student shares the abode of that parent; eligibility to remain enrolled in the School shall terminate at the end of any school year during which a student becomes a nonresident of the State. The Board of Trustees shall ensure, insofar as possible without jeopardizing admission standards, that an equal number of qualified applicants is admitted to the program and to the residential summer institutes in science and mathematics from each of North Carolina's congressional districts. In no event shall the differences in the number of qualified applicants offered admission to the program from each of North Carolina's congressional districts be more than two and one-half percentage points from the average number per district who are offered admission.
- (2) School Attendance. – Every parent, guardian, or other person in this State having charge or control of a child who is enrolled in the School and who is less than 16 years of age shall cause such child to attend school continuously for a period equal to the time which the School shall be in session. No person shall encourage, entice, or counsel any child to be unlawfully absent from the School. Any person who aids or abets a student's unlawful absence from the School shall, upon conviction, be guilty of a Class 1 misdemeanor. The Chancellor of the School shall be responsible for implementing such additional policies concerning compulsory attendance as shall be adopted by the Board of Trustees, including regulations concerning lawful and unlawful absences, permissible excuses for temporary absences, maintenance of attendance records, and attendance counseling.
- (3) Student Discipline. – Rules of conduct governing students of the School shall be established by the Board of Trustees. The Chancellor, other administrative officers, and all teachers, substitute teachers, voluntary teachers, teacher aides and assistants, and student teachers in the School may use reasonable force in the exercise of lawful authority to restrain or correct pupils and maintain order.
- (4) Interscholastic Athletics. – If the Board of Trustees elects to provide a program of interscholastic athletics, that program shall be conducted in accordance with rules adopted by the State Board of Education, in accordance with Article 29E of Chapter 115C of the General Statutes.

(c) through (h) Repealed by Session Laws 2006-66, s. 9.11(s), effective July 1, 2007.

(i) The Display of the United States and North Carolina Flags and the Recitation of the Pledge of Allegiance. – The Board of Trustees shall adopt policies to require (i) the display of the United States and North Carolina flags in each classroom when available, (ii) the recitation of the Pledge of Allegiance on a daily basis, and (iii) the instruction on the meaning and historical origins of the flag and the Pledge of Allegiance. These policies shall not compel any person to stand, salute the flag, or recite the Pledge of Allegiance. If flags are donated or are otherwise available, flags shall be displayed in each classroom.

(j) Information About Child Abuse and Neglect. – The School shall implement the rule addressing student awareness of child abuse and neglect, including sexual abuse, adopted by the State Board of Education under G.S. 115C-12(47). (1985, c. 757, s. 206(b); 1993, c. 539, ss. 896, 897; 1994, Ex. Sess., c. 24, s. 14(c); 1995, c. 507, s. 15.1; 2002-126, s. 9.12(c); 2005-318, s. 2; 2005-445, s. 8.1; 2006-66, ss. 9.11(o)-9.11(s); 2006-137, s. 5; 2011-183, s. 88; 2021-132, s. 6(f); 2021-184, s. 2(d); 2023-134, s. 8A.10(c); 2025-20, s. 1.4.)

**§ 116-235.1: Reserved for future codification purposes.**

**§ 116-235.2: Reserved for future codification purposes.**

**§ 116-235.3: Reserved for future codification purposes.**

**§ 116-235.4: Reserved for future codification purposes.**

**§ 116-235.5. Morganton campus authorized of the North Carolina School of Science and Mathematics.**

The Board of Trustees of the North Carolina School of Science and Mathematics is hereby authorized to establish a western campus of the school to be located in Morganton, North Carolina. (2020-31, s. 1.)

**§ 116-236: Repealed by Session Laws 2006-66, ss. 9.11(t) through 9.11(v), effective July 1, 2007.**

**§ 116-237: Repealed by Session Laws 2006-66, ss. 9.11(t) through 9.11(v), effective July 1, 2007.**

**§ 116-238: Repealed by Session Laws 2006-66, ss. 9.11(t) through 9.11(v), effective July 1, 2007.**

**§ 116-238.1: Repealed by Session Laws 2009-451, s. 9.6(b), effective July 1, 2014.**

**§ 116-238.5: Repealed by Session Laws 2007-484, s. 30, effective August 30, 2007.**

**§ 116-239: Reserved for future codification purposes.**

**§ 116-239.1: Reserved for future codification purposes.**

**§ 116-239.2: Reserved for future codification purposes.**

**§ 116-239.3: Reserved for future codification purposes.**

**§ 116-239.4: Reserved for future codification purposes.**

Article 29A.

University of North Carolina Laboratory Schools.

**§ 116-239.5. University of North Carolina laboratory schools; purpose.**

(a) The Board of Governors, upon recommendation by the President, shall designate constituent institutions to submit proposals to establish at least eight laboratory schools in total to serve public school students in accordance with the provisions of this Article. The Board of Governors shall select constituent institutions with high-quality educator preparation programs as demonstrated by the annual performance measures reported by the constituent institutions in accordance with G.S. 115C-269.35. The Board of Governors' Subcommittee on Laboratory Schools established under G.S. 116-239.7 shall review the proposals and approve at least eight of the proposals to establish laboratory schools. The Subcommittee may select a constituent institution to operate more than one laboratory school. The Subcommittee shall oversee the operations of those laboratory schools to meet the purposes set forth in this Article.

(b) The mission of a laboratory school shall be to improve student performance in local school administrative units with low-performing schools by providing an enhanced education program for students residing in those units and to provide exposure and training for teachers and principals to successfully address challenges existing in high-needs school settings. A laboratory school shall provide an opportunity for research, demonstration, student support, and expansion of the teaching experience and evaluation regarding management, teaching, and learning.

(c) Each laboratory school shall expand student opportunities for educational success through high-quality instructional programming and innovative instruction and research by using the resources available to the constituent institution. Each constituent institution operating a laboratory school shall incorporate best practices gained from State initiatives focused on leadership development for both teachers and principals in low-performing schools and local school administrative units.

(d) Except as otherwise provided in this Article and Article 7B of Chapter 115C of the General Statutes, the Subcommittee, the chancellor of each constituent institution that operates a laboratory school, and the laboratory school are exempt from statutes and rules applicable to a local board of education or local school administrative unit.

(e) In addition to all other immunities provided to them by applicable State law, the Subcommittee, chancellor, the constituent institution, an advisory board, and a laboratory school, and their members, employees, and agents shall be entitled to the specific immunities provided for in Chapter 115C of the General Statutes applying to the State Board of Education, Superintendent of Public Instruction, a local board of education, a local school administrative unit, and their members and employees. Any such immunity to liability established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. Immunity established by this subsection shall be deemed to be waived to the extent of indemnification under Article 31A and Article 31B of Chapter 143 of the General Statutes and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes. (2016-94, s. 11.6(a); 2017-117, s. 1; 2017-189, s. 6(h); 2020-56, s. 2(a), (b); 2023-106, s. 2(f); 2023-134, s. 8.6(a).)

### **§ 116-239.6. Definitions.**

The following definitions apply in this Article:

- (1) Advisory board. – An advisory board established by a chancellor under G.S. 116-239.8.
- (2) Board of trustees. – The board of trustees of a constituent institution.
- (2a) Chancellor. – The chancellor of a constituent institution who operates a laboratory school approved by the Subcommittee on Laboratory Schools under G.S. 116-239.7 or the chancellor's designee.
- (3) Constituent institution. – A constituent institution of The University of North Carolina with an educator preparation program that has a laboratory school operated in accordance with this Article.
- (4) Laboratory school. – A public school created under G.S. 116-239.7 that (i) except as otherwise provided in G.S. 116-239.7(a2), is located in a qualifying local school administrative unit that has twenty five percent (25%) or more of the schools located in the unit identified as low-performing under G.S. 115C-105.37 and (ii) serves students in at least three consecutive grade levels in the range of kindergarten through eighth grade.
- (4a) President. – The President of The University of North Carolina.
- (5) Principal. – The principal of a laboratory school.
- (6) Subcommittee. – The Subcommittee on Laboratory Schools. (2016-94, s. 11.6(a); 2017-117, s. 1.)

### **§ 116-239.7. The Board of Governors' Subcommittee on Laboratory Schools; selection of laboratory schools; creation of a laboratory school; dissolution.**

(a) The Board of Governors' Subcommittee on Laboratory Schools. – The Board of Governors shall establish the Subcommittee on Laboratory Schools to oversee the establishment and operation of laboratory schools in accordance with this Article. The President of The University of North Carolina shall serve on the Subcommittee. Within the funds appropriated each fiscal year to the Board of Governors to be used to support the operations of the Board, the Board may establish a full-time equivalent position to coordinate and support the work of the Subcommittee.

(a1) Approval of Laboratory Schools. – The Board of Governors, upon the recommendation of the President, shall designate constituent institutions to establish and operate a total of at least eight laboratory schools. The chancellor of each constituent institution shall adopt and submit to the Subcommittee a proposal to operate one or more laboratory schools in one or more local school administrative units that meet the minimum threshold for the number of low-performing schools located in a unit under G.S. 116-239.6(4). The proposal shall include the governance structure of the laboratory school. The Subcommittee shall evaluate the proposals for approval or disapproval by considering the design components and the strategic focus of the laboratory school and any other standards developed by the Subcommittee to be applicable to all laboratory schools. The Subcommittee shall also consider the location of each laboratory school so that, to the extent possible, there is a geographically diverse distribution of the laboratory schools throughout the State. From the proposals submitted to the Subcommittee, the Subcommittee shall approve the establishment of at least eight laboratory schools.

(a2) Waiver for Certain Local School Administrative Units. – Notwithstanding subsection (a1) of this section, a chancellor may submit a proposal to the Subcommittee to locate a laboratory school in a local school administrative unit that does not meet the minimum threshold for the number of low-performing schools located in the unit under G.S. 116-239.6(4) if the proposal demonstrates that the laboratory school shall primarily serve students who did not meet expected growth in the prior school year in accordance with G.S. 116-239.9(c1). The Subcommittee may waive the requirement for the number of low-performing schools in a local school administrative unit for the location of a laboratory school, for up to a total of six laboratory schools established under this Article, only if both of the following conditions are met for the laboratory school:

- (1) The proposal has been submitted jointly by the chancellor and the local school administrative unit in which the laboratory school will be located.
- (2) The Subcommittee determines that the proposed location would satisfy the purposes set forth in G.S. 116-239.5.

(b) Resolution by the Subcommittee to Approve a Laboratory School. – The Subcommittee shall adopt a resolution upon the approval of each laboratory school, which shall include the following:

- (1) Name of the laboratory school.
- (2) The local school administrative unit in which the laboratory school shall be located.
- (3) A term of operation for the laboratory school of five years from the date of initial operation. At the end of the initial five years of operation, the Subcommittee shall renew the term of operation for additional five-year periods under the resolution if the laboratory school is still located in a local school administrative unit that has twenty-five percent (25%) or more of the schools located in the unit identified as low-performing under G.S. 115C-105.37, or if the Subcommittee renews a waiver of this requirement under subsection (a2) of this section. If the laboratory school is no longer (i) located in a qualifying local school administrative unit or (ii) meeting the purposes of this Article under a waiver at the end of five years, the Subcommittee may renew the term of operation for additional five-year periods under the resolution if the Subcommittee finds the school is successfully meeting its mission to improve student performance and provide valuable exposure and training for teachers and principals in the constituent institution's educator preparation program. The Subcommittee may terminate operation of any laboratory school during the initial term of operation or during a five-year renewal period if the Subcommittee finds it is failing to meet expected progress toward meeting the mission of the school consistent with the requirements of this Article. The Subcommittee shall notify the Board of Governors of the end of the term of operation of a laboratory school and request designation of additional constituent institutions with educator preparation programs to establish a laboratory school in accordance with the provisions of this Article.

(c) Recognition of a Laboratory School. – The Subcommittee shall file a copy of each resolution to approve a laboratory school with the Department of Public Instruction. Upon receipt of a resolution from the Subcommittee and upon the recommendation of the Superintendent of Public Instruction, the State Board of Education shall approve the creation of the laboratory school.

(d) Dissolution or Assumption of a Laboratory School. – In the event of the potential dissolution of a laboratory school at the end of the term of the school's operation or due to the termination of an educator preparation program at the constituent institution, the chancellor shall propose a plan in conjunction with the local school administrative unit in which the laboratory school is located for the dissolution or the assumption of the laboratory school by a new entity and shall submit the plan to the Subcommittee for prior approval. The Board of Governors and the Department of Public Instruction shall be notified in the event of the dissolution or assumption of a laboratory school, including the identity of the entity assuming operation of the school. (2016-94, s. 11.6(a); 2017-117, s. 1; 2020-56, s. 2(c); 2023-134, s. 8.6(b).)

**§ 116-239.8. Chancellor; powers and duties.**

(a) The chancellor of a constituent institution designated by the Board of Governors to establish a laboratory school shall submit a proposal in accordance with G.S. 116-239.7 that is consistent with any requirements established by the Subcommittee on Laboratory Schools in accordance with this Article.

(b) The chancellor shall be the administrative head of a laboratory school approved by the Subcommittee and shall provide general direction for the establishment and operation of a laboratory school. The chancellor, with advice and input from the advisory board established in subdivision (1) of this subsection, shall adopt policies, operating procedures, and the courses of study to govern the operation of the laboratory school. The chancellor may designate the duties required by this Article to other personnel as necessary. The chancellor shall also have the following powers and duties:

(1) Advisory board. – The chancellor shall establish an advisory board to provide advice and guidance to the chancellor as follows:

a. Composition of the advisory board. – The advisory board shall consist of up to 10 members who shall be appointed by the chancellor or serve ex officio as follows:

1. The dean of the constituent institution's educator preparation program.
2. A member of the board of trustees of the constituent institution.
3. Two faculty members from the institution. At least one of the faculty members shall be faculty from the constituent institution's educator preparation program.
4. The superintendent of the local school administrative unit in which the laboratory school is located.
5. A member of the community who resides in the local school administrative unit in which the laboratory school is located.
6. Up to four other members that the chancellor deems necessary.

a1. Terms of members. – The term of each member shall be for four years, and any vacancy shall be filled with a person of the same classification as his or her predecessor for the balance of the unexpired term. No advisory board member shall serve more than two complete consecutive terms. The chancellor shall stagger the terms of the initial appointees in a manner that results in the expiration of terms of no more than three members in any year.

- a2. Organization; meetings; expenses. – The chancellor shall call the organizational meeting of the advisory board. The advisory board shall meet at least quarterly. The advisory board shall annually elect a chair and a vice-chair. There shall be no limitation on successive terms that may be served by a chair or vice-chair. The advisory board shall adopt internal organizational procedures or bylaws necessary for efficient operation. Advisory board members shall not receive per diem or travel expenses for the performance of their duties.
  - b. Duties. – The advisory board shall have the following duties:
    - 1. Monitor the operations of the laboratory school and the distribution of moneys allocated for such operations.
    - 2. Recommend to the chancellor necessary policy, program, and administration modifications.
    - 3. Evaluate biennially the performance of the principal and recommend corresponding action to the chancellor.
    - 4. Annually review evaluations of the laboratory school's operation and research findings.
- (2) Laboratory school course of study. –
- a. The chancellor shall establish the standard course of study for the laboratory school. This course of study shall set forth the subjects to be taught in each grade and the texts and other educational materials on each subject to be used in each grade. The chancellor shall design its programs to meet at least the student performance standards adopted by the State Board of Education and the student performance standards contained in Chapter 115C of the General Statutes.
  - b. The chancellor shall conduct student assessments required by the State Board of Education.
  - c. The chancellor shall adopt a school calendar consisting of a minimum of 185 days or 1,025 hours of instruction covering at least nine calendar months, and may include the use of remote instruction in accordance with G.S. 115C-84.3.
  - d. The chancellor shall ensure that financial literacy instruction is provided as required by the State Board of Education pursuant to G.S. 115C-81.65, including required professional development for teachers of the EPF course.
  - e. The chancellor shall ensure that computer science instruction is provided as required by G.S. 115C-81.90.
  - f. The chancellor shall ensure that a three-cueing system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis for teaching word recognition is not used in any instruction or intervention provided to students in grades kindergarten through three.
- (3) Standards of performance and conduct. – The chancellor shall establish policies and standards for academic performance, attendance, and conduct for students of the laboratory school. The policies of the chancellor shall comply with Article 27 of Chapter 115C of the General Statutes.

- (4) Operation and maintenance of laboratory schools. – The Board of Governors and the State Board of Education shall jointly determine standards for establishing the costs to local school administrative units for providing the facilities and services identified in this subdivision for operation and maintenance of a laboratory school. The standards shall include the lease amount by square foot for facility leases, which shall incorporate the cost of the outstanding debt service for the facility. A local school administrative unit shall provide, at the laboratory school's request, any of the following facilities and services to the laboratory school, but the costs of those facilities and services charged to the laboratory school shall not exceed the established standards for determination of costs. The following shall be determined in a memorandum of understanding between the chancellor and the local school administrative unit for the operation and maintenance of the laboratory school as needed:
- a. Facilities and leases. – Upon request, the local school administrative unit in which the laboratory school is located shall lease adequate facilities to the constituent institution for use as a laboratory school. Unless the laboratory school requests not to include any of the following, the lease shall include use of or access to any existing buildings, parking areas, playgrounds, driveways required for ingress and egress, furniture, classroom space, a cafeteria or multipurpose room, moveable equipment, appliances, playground materials, including a library collection, instructional materials, and classroom and other technology equipment necessary to operate the laboratory school. The lease term shall be terminated if the laboratory school ceases operation. Upon request, the local school administrative unit shall maintain the facilities and premises of the laboratory school and keep them in good repair and tenantable condition by providing all routine custodial services and routine facilities maintenance services, including routine indoor maintenance, routine mowing, trimming, and maintenance of exterior landscaping and snow removal, and timely repair of the facilities and premises. The chancellor is authorized to execute the lease agreement and memoranda of agreement for the operation of a laboratory school.
  - b. Transportation services. – Upon request, the local school administrative unit in which the laboratory school is located shall provide transportation to students who reside in the local school administrative unit and attend the laboratory school, including any students who are homeless and require assistance pursuant to 42 U.S.C. § 11301, et seq., the McKinney-Vento Homeless Assistance Act. The requirement to provide transportation to students residing in the local school administrative unit shall (i) apply regardless of where a laboratory school student resides in the unit or how the unit's transportation policies and practices are applied to other students and (ii) upon request, include providing transportation of students and personnel for laboratory school extracurricular activities and educational trips in the same manner as other schools in the unit for that school year.

- c. Food services. – The laboratory school shall strive to ensure that one hundred percent (100%) muscadine grape juice is made available to students as a part of the school's nutrition program or through the operation of the school's vending facilities. Upon request, the local school administrative unit in which the laboratory school is located shall administer the National School Lunch Program for the laboratory school in accordance with G.S. 115C-264.
  - d. Student support services. – Upon request, the local school administrative unit in which the laboratory school is located shall provide any of the following student support services for the operation of the laboratory school, including:
    - 1. Services required by the Department of Public Instruction for children with disabilities.
    - 2. Children and family support services, including social worker and school nurse services.
    - 3. Other health services, including dental screenings, vision screenings, and similar health services that apply to other students enrolled in the local school administrative unit.
    - 4. Parent involvement coordinator services.
    - 5. School counselor services.
- (5) School attendance. – Every parent, guardian, or other person in this State having charge or control of a child who is enrolled in the laboratory school and who is less than 16 years of age shall cause such child to attend school continuously for a period equal to the time that the laboratory school shall be in session. No person shall encourage, entice, or counsel any child to be unlawfully absent from the laboratory school. Any person who aids or abets a student's unlawful absence from the laboratory school shall, upon conviction, be guilty of a Class 1 misdemeanor. The principal shall be responsible for implementing such additional policies concerning compulsory attendance as shall be adopted by the chancellor, including regulations concerning lawful and unlawful absences, permissible excuses for temporary absences, maintenance of attendance records, and attendance counseling.
  - (6) Reporting. – The chancellor shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System.
  - (7) Assessment results. – The chancellor shall provide data to the local school administrative unit on the performance of students on any testing required by the State Board of Education.
  - (8) Education of children with disabilities. – The chancellor shall require compliance with laws and policies relating to the education of children with disabilities.
  - (9) Health and safety. – The chancellor shall require that the laboratory school meet the same health and safety standards required of a local school administrative unit. The Department of Public Instruction shall ensure that laboratory schools comply with G.S. 115C-375.2A. The chancellor shall provide the laboratory

school with a supply of emergency epinephrine delivery systems necessary to carry out the provisions of G.S. 115C-375.2A.

- (10) Repealed by Session Laws 2023-78, s. 5(f), effective July 7, 2023.
- (11) Repealed by Session Laws 2023-78, s. 5(f), effective July 7, 2023.
- (12) Repealed by Session Laws 2023-78, s. 5(f), effective July 7, 2023.
- (13) Repealed by Session Laws 2023-78, s. 5(f), effective July 7, 2023.
- (14) North Carolina school report cards. – A laboratory school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A laboratory school shall ensure that the overall school performance score and grade earned by the laboratory school for the current and previous four school years is prominently displayed on the school website. If a laboratory school earned an overall school performance grade of D or F, the laboratory school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school.
- (15) Policy against bullying. – A laboratory school is encouraged to adopt a policy against bullying or harassing behavior, including cyberbullying, that is consistent with the provisions of Article 29C of Chapter 115C of the General Statutes. If a laboratory school adopts a policy to prohibit bullying and harassing behavior, the laboratory school shall, at the beginning of each school year, provide the policy to staff, students, and parents as defined in G.S. 115C-390.1(b)(8).
- (16) Access for youth groups. – Laboratory schools are encouraged to facilitate access for students to participate in activities provided by any youth group listed in Title 36 of the United States Code as a patriotic society, such as the Boy Scouts of America, and its affiliated North Carolina groups and councils, and the Girl Scouts of the United States of America, and its affiliated North Carolina groups and councils. Student participation in any activities offered by these organizations shall not interfere with instructional time during the school day for the purposes of encouraging civic education.
- (17) Child sexual abuse and sex trafficking training program. – The chancellor shall adopt and ensure implementation of a child sexual abuse and sex trafficking training program in accordance with G.S. 115C-375.20.
- (18) School-based mental health plan required. – A laboratory school shall adopt a school-based mental health plan, including a mental health training program and suicide risk referral protocol, in accordance with G.S. 115C-376.5.
- (19) A laboratory school shall implement the rule addressing student awareness of child abuse and neglect, including sexual abuse, adopted by the State Board of Education under G.S. 115C-12(47).
- (20) Computer science reporting. – A laboratory school shall annually report the information required by G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations Committee on Education/Higher Education, and the House Appropriations Committee on Education no later than September 15.
- (21) Digital learning dashboard updates. – A laboratory school shall annually update information to the digital learning dashboard, as required by G.S. 115C-102.9.

- (21a) Evaluate technology costs. – The chancellor shall adopt a policy requiring the evaluation of technology costs considerations adopted by the State Board of Education pursuant to G.S. 115C-102.10.
- (21b) Report on break/fix rate. – The chancellor shall report annually to the State Board of Education on the break/fix rate of technology used in the school in accordance with G.S. 115C-102.11.
- (22) Cultural expression at graduation ceremonies. – A laboratory school shall comply with G.S. 115C-407.40 at all graduation ceremonies.
- (23) Athletic teams. – A laboratory school organizing athletic teams for middle or high school students to participate in interscholastic or intramural athletic activities shall do so in accordance with G.S. 115C-12(23).
- (24) Laboratory schools shall comply with the requirements for public school units in Part 2 of Article 8C of Chapter 115C of the General Statutes.
- (25) Unpaid meal debt. – If a laboratory school participates in the school nutrition program, the laboratory school may not impose administrative penalties on a student for unpaid school meal debt in accordance with G.S. 115C-264(d). (2016-94, s. 11.6(a); 2017-57, s. 7.26(k); 2017-117, s. 1; 2018-5, s. 10.1(a); 2019-82, s. 4(c); 2019-245, s. 4.4(d); 2020-7, s. 1(e); 2020-56, s. 2(d); 2021-130, s. 3(f); 2021-132, s. 6(g); 2021-180, ss. 7.9(f), 7.61(e); 2022-59, s. 1(b); 2022-74, s. 7.13(b); 2023-43, s. 3(c); 2023-63, s. 5(e); 2023-78, s. 5(f), (g); 2023-109, s. 1(d); 2023-132, s. 3(c); 2023-134, ss. 7.60(d), 7.64(f); 2025-25, s. 29(5); 2025-46, s. 1.1(h); 2025-60, s. 4(e).)

**§ 116-239.9. Student admissions and assignment.**

(a) A child shall be eligible to attend a laboratory school if the child resides in the local school administrative unit in which a laboratory school is located and meets at least one of the following criteria:

- (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the time of the student's application.
- (2) Did not meet expected growth in the prior school year based on one or more indicators listed in subsection (c1) of this section.
- (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this subsection.
- (4) Is the child of a laboratory school employee.

(b) No local board of education shall require any student enrolled in the local school administrative unit to attend a laboratory school.

(c) During each period of enrollment, the laboratory school shall enroll an eligible student under subsection (a) of this section who submits a timely application, up to the capacity of a program, class, grade level, or building, in the order in which applications are received. Once enrolled, students are not required to reapply in subsequent enrollment periods. The laboratory school may give enrollment priority to the sibling of an enrolled student who attended the laboratory school in the prior school year.

(c1) For the purposes of this Article, any of the following shall serve as indicators that a student did not meet expected student growth in the prior school year: (i) grades, (ii) observations, (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including reading on grade level.

(c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory school has not reached enrollment capacity in a program, class, grade level, or building by March 1, prior to the start of the next school year, the laboratory school may enroll children who reside in the local school administrative unit in which the laboratory school is located but do not meet one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

(d) Notwithstanding any law to the contrary, a laboratory school may refuse admission to any student who has been expelled or suspended from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

(e) Within one year after a laboratory school begins operation, the laboratory school shall make reasonable efforts in the recruitment process for the population of the school to reasonably reflect the racial, ethnic, and socioeconomic composition of the general population of the students residing within the local school administrative unit in which the school is located. A laboratory school shall not unlawfully discriminate when making admissions determinations. (2016-94, s. 11.6(a); 2017-117, s. 1; 2018-5, s. 10.1(b); 2020-56, s. 2(f).)

#### **§ 116-239.10. Employees.**

The chancellor shall appoint all licensed and nonlicensed staff in accordance with the following:

- (1) **Principal.** – The constituent institution shall employ and contract with a principal for a term not to exceed three years. The principal shall meet the requirements for licensure set out in G.S. 115C-270.20(b)(1), unless waived, upon the recommendation of the Superintendent of Public Instruction, by the State Board of Education upon submission of a request by the chancellor that is approved by the Subcommittee. The principal shall be responsible for school operations and shall exercise those duties and powers delegated by the chancellor.
- (2) **Faculty members.** – Faculty members may serve simultaneously as instructional personnel for the laboratory school and a constituent institution.
- (3) **Teachers.** – The constituent institution shall employ and contract with necessary teachers to perform the particular service for which they are employed in the school. At least fifty percent (50%) of teachers employed by the constituent institution shall hold teacher licenses, unless waived, upon the recommendation of the Superintendent of Public Instruction, by the State Board of Education upon submission of a request by the chancellor that is approved by the Subcommittee.
- (4) **Leave of absence from local school administrative unit.** – If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the laboratory school, the local school administrative unit shall grant the leave for one year. For the initial year of the laboratory school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of the laboratory school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a

leave of absence or a request to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that local board under this subdivision. A teacher who has received a leave of absence to teach at a laboratory school may return to a public school in the local school administrative unit at the end of the leave of absence or upon the end of employment at the laboratory school if an appropriate position is available. If a teacher has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at the laboratory school, the teacher may return to a public school in the local school administrative unit with career status at the end of the leave of absence or upon the end of employment at the laboratory school if an appropriate position is available. If an appropriate position is unavailable, the teacher's name shall be placed on a list of available teachers in accordance with G.S. 115C-325(e)(2).

- (5) Nonlicensed employees. – The constituent institution also may employ necessary employees who are not required to hold teacher licenses to perform duties other than teaching and may contract for other services.
- (6) Employment dismissal. – An employee of the constituent institution is not an employee of the local school administrative unit in which the laboratory school is located. The constituent institution may discharge licensed and nonlicensed employees according to the terms of the employment contract.
- (7) Employee benefits. – Employees of the constituent institution who work in laboratory schools shall be considered State employees and shall participate in the Teachers' and State Employees' Retirement System and the State Health Plan on the same terms as other State employees employed by the constituent institution.
- (8) Exemptions. – Employees of the constituent institution shall be exempt from Chapter 126 of the General Statutes, except Articles 6 and 7.
- (9) Paid parental leave. – Teachers employed by the board of the constituent institution shall be eligible for paid parental leave as provided in G.S. 126-8.6. The constituent institution shall be eligible to receive funds as provided in G.S. 115C-336.1(b). (2016-94, s. 11.6(a); 2017-117, s. 1; 2017-157, s. 2(j); 2023-65, s. 13A.1(f); 2023-125, s. 1(h).)

**§ 116-239.11. State and local funds.**

- (a) The State Board of Education shall allocate to a laboratory school the following:
  - (1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the school is located for each child attending the laboratory school, except for the allocation for children with disabilities and for the allocation for children with limited English proficiency.
  - (2) An additional amount for each child attending the laboratory school who is a child with disabilities. In the event a child with disabilities leaves the laboratory school and enrolls in a public school during the first 60 school days in the school year, the laboratory school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the

event a child with disabilities enrolls in the laboratory school during the first 60 school days in the school year, the State Board shall allocate to the laboratory school the pro rata amount of additional funds for children with disabilities.

(3) An additional amount for children with limited English proficiency attending the laboratory school, based on a formula adopted by the State Board.

(b) The State Board shall allow for annual adjustments to the amount allocated to the laboratory school based on its enrollment growth in school years subsequent to the initial year of operation.

(c) Funds allocated by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for laboratory schools and may be used for payments on loans made to laboratory schools for facilities, equipment, or operations. However, State funds allocated under this section shall not be used to obtain any other interest in real property or mobile classroom units.

(d) If a student attends a laboratory school, the local school administrative unit in which the child resides shall transfer to the laboratory school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the laboratory school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and laboratory school may use the process for mediation of differences provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to a laboratory school located in the tax district for which these taxes are levied and in which the student resides.

(e) The local school administrative unit shall also provide each laboratory school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in subsection (d) of this section:

- (1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).
- (2) The student membership numbers used to calculate the per pupil share of the local current expense fund.
- (3) How the per pupil share of the local current expense fund was calculated.
- (4) Any additional records requested by a laboratory school from the local school administrative unit in order for the laboratory school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

(f) Prior to commencing an action under subsection (d) of this section, the complaining party shall give the other party 15 days' written notice of the alleged violation. The court shall award the prevailing party reasonable attorneys' fees and costs incurred in an action under subsection (d) of this section. The court shall order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and shall establish a time for payment in full that shall be no later than one year from the entry of any judgment.

(g) A laboratory school may request appropriations directly from a city, as authorized by G.S. 160A-700. (2016-94, s. 11.6(a); 2016-123, s. 4.5; 2017-117, s. 1; 2018-5, s. 38.8(h); 2020-56, s. 2(e).)

### **§ 116-239.12. Criminal history record checks.**

(a) As used in this section:

- (1) "Criminal history" means a county, state, or federal criminal history of conviction of a crime, whether a misdemeanor or a felony, that indicates an individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel. These crimes include the following North Carolina crimes contained in any of the following Articles of Chapter 14 of the General Statutes: Article 5A, Endangering Executive and Legislative, and Court Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretense and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots and Civil Disorders; Article 39, Protection of Minors; and Article 60, Computer-Related Crime. These crimes also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302 or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5. In addition to the North Carolina crimes listed in this subdivision, such crimes also include similar crimes under federal law or under the laws of other states.
- (2) "School personnel" means any of the following:
  - a. Member of the advisory board.
  - b. Staff of the laboratory school.
  - c. Independent contractor or employee of an independent contractor of the laboratory school if the independent contractor carries out duties customarily performed by school personnel, whether paid with federal, State, local, or other funds, who has significant access to students or who has responsibility for the fiscal management of the laboratory school.

(b) The chancellor shall adopt a policy, with advice and input from the advisory board, that requires an applicant for a school personnel position to be checked for a criminal history as provided in subsection (c) of this section. The chancellor shall apply the policy uniformly in requiring applicants for school personnel positions to be checked for a criminal history. The chancellor may grant conditional approval of an application while the chancellor is checking a person's criminal history and making a decision based on the results of the check. An applicant for a school personnel position shall not be required to be checked for a criminal history if he or she has received a license within six months of employment that required a criminal history check equivalent to the criminal history check required in subsection (c) of this section.

The chancellor shall not require an applicant to pay for the criminal history record check authorized under this section.

(c) The chancellor shall require the person to be checked by the State Bureau of Investigation (i) to be fingerprinted and to provide any additional information required by the State Bureau of Investigation to a person designated by the chancellor or to the local sheriff, the campus police department of the constituent institution, or the municipal police, whichever is more convenient for the person and (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The chancellor shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors. The fingerprints of the individual shall be used by the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The State Bureau of Investigation shall provide to the chancellor the criminal history from the State and National Repositories of Criminal Histories of any school personnel for which the chancellor requires a criminal history record check.

The chancellor shall not require school personnel to pay for fingerprints authorized under this section.

(d) The chancellor shall review the criminal history it receives on an individual. The chancellor shall determine whether the results of the review indicate that the individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel and shall use the information when making employment decisions and decisions with regard to independent contractors. The chancellor shall make written findings with regard to how it used the information when making employment decisions and decisions with regard to independent contractors. The chancellor may delegate any of the duties in this subsection to the principal.

(e) The chancellor shall provide to the State Board of Education the criminal history it receives on a person who is certificated, certified, or licensed by the State Board of Education. The State Board of Education shall review the criminal history and determine whether the person's certificate or license should be revoked in accordance with State laws and rules regarding revocation.

(f) All the information received by the chancellor through the checking of the criminal history or by the State Board of Education in accordance with this section is privileged information and is not a public record but is for the exclusive use of the chancellor or the State Board of Education. The chancellor or the State Board of Education may destroy the information after it is used for the purposes authorized by this section after one calendar year.

(g) There shall be no liability for negligence on the part of the chancellor, the constituent institution, the advisory board, the Subcommittee, the Department of Public Instruction, or the State Board of Education, or their employees, arising from any act taken or omission by any of them in carrying out the provisions of this section. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes.

(h) Any applicant for employment who willfully furnishes, supplies, or otherwise gives false information on an employment application that is the basis for a criminal history record check under this section shall be guilty of a Class A1 misdemeanor. (2016-94, s. 11.6(a); 2016-126, 4th Ex. Sess., s. 26; 2017-117, s. 1; 2018-5, s. 10.1(c); 2023-134, s. 19F.4(mmm).)

**§ 116-239.13. Review of laboratory schools.**

The Subcommittee on Laboratory Schools shall review and evaluate the educational effectiveness of the laboratory schools authorized under this Article for both public school students and students enrolled in educator preparation programs according to standards and protocols established by the Subcommittee. The Subcommittee shall report by November 15 of each year to the Joint Legislative Education Oversight Committee on the following:

- (1) Information on public school student enrollment in each laboratory school, including student demographics.
- (2) The public school student admissions process and the number of students enrolled under the following categories at each laboratory school:
  - a. Students who were previously assigned to a low-performing school.
  - b. Students who did not meet expected student growth in the school year prior to enrollment.
  - c. Siblings of an otherwise eligible student.
- (3) Public school student achievement data, including school performance grades and student achievement scores and student growth, at each laboratory school.
- (4) Public school student academic progress in each laboratory school as measured against the previous school year and against other schools located in the local school administrative unit and statewide.
- (5) Information on the student outcomes for students who are enrolled in each educator preparation program who obtained clinical experience in school leadership and teaching in the laboratory schools, including the performance elements reported under G.S. 115C-269.35.
- (6) Best practices resulting from laboratory school operations.
- (7) Other information the Subcommittee considers appropriate. (2016-94, s. 11.6(a); 2017-117, s. 1; 2017-189, s. 6(i); 2018-5, s. 10.1(d).)

Article 30.

[Western] North Carolina Arboretum.

**§ 116-240. Establishment of Arboretum.**

The North Carolina Arboretum is established on land being provided by the United States Forest Service from property presently designated as the Bent Creek Experimental Forest.

The United States Forest Service has committed itself to continuing its work of the land provided to the Arboretum as many of its studies will be compatible with the work of the Arboretum. (1985 (Reg. Sess., 1986), c. 1014, s. 98; 1989, c. 139, s. 1.)

**§ 116-241. Purpose and scope of Arboretum.**

The Arboretum shall be prepared for viewing and maintaining the necessary plantings that will be added to the present vegetation of the site in order to make the Arboretum fully representative of Western North Carolina. Extensive clearing of underbrush and other debris needed to prepare the area for demonstrations, installation of fencing for security purposes, land modifications and improvement, and plant acquisitions shall be carried out to make the Arboretum both representative and accessible to the public. Roads and pathways shall be constructed as necessary throughout the Arboretum to enable visitors to ride and walk through the area in order to observe and study the various kinds of vegetation. An extensive program of identification of trees, shrubs,

and other living material shall be ongoing at the Arboretum. Necessary visitor and educational buildings, greenhouses, and a small lecture hall, with restrooms and other associated requirements, shall be constructed on the property. Machine sheds and service buildings shall also be constructed on the property to house equipment and to provide working space for the personnel employed in developing and operating the Arboretum. (1985 (Reg. Sess., 1986), c. 1014, s. 98.)

**§ 116-242. Administration of Arboretum; acceptance of gifts and grants.**

The Arboretum shall be administered by The University of North Carolina and through the Board of Directors established in G.S. 116-243. State funds for the administration of the Arboretum shall be appropriated to The University of North Carolina for Western Carolina University to administer on behalf of the arboretum. The North Carolina Arboretum and The University of North Carolina may receive gifts and grants to be used for development or operation of the Arboretum. (1985 (Reg. Sess., 1986), c. 1014, s. 98; 2011-145, s. 9.15(a).)

**§ 116-243. Board of directors established; appointments.**

A board of directors to govern the operation of the Arboretum is established, to be appointed as follows:

- (1) Two by the Governor, initially, one for a two-year term, and one for a four-year term. Successors shall be appointed for four-year terms.
- (2) Two by the General Assembly, in accordance with G.S. 120-121, upon the recommendation of the President Pro Tempore of the Senate, initially, one for a two-year term, and one for a four-year term. Successors shall be appointed for four-year terms.
- (3) Two by the General Assembly, in accordance with G.S. 120-121, upon the recommendation of the Speaker of the House of Representatives, initially, one for a two-year term, and one for a four-year term. Successors shall be appointed for four-year terms.
- (4) The President of The University of North Carolina or the President's designee to serve ex officio.
- (4a) Two by the President of The University of North Carolina. Members shall be appointed for four-year terms, except that the initial terms shall be as provided otherwise by law.
- (5) Repealed by Session Laws 2011-145, s. 9.15(b), effective July 1, 2011.
- (6) Repealed by Session Laws 2011-145, s. 9.15(b), effective July 1, 2011.
- (7) Eight by the Board of Governors of The University of North Carolina, Members shall be appointed for four-year terms, except that the initial terms shall be as otherwise provided by law.
- (8) The executive director of the Arboretum shall serve ex officio as a nonvoting member of the Board of Directors.
- (9) The President of The North Carolina Arboretum Society, Inc., to serve ex officio.

All appointed members may serve two full four-year terms following the initial appointment and then may not be reappointed until they have been absent for at least one year. Members serve until their successors have been appointed. Appointees to fill vacancies serve for the remainder of the unexpired term. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122. Initial terms begin July 1, 2011.

The Chair of the Board of Directors shall be elected biennially by majority vote of the directors.

The Executive Director of the Arboretum shall report to the President of The University of North Carolina or the President's designee and to the Board of Directors. (1985 (Reg. Sess., 1986), c. 1014, s. 98; 1995, c. 490, s. 63; 2003-102, s. 1; 2004-203, s. 48; 2011-145, s. 9.15(b).)

**§ 116-244. Duties of board of directors.**

The Board of Directors of the Arboretum has the following duties and responsibilities:

- (1) Development of the policies and procedures concerning the use of the land and facilities being developed as part of the Western North Carolina Arboretum, Inc.;
- (2) Approval of plans for any buildings to be constructed on the facility;
- (3) Maintenance and upkeep of buildings and all properties;
- (4) Approval of permanent appointments to the staff of the Arboretum;
- (5) Recommendations to The University of North Carolina System Office of candidates for Executive Director of the Arboretum;
- (6) Recommendations to The University of North Carolina System Office for necessary termination of the Executive Director or other personnel of the Arboretum;
- (7) Ensurance of appropriate liaison between the Arboretum and the U. S. Forest Service, the National Park Service, The North Carolina Arboretum Society, Inc., Bent Creek Institute, Inc., Centers for Environmental and Climatic Interaction, Inc., NOAA Cooperative Institute for Climate and Satellites, and other scientific and economic development agencies and organizations of interest to and involved in the work at the Arboretum;
- (8) Development of various policies and directives, including the duties of the Executive Director, to be prepared jointly by the members of the Board of Directors and the Executive Director;
- (9) Approval of annual expenditures and budget requests to be submitted to The University of North Carolina System Office.

The Board of Directors shall meet at least twice a year, and more frequently on the call of the Chair or at the request of at least 10 members of the Board. Meetings shall be held at the Arboretum, any campus of a constituent institution of The University of North Carolina, or at other public locations in support of the Arboretum mission and purposes. (1985 (Reg. Sess., 1986), c. 1014, s. 98; 2011-145, s. 9.15(c); 2018-12, s. 10.)

**§§ 116-245 through 116-249. Reserved for future codification purposes.**

Article 31.

Piedmont Triad Research Institute and Graduate Engineering Program.

**§ 116-250. Piedmont Triad Regional Institute; establishment; board of directors; purpose.**

(a) There is established the Piedmont Triad Research Institute as a nonprofit corporation registered and regulated pursuant to Chapter 55A of the General Statutes.

(b) The Articles of Incorporation of the Institute shall constitute the board of directors of the Institute of individuals representing industrial and business interests in the Triad area, and of representatives of the following universities:

- (1) North Carolina Agricultural and Technical State University;

- (2) North Carolina State University at Raleigh;
- (3) Wake Forest University; and
- (4) Winston-Salem State University.

(c) The Institute is established to further education and research in engineering, particularly as engineering may be applied to medicine. (1991, c. 316.)

**§ 116-251. Piedmont Triad Regional Institute's Director; funding administration duties.**

The Director of the Piedmont Triad Research Institute shall report directly to the board of directors of the Institute. The Director shall administer the Institute's funds from three primary sources for the general operation of the Institute and the fourth for the operation of the Piedmont Triad Graduate Engineering Program established by G.S. 116-252. These sources of funds are as follows:

- (1) Funds from external research funding agencies such as the National Science Foundation and the National Institutes of Health;
- (2) Funds from industries in support of specific research projects;
- (3) Funds from block grants from foundations and chambers of commerce; and
- (4) Funds appropriated to the Institute from the State in support of the Piedmont Triad Graduate Engineering Program established by G.S. 116-252. (1991, c. 316, s. 1.)

**§ 116-252. Piedmont Triad Graduate Engineering Program; establishment; purpose.**

There is established the Piedmont Triad Graduate Engineering Program, to be housed in Winston-Salem in facilities provided by the Bowman Gray School of Medicine at Wake Forest University. The program shall support faculty and graduate students involved in engineering at the campuses of The University of North Carolina in order to allow their participation in engineering teaching and research in the Program, which shall provide much-needed university-level engineering education to the Piedmont Triad area.

The Program shall begin to be phased in effective for the academic year 1991-92. (1991, c. 316.)

**§ 116-253. Piedmont Triad Graduate Engineering Program; Board of Governors of The University of North Carolina; adoption of rules.**

The Board of Governors, pursuant to its authority under G.S. 116-11, shall adopt rules, after consultation with the board of directors of the Piedmont Triad Research Institute, to implement this Article as it affects the ongoing roles of The University of North Carolina and its designated constituent institutions in the Piedmont Triad Graduate Engineering Program and in the education and research projects of the Institute. (1991, c. 316, s. 1.)

**§ 116-254. Reserved for future codification purposes.**

Article 31A.

The North Carolina Collaboratory.

**§ 116-255. The North Carolina Collaboratory established.**

(a) Collaboratory Established. – There is established the North Carolina Collaboratory (Collaboratory) to facilitate the dissemination of the policy and research expertise of The University of North Carolina and other institutions of higher education within North Carolina for

practical use by State and local governments. The Collaboratory shall be housed at the University of North Carolina at Chapel Hill.

(b) Duties and Powers. – The Collaboratory shall do at least the following within the funds available:

- (1) Conduct, manage, or participate in research on natural resources management, including, but not limited to, research related to the environmental and economic components of the management of the natural resources within the State of North Carolina and of new technologies for habitat, environmental, and water quality improvements.
- (2) Conduct, manage, or participate in other projects and opportunities, including, but not limited to, research that may be of interest to citizens and policymakers within the State.
- (3) Support research programs at institutions of higher education, particularly institutions identified as historically minority-serving institutions, within the Collaboratory's areas of focus and expertise.
- (4) Identify, pursue, and support research and development opportunities through technology research and development, including, but not limited to, funding opportunities and partnerships between institutions of higher education, government agencies, nonprofit organizations, and both private and public businesses.
- (5) Develop and disseminate relevant best practices to interested parties, lead or participate in projects across the State, and make policy, research, funding, and other recommendations to the General Assembly.
- (6) Assist the Office of State Fire Marshal in the maintenance of the online reporting portal on the storage and deployment of Aqueous Film-Forming Foams (AFFF) as required by G.S. 58-82B-10.
- (7) Teach and train students and faculty to engage in and administer neutral and unbiased research and advice on science policy through (i) informal workshops and similar events and (ii) formal development and delivery of curriculum.

(c) Funding Conditions and Restrictions. – The following applies to funding received by the Collaboratory:

- (1) In disseminating State funds, the Collaboratory may give funding preference to constituent institutions of The University of North Carolina, wherever possible.
- (2) Funds appropriated by the General Assembly and used by the Collaboratory may not be used for indirect overhead costs at an institution partnering with the Collaboratory.
- (3) For research or investigations that need to be carried out expeditiously in response to a project, opportunity, or a legislative mandate, the provisions of Articles 3, 3A, 3B, 3C, 3D, and 8C of Chapter 143 of the General Statutes, G.S. 143-129, and G.S. 116-31.10 shall not apply to the Collaboratory for the purchase of apparatus, supplies, material, services, capital improvements, or equipment in projects addressing an emerging or immediate threat to public health, safety, or welfare. This subdivision shall apply only when at least fifty percent (50%) of the total funding for a project was provided by the Collaboratory. For each project that utilizes this exemption, the Collaboratory

- shall provide a justification in writing and make this document available on its website for the duration of the project.
- (4) All units of State and local government shall cooperate and assist the Collaboratory with its research program by providing reasonable access to at least the following:
    - a. Infrastructure.
    - b. Personnel.
    - c. Data.
  - (5) The Collaboratory may allocate funds to units of State and local government, as necessary, for purposes of facilitating compliance with subdivision (4) of this subsection.
  - (6) In coordination with a constituent institution of The University of North Carolina and subject to applicable statutes and policies regarding capital improvements, the Collaboratory may allocate funds for capital improvements on or in any property owned or operated by any constituent institution necessary to carry out research and development projects in which the Collaboratory has funded completely or in part.
  - (7) The Collaboratory may negotiate or impose data use, data management, and revenue sharing requirements for intellectual property developed through its research awards using State funds, including, but not limited to, contractual terms that provide for gross revenue distribution to the General Fund for future research and development projects.
  - (8) Funds appropriated by the General Assembly to the Collaboratory (i) shall not revert to the General Fund but shall remain available until expended and (ii) shall not apply to the carryforward limitation imposed on constituent institutions of The University of North Carolina by G.S. 116-30.3. (2021-180, s. 8.8(b); 2022-6, s. 2.16(a); 2023-134, s. 8.16(f); 2025-4, s. 2.3(b).)

**§ 116-256. Annual report.**

By December 1 of each year, the Collaboratory shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Education Oversight Committee on its activities in the prior fiscal year and any legislative recommendations. (2021-180, s. 8.8(b).)

**§ 116-257: Reserved for future codification purposes.**

**§ 116-258: Reserved for future codification purposes.**

**§ 116-259: Reserved for future codification purposes.**

Article 32.

Health Information.

**§ 116-260. Information on meningococcal disease immunization.**

(a) Each public or private educational institution that offers a postsecondary degree as defined in G.S. 116-15 and that has a residential campus shall provide vaccination information on

meningococcal disease to each student. The vaccination information shall be contained on student health forms provided to each student by the educational institution and shall include space for the student to indicate whether or not the student has received the vaccination against meningococcal disease. The vaccination information about meningococcal disease shall include any recommendations issued by the national Centers for Disease Control and Prevention regarding the disease.

(b) The vaccination information obtained under this section that is in the possession of the educational institution is confidential and shall not be a public record under G.S. 132-1.

(c) This section shall not be construed to require the educational institution to provide the meningococcal vaccination to students.

(d) This section shall not apply if the national Centers for Disease Control and Prevention no longer recommends the meningococcal vaccine.

(e) This section does not create a private right of action. (2003-194, s. 1; 2004-203, s. 73.)

**§ 116-261: Reserved for future codification purposes.**

**§ 116-262: Reserved for future codification purposes.**

**§ 116-263: Reserved for future codification purposes.**

**§ 116-264: Reserved for future codification purposes.**

**§ 116-265: Reserved for future codification purposes.**

**§ 116-266: Reserved for future codification purposes.**

**§ 116-267: Reserved for future codification purposes.**

**§ 116-268: Reserved for future codification purposes.**

**§ 116-269: Reserved for future codification purposes.**

**§ 116-270: Reserved for future codification purposes.**

#### Article 33.

#### Airport Authorities.

**§ 116-271: Repealed by Session Laws 2011-266, s. 1.41(a), effective June 23, 2011.**

**§ 116-272: Repealed by Session Laws 2011-266, s. 1.41(a), effective June 23, 2011.**

**§ 116-273: Repealed by Session Laws 2011-266, s. 1.41(a), effective June 23, 2011.**

**§ 116-274: Repealed by Session Laws 2011-266, s. 1.41(a), effective June 23, 2011.**

**§ 116-275: Repealed by Session Laws 2011-266, s. 1.41(a), effective June 23, 2011.**

**§ 116-276: Reserved for future codification purposes.**

**§ 116-277: Reserved for future codification purposes.**

**§ 116-278: Reserved for future codification purposes.**

**§ 116-279: Reserved for future codification purposes.**

Article 34.

Need-Based Scholarships for Students Attending Private Institutions of Higher Education.

**§ 116-280. Definitions.**

The following definitions apply to this Article:

- (1) Academic year. – A period of time in which a student is expected to complete the equivalent of at least two semesters' or three quarters' academic work.
- (1a) Armed Forces. – As defined in G.S. 116-143.3(a)(2).
- (2) Authority. – The State Education Assistance Authority created by Article 23 of Chapter 116 of the General Statutes.
- (3) Eligible private postsecondary institution. – A school that is any of the following:
  - a. A nonprofit postsecondary educational institution with a main permanent campus located in this State that is not owned or operated by the State of North Carolina or by an agency or political subdivision of the State or by any combination thereof that satisfies all of the following:
    1. Is either (i) accredited by a preferred accrediting agency, as defined in G.S. 115D-21.2 and G.S. 116-11.4, or the Transnational Association of Christian Colleges and Schools or (ii) was accredited by the Southern Association of Colleges and Schools Commission on Colleges on January 1, 2021, and, beginning January 1, 2021, was a member of the Transnational Association of Christian Colleges and Schools.
    2. Awards a postsecondary degree as defined in G.S. 116-15.
  - b. A postsecondary institution owned or operated by a hospital authority as defined in G.S. 131E-16(14) or school of nursing affiliated with a nonprofit postsecondary educational institution as defined in sub-subdivision a. of this subsection.
- (4) Main permanent campus. – A campus owned by the eligible private postsecondary institution that provides permanent on-premises housing, food services, and classrooms with full-time faculty members and administration that engages in postsecondary degree activity as defined in G.S. 116-15.
- (5) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible private postsecondary institution.
- (6) Scholarship. – A scholarship for education awarded under this Article.
- (7) Title IV. – Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

- (8) Veteran. – A veteran as defined in G.S. 116-143.3A who was discharged or released from service under conditions other than dishonorable. (2011-145, s. 9.18(a); 2018-5, s. 10A.6(a); 2018-97, s. 2.17(a); 2021-15, s. 1; 2023-132, s. 3.4(g); 2025-56, s. 2(p); 2025-92, s. 2.11(n).)

**§ 116-281. Eligibility requirements for scholarships.**

In order to be eligible to receive a scholarship under this Article, a student seeking a degree, diploma, or certificate at an eligible private postsecondary institution must meet all of the following requirements:

- (1) Only needy North Carolina students are eligible to receive scholarships. For purposes of this subsection, "needy North Carolina students" are those eligible students who have a demonstrated need, according to the federal methodology outlined in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq., as determined by the Authority based upon costs of attendance at The University of North Carolina.
- (2) The student must meet all other eligibility requirements for the federal Pell Grant, with the exception of the metric for demonstrated need outlined in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.
- (3) The student must meet at least one of the following:
  - a. Qualify as a legal resident of North Carolina and as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with definitions of residency that may from time to time be adopted by the Board of Governors of The University of North Carolina.
  - b. Be a veteran provided the veteran's abode is in North Carolina and the veteran provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.
  - c. Be an active duty member of the Armed Forces provided the member of the Armed Forces is abiding in this State incident to active military duty in this State.
  - d. Be the dependent relative of a veteran who is abiding in North Carolina while sharing an abode with the veteran and the dependent relative provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.
  - e. Be the dependent relative of an active duty member of the Armed Forces who is abiding in North Carolina incident to active military duty while sharing an abode with the active duty member. The dependent relative shall remain eligible under this subdivision when the active duty member of the Armed Forces is reassigned outside the State if, at the time the dependent relative applies for admission to an eligible private postsecondary institution, the dependent relative both:
    1. Is enrolled in a North Carolina high school.
    2. Upon admission to an eligible private postsecondary institution, enrolls no later than the fall academic semester immediately following admission and remains continuously enrolled.

- (4) The student must meet enrollment standards by being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible private postsecondary institution.
- (5) In order to continue to be eligible for a scholarship for the student's second and subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the eligible private postsecondary institution in which the student is enrolled.
- (6) Repealed by Session Laws 2013-360, s. 11.15(e), effective for the 2014-2015 academic year and each subsequent academic year. (2011-145, s. 9.18(a); 2013-360, s. 11.15(e); 2016-57, s. 2(d); 2018-5, s. 10A.6(b); 2018-97, s. 2.17(b); 2020-78, s. 3A.1(a); 2021-9, s. 2.5(a); 2024-1, s. 2.16(a).)

**§ 116-281.1. Semester limitation on eligibility for scholarship.**

(a) A student shall not receive a scholarship under this Article for more than 10 full-time academic semesters, or the equivalent if enrolled part-time, unless the student is enrolled in a program officially designated by the eligible private postsecondary institution as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a scholarship under this Article for more than 12 full-time academic semesters or the equivalent if enrolled part-time.

(b) Upon application by a student, the eligible private postsecondary institution may grant a waiver to the student who may then receive a scholarship for the equivalent of one additional full-time academic semester if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a baccalaureate degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The eligible private postsecondary institution shall establish policies and procedures to implement the waiver provided by this subsection. (2013-360, s. 11.15(f).)

**§ 116-282. Scholarship amounts; amounts dependent on availability of funds.**

(a) Subject to the sum appropriated by the General Assembly for an academic year to be awarded as scholarships under this Article, a scholarship awarded under this Article to a student at an eligible private postsecondary institution shall be determined annually by the Authority based upon the enrollment status and demonstrated need of the student, consistent with the methodology for the federal Title IV programs.

(b) The Authority shall have the power to determine the actual scholarship amounts disbursed to students in any given year based on the sum appropriated for purposes of this Article by the General Assembly for that academic year and any unexpended funds that may be available pursuant to G.S. 116-283.

(c) The minimum award of a scholarship under this Article shall be five hundred dollars (\$500.00). (2011-145, s. 9.18(a); 2024-1, s. 2.16(b).)

**§ 116-283. Administration; unexpended scholarship funds do not revert.**

(a) The scholarships provided for in this Article shall be administered by the Authority under rules adopted by the Authority in accordance with the provisions of this Article.

(b) The Authority may use up to one and one-half percent (1.5%) of the funds appropriated for scholarships under this Article for administrative purposes.

(c) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Article. (2011-145, s. 9.18(a).)

## Article 35.

### Cheatham-White Scholarships.

#### **§ 116-290. Cheatham-White Scholarships; establishment and purpose; benefits.**

(a) Scholarships Established; Purpose. – The Cheatham-White Scholarships are established as a merit scholarship program at North Carolina Agricultural and Technical State University and at North Carolina Central University. The purpose of the scholarships is to provide an outstanding educational experience for students who are exceptional scholars, versatile and well-rounded individuals with a broad range of interests, and who are accomplished and proficient in areas of both the arts and the sciences. They must also demonstrate leadership potential and a strong commitment to service.

(b) Scholarship Benefits. – Each scholarship is a fully funded four-year scholarship that covers the cost of all of the following: full tuition, student fees, housing, meals, textbooks, a laptop, supplies, travel, and personal expenses. Each scholarship also provides four summers of fully funded enrichment and networking opportunities that may include international travel and study.

(c) Number of Scholarships Awarded. – Up to 50 scholarships, 40 for resident students and 10 for nonresident students, may be awarded each academic year to students admitted to North Carolina Agricultural and Technical State University. Up to 50 scholarships, 40 for resident students and 10 for nonresident students, may be awarded each academic year to students admitted to North Carolina Central University. (2016-94, s. 11.4(e))

#### **§ 116-291. Cheatham-White Scholarships; fund established; administration of fund.**

(a) Fund Established. – There is established the Cheatham-White Scholarships Fund to be used to fund scholarships awarded pursuant to this Article. Both private and public funds may be solicited in the creation of the fund.

(b) Matching Funds. – The funds appropriated each fiscal year to the Cheatham-White Scholarships Fund shall be matched by non-State funds and disbursed pursuant to G.S. 143C-4-5.

(c) Administration of Fund. – The University of North Carolina System Office shall administer the Cheatham-White Scholarships Fund and the Cheatham-White Scholarships program. (2016-94, s. 11.4(e); 2018-12, s. 11.)

#### **§ 116-292. Cheatham-White Scholarships; eligibility and selection criteria.**

(a) Eligibility. – To be eligible to be nominated as a potential candidate for a Cheatham-White Scholarship, a person must satisfy all of the following criteria:

- (1) Be a competitive applicant for admission as a freshman in the fall semester into a baccalaureate program at either North Carolina Agricultural and Technical State University or North Carolina Central University.
- (2) Be a United States citizen or permanent resident.
- (3) Be on course to graduate from high school in the spring semester prior to college admission.

(b) Selection Criteria. – Candidates for Cheatham-White Scholarships shall be selected on the basis of academic merit, honorable character, outstanding leadership potential, and a demonstrable commitment to service. Financial need shall not be a consideration. (2016-94, s. 11.4(e).)

**§ 116-293. Cheatham-White Scholarships; school nomination of candidates.**

All North Carolina high schools are eligible to nominate a student to be considered as a candidate for a Cheatham-White Scholarship. For purposes of this section, a high school includes a public school under the direction of a local board of education, a charter school, a regional school, a high school operated as part of The University of North Carolina, a school operated by the Department of Health and Human Services, a school operated by the State Board of Education, or a nonpublic school regulated under Article 39 of Chapter 115C of the General Statutes.

The number of nominees from each school is determined by the size of the senior class as follows:

- (1) Up to 199 seniors..... 2 nominees.
  - (2) 200-399 seniors..... 3 nominees.
  - (3) 400-499 seniors..... 4 nominees.
  - (4) 500 or more seniors..... 5 nominees.
- (2016-94, s. 11.4(e).)

**§ 116-294. Cheatham-White Scholarships; administration of scholarships.**

The University of North Carolina System Office shall administer the Cheatham-White Scholarships, in consultation and collaboration with North Carolina Agricultural and Technical State University and North Carolina Central University, pursuant to policies adopted by the Board of Trustees of both constituent institutions. As part of its administrative responsibilities, The University of North Carolina System Office, in consultation and collaboration with North Carolina Agricultural and Technical State University and North Carolina Central University, shall do all of the following:

- (1) Design and implement an application and school nomination process to be used to identify potential scholarship candidates and a process for awarding the scholarships.
- (2) Develop a direct nomination process, in addition to the school nomination process, that allows a student to nominate himself or herself to be considered as a candidate for the scholarship in certain circumstances.
- (3) Define and describe more fully the selection criteria to be considered when choosing a scholarship candidate and recipient.
- (4) Identify the parties that will (i) evaluate scholarship applications and nominations and (ii) determine which candidates shall be awarded scholarships.
- (5) Design the framework and add the necessary substantive detail for the scholarship program, including courses of study that will be available, summer enrichment programs, and other extraordinary educational opportunities, and oversee its implementation.
- (6) Establish a mentoring and networking system for scholarship recipients.
- (7) Administer the Cheatham-White Scholarships Fund.
- (8) Establish a Cheatham-White Scholarships alumni association and network.
- (9) Any other function necessary for the successful implementation of the Cheatham-White Scholarships program and administration of the Cheatham-White Scholarships Fund. (2016-94, s. 11.4(e); 2018-12, s. 12.)

Article 35A.

Comprehensive Transition Postsecondary (CTP) Scholarships.

**§ 116-295. Comprehensive Transition Postsecondary Scholarship Program established; administration of scholarships.**

(a) Program Established. – There is established the Comprehensive Transition Postsecondary (CTP) Scholarship Program to provide scholarships to full-time North Carolina students with intellectual disabilities enrolled in certificate accomplishment programs at constituent institutions of The University of North Carolina that are approved by the United States Department of Education as a CTP Program, pursuant to the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f through 1140i.

(b) Administration of the Program. – The University of North Carolina System Office shall administer the CTP Scholarship Program, in consultation and collaboration with the constituent institutions, pursuant to policies adopted by the governing body of the constituent institutions that are consistent with the requirements of this Article. (2021-180, s. 8.16(a).)

**§ 116-296. Comprehensive Transition Postsecondary Scholarship Fund established; administration of fund.**

(a) Fund Established. – There is established the Comprehensive Transition Postsecondary (CTP) Scholarship Fund to be used to fund scholarships awarded pursuant to this Article. All funds appropriated for the program, all returned scholarship monies, and all interest earned on these funds shall be placed in the Fund. Scholarship funds that are unexpended at the end of each fiscal year shall not revert to the General Fund but shall remain available for the award of scholarships under this Article.

(b) Administration of Fund. – The University of North Carolina System Office, in collaboration with the constituent institutions, shall administer the CTP Scholarship Fund. (2021-180, s. 8.16(a).)

**§ 116-297. Student eligibility; award of scholarships.**

(a) Eligibility. – To be eligible for a scholarship under this Article, a student must meet all of the following conditions:

- (1) Qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the State Education Assistance Authority.
- (2) Meet enrollment standards by being admitted, enrolled, and classified as a full-time student in the Integrative Community Studies CTP Program at the constituent institution.
- (3) Submit a Free Application for Federal Student Aid (FAFSA) and demonstrate need according to the federal methodology in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

(b) Award of Scholarships; Reduction to Award. – Subject to the availability of funds in the Comprehensive Transition Postsecondary (CTP) Scholarship Fund established under G.S. 116-316, scholarships shall be awarded to eligible students in an amount to cover the cost of attendance in the CTP program at the constituent institution. If a student who is eligible for a scholarship under this section also receives a scholarship or other grant covering the cost of attendance, then the amount of the scholarship shall be reduced by an appropriate amount determined by the constituent institution so that the total amount of scholarships and grants

received by the student does not exceed the cost of attendance. The cost of attendance shall be determined by the constituent institution. In the event there are not sufficient funds available for scholarships for each eligible student to cover the cost of attendance, the constituent institution may adjust the distribution of the amount of scholarships as necessary in an academic year. (2021-180, s. 8.16(a).)

**§ 116-298. Report.**

The University of North Carolina System Office shall report to the Joint Legislative Education Oversight Committee by March 15 of each year on the impact on participants of CTP Programs at constituent institutions of The University of North Carolina. At a minimum, the report shall include the following information for each CTP Program at a constituent institution:

- (1) Admissions requirements.
- (2) Number of participants.
- (3) Participant outcomes, including credits earned toward a degree, diploma, or certificate and job placements for participants and graduates. (2023-134, s. 8.12(a).)

**§ 116-299: Reserved for future codification purposes.**

Article 36.

Campus Free Speech.

**§ 116-300. Policies required.**

The Board of Governors of The University of North Carolina shall develop and adopt a policy on free expression that states, at least, the following:

- (1) The primary function of each constituent institution is the discovery, improvement, transmission, and dissemination of knowledge by means of research, teaching, discussion, and debate. To fulfill this function, the constituent institution must strive to ensure the fullest degree of intellectual freedom and free expression.
- (2) It is not the proper role of any constituent institution to shield individuals from speech protected by the First Amendment, including, without limitation, ideas and opinions they find unwelcome, disagreeable, or even deeply offensive.
- (3) The constituent institution shall not require students, faculty, or administrators to publicly express a given view of social policy.
- (3a) The constituent institution shall remain neutral, as an institution, on the political controversies of the day.
- (4) Students and faculty have the freedom to discuss any problem that presents itself, as the First Amendment permits and within the limits of narrowly tailored viewpoint- and content-neutral restrictions on time, place, and manner of expression that are consistent with this Article and that are necessary to achieve a significant institutional interest, provided that these restrictions are clear, published, and provide ample alternative means of expression. Students and faculty shall be permitted to assemble and engage in spontaneous expressive activity as long as such activity is lawful and does not materially and substantially disrupt the functioning of the constituent institution, subject to the requirements of this section.

- (5) Access to campus for purposes of free speech and expression shall be consistent with First Amendment jurisprudence regarding traditional public forums, designated public forums, and nonpublic forums, subject to reasonable time, place, and manner restrictions.
- (6) Consistent with First Amendment jurisprudence, including any reasonable time, place, and manner restrictions adopted by a constituent institution, campuses of the constituent institutions are open to any speaker whom students, student groups, or members of the faculty have invited.
- (7) The constituent institution shall implement a range of disciplinary sanctions for anyone under the jurisdiction of a constituent institution who substantially disrupts the functioning of the constituent institution or substantially interferes with the protected free expression rights of others, including protests and demonstrations that infringe upon the rights of others to engage in and listen to expressive activity when the expressive activity has been scheduled pursuant to this policy or is located in a nonpublic forum.
- (8) In all student disciplinary cases involving expressive speech or conduct, students are entitled to a disciplinary hearing under published procedures, including, at a minimum, (i) the right to receive advance written notice of the charges, (ii) the right to review the evidence in support of the charges, (iii) the right to confront witnesses against them, (iv) the right to present a defense, (v) the right to call witnesses, (vi) a decision by an impartial arbiter or panel, (vii) the right of appeal, and (viii) the right to active assistance of counsel, consistent with G.S. 116-40.11. (2017-196, s. 1; 2023-102, s. 4(a), (b).)

**§ 116-301. Committee on Free Expression.**

(a) The chair of the Board of Governors of The University of North Carolina System shall designate a standing or special committee of the Board of Governors to act as the Committee on Free Expression.

(b) All employees of The University of North Carolina System and all State agencies shall cooperate with the Committee on Free Expression by providing information requested by the Committee.

(c) The Committee on Free Expression shall report to the public, the Board of Governors, the Governor, and the General Assembly by September 1 of every year. The report shall include all of the following:

- (1) A description of any barriers to or disruptions of free expression within the constituent institutions.
- (2) A description of the administrative handling and discipline relating to these disruptions or barriers.
- (3) A description of substantial difficulties, controversies, or successes in maintaining a posture of administrative and institutional neutrality with regard to political or social issues.
- (4) Any assessments, criticisms, commendations, or recommendations the Committee sees fit to include.

The requirement of reporting to the public may be met by publishing the report on The University of North Carolina System's website. (2017-196, s. 1; 2018-5, s. 10.3; 2025-25, s. 29(5).)

**§ 116-302. Freshman orientation.**

All constituent institutions of The University of North Carolina shall include in freshman orientation programs a section describing the policies regarding free expression consistent with this Article. (2017-196, s. 1.)

**§ 116-303. Guidelines and additional policies authorized.**

(a) The Board of Governors, and the constituent institutions of The University of North Carolina subject to approval of the Board of Governors, may adopt additional policies and guidelines to further the purposes of the policies adopted pursuant to this Article. Nothing in this Article shall be construed to prevent institutions from regulating student speech or activity that is prohibited by law. Except as further limited by this Article, constituent institutions shall be allowed to restrict student expression only for expressive activity not protected by the First Amendment, including all of the following:

- (1) Violations of State or federal law.
- (2) Expression that a court has deemed unprotected defamation.
- (3) Unlawful harassment.
- (4) True threats, which are defined as statements meant by the speaker to communicate a serious expression of intent to commit an act of unlawful violence to a particular individual or group of individuals.
- (5) An unjustifiable invasion of privacy or confidentiality not involving a matter of public concern.
- (6) An action that substantially disrupts the function of the constituent institutions.
- (7) Reasonable time, place, and manner restrictions on expressive activities, consistent with G.S. 116-300(4).
- (8) Speech that interferes with the treatment of patients.

(b) The Board of Governors shall develop a policy that requires each constituent institution to identify the officer, office, or department with responsibilities for ensuring compliance with this Article and for answering any related questions or concerns. This policy shall require that any officer with these responsibilities receive training on ensuring compliance with this Article. Such training shall be developed and provided by the University of North Carolina School of Government (2017-196, ss. 1, 2.)

**§ 116-304. Limitations on liability.**

Nothing in this Article shall be construed to make any chancellor, officer, employee, or member of a board of trustees of a constituent institution or the President, officer, employee, or member of the Board of Governors of The University of North Carolina personally liable for acts taken pursuant to their official duties. (2017-196, s. 1.)

**§ 116-305: Reserved for future codification purposes.**

**§ 116-306: Reserved for future codification purposes.**

**§ 116-307: Reserved for future codification purposes.**

**§ 116-308: Reserved for future codification purposes.**

**§ 116-309: Reserved for future codification purposes.**

Article 37.

COVID-19 Immunity for Institutions of Higher Education.

**§ 116-310. Definitions.**

The following definitions apply in this Article:

- (1) Claim. – A claim or cause of action seeking any legal or equitable remedy or relief.
- (2) COVID-19. – The coronavirus disease 2019.
- (3) COVID-19 emergency declaration. – Executive Order No. 116 issued March 10, 2020, by Governor Roy A. Cooper, including any amendments issued by executive order, subject to extensions under Chapter 166A of the General Statutes.
- (4) COVID-19 essential business executive order. – Executive Order No. 121 issued March 27, 2020, by Governor Roy A. Cooper, including any amendments issued by executive order, subject to extensions under Chapter 166A of the General Statutes.
- (5) Individual. – A person paying, or on whose behalf a third party is paying, tuition, fees, or room and board to an institution of higher education for the spring academic semester of 2020.
- (6) Institution of higher education. – Any of the following institutions, including the owners, directors, trustees, officers, employees, contractors, and agents of those institutions:
  - a. A constituent institution under the jurisdiction of The University of North Carolina.
  - b. A community college under the jurisdiction of the State Board of Community Colleges.
  - c. An eligible private postsecondary institution, as defined in G.S. 116-280(3). (2020-70, s. 1.)

**§ 116-311. Institutions of higher education; tuition liability limitation.**

(a) Notwithstanding any other provision of law and subject to G.S. 116-312, an institution of higher education shall have immunity from claims by an individual, if all of the following apply:

- (1) The claim arises out of or is in connection with tuition or fees paid to the institution of higher education for the spring academic semester of 2020.
- (2) The claim alleges losses or damages arising from an act or omission by the institution of higher education during or in response to COVID-19, the COVID-19 emergency declaration, or the COVID-19 essential business executive order.
- (3) The alleged act or omission by the institution of higher education was reasonably related to protecting the public health, safety, or welfare in response to the COVID-19 emergency declaration, COVID-19 essential business executive order, or applicable guidance from the Centers for Disease Control and Prevention.

(4) The institution of higher education offered remote learning options for enrolled students during the spring academic semester of 2020 that allowed students to complete the semester coursework.

(b) Subsection (a) of this section shall not apply to losses or damages that resulted solely from a breach of an express contractual provision allocating liability in the event of a pandemic event.

(c) Subsection (a) of this section shall not apply to losses or damages caused by an act or omission of the institution of higher education that was in bad faith or malicious. (2020-70, s. 1.)

### **§ 116-312. Applicability.**

This Article applies to alleged acts or omissions occurring on or after the issuance of the COVID-19 emergency declaration until June 1, 2020. The provisions of this Article shall be in addition to all other immunities provided by applicable State law. (2020-70, s. 1.)

### **§ 116-313. Severability.**

It is a matter of vital State concern affecting the public health, safety, and welfare that institutions of higher education continue to be able to fulfill their educational missions during the COVID-19 pandemic without civil liability for any acts or omissions for which immunity is provided in this Article. This Article shall be liberally construed to effectuate those public purposes. The provisions of this Article are severable. If any part of this Article is declared to be invalid by a court, the invalidity does not affect other parts of this Article that can be given effect without the invalid provision. (2020-70, s. 1.)

## Article 37A.

### University of North Carolina Health Care System.

#### Part 1. Health Care System.

### **§ 116-350. Definitions.**

The following definitions shall apply in this Article:

- (1) Board or Board of Directors. – The Board of Directors of the University of North Carolina Health Care System.
- (2) Chief Executive Officer. – The executive and administrative head of the University of North Carolina Health Care System.
- (3) Component unit. – Any of the following:
  - a. The University of North Carolina Hospitals at Chapel Hill.
  - b. The clinical patient care programs established or maintained by the School of Medicine of the University of North Carolina at Chapel Hill, including the UNC Faculty Physicians practice.
  - c. Any entity that merges with the University of North Carolina Health Care System pursuant to G.S. 116-350.60 and is designated by the Board of Directors as a component unit of the System.
- (4) System affiliate. – Any corporation, partnership, limited liability company, joint venture, association business trust, or similar entity organized under the laws of the United States of America or any state thereof, whether for profit or nonprofit, if a majority of the members of the governing body or of its partnership or membership interests are one of the following:
  - a. The same as the members of the Board of the System.

- b. Subject, directly or indirectly, to election or appointment by the Board of the System.
- (5) The University of North Carolina Health Care System or System. – The entity created pursuant to G.S. 116-350.5, the component units of which include the University of North Carolina Hospitals at Chapel Hill and the clinical patient care programs established or maintained by the School of Medicine of the University of North Carolina at Chapel Hill. (2023-134, s. 4.10(b); 2024-1, s. 1.7(a).)

**§ 116-350.5. University of North Carolina Health Care System.**

(a) Establishment of System. – Effective November 1, 1998, the University of North Carolina Health Care System is established. The System is a State agency and political subdivision governed and administered as an affiliated enterprise of The University of North Carolina in accordance with the provisions of this Article. The System shall provide patient care; facilitate the education of physicians and other health care providers in partnership with the University of North Carolina at Chapel Hill School of Medicine and other health sciences schools affiliated with the constituent institutions of The University of North Carolina System; conduct research collaboratively with the health sciences schools of the University of North Carolina at Chapel Hill and other institutions; facilitate clinical collaboration with and financial sustainability of the University of North Carolina at Chapel Hill School of Medicine; render other services designed to promote the health and well-being of the citizens of North Carolina; and drive innovation and transformation in health care services delivery.

(b) Transfer of Rights. – As of November 1, 1998, all of the rights, privileges, liabilities, and obligations of the Board of the University of North Carolina Hospitals at Chapel Hill, not inconsistent with the provisions of this Article, shall be transferred to and assumed by the Board of the System.

(c) Governance. – The Board of the System shall govern and administer The University of North Carolina Hospitals at Chapel Hill, the clinical patient care programs established or maintained by the School of Medicine of the University of North Carolina at Chapel Hill, and such other component units, entities and functions as (i) the General Assembly may assign to the System or (ii) the Board may decide, within the limitations of its statutory powers and duties, to establish, administer, or acquire for the purpose of rendering services designed to promote the health and well-being of the citizens of North Carolina.

(d) [Authority to Adopt Certain Policies. –] With respect to G.S. 116-350.30, 116-350.35, 116-350.40, 116-350.45, and 116-350-65, the Board may adopt policies that make the authorities and responsibilities established by one or more of said sections applicable to the University of North Carolina Hospitals at Chapel Hill, to the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill, or to other component units, System affiliates, persons, or entities affiliated with or under the control of the University of North Carolina Health Care System. (2023-134, s. 4.10(b); 2024-1, s. 1.7(b).)

**§ 116-350.10. Board of Directors.**

(a) The Board shall be composed of 25 members as follows:

(1) Five ex officio members as follows:

- a. The President of The University of North Carolina or the President's designee.

- b. The Chief Executive Officer of the University of North Carolina Health Care System.
  - c. The Chancellor of the University of North Carolina at Chapel Hill.
  - d. Two individuals designated by the Chief Executive Officer who meet the following criteria:
    - 1. Both designees must be members of the executive staff of the University of North Carolina Health Care System.
    - 2. At least one of the two designees must be a permanent member of the faculty of the School of Medicine of the University of North Carolina at Chapel Hill.
    - 3. One of the designees must have primary responsibility for hospital leadership.
    - 4. One of the designees must have primary responsibility for physician leadership.
- (2) Eight members at large shall be appointed by the General Assembly as follows:
- a. One member shall be appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives annually.
  - b. One member shall be appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate annually.
- (3) Twelve members at large shall be appointed by the President of The University of North Carolina and confirmed by the Board of Governors. The President shall appoint a slate of three members annually for confirmation by the Board of Governors.
- (4) All at-large positions shall serve four-year terms beginning November 1 of the year of appointment. At-large positions shall be filled by the appointment of persons from the business and professional public at large who have special competence in business management, hospital administration, health care delivery, or medical practice or who otherwise have demonstrated dedication to the improvement of health care in North Carolina. At-large positions shall not be filled by any of the following:
- a. Members of the Board of Governors.
  - b. Members of the board of trustees of a constituent institution of The University of North Carolina.
  - c. Officers or employees of the State.
  - d. Individuals required by Chapter 120C of the General Statutes to register as lobbyists on or during any of the following:
    - 1. The two years immediately preceding the effective date of appointment.
    - 2. The effective date of the appointment.
    - 3. At any point during the term of appointment.
- (5) No member may be appointed to more than two full four-year terms in succession.
- (6) Any vacancy in an unexpired term shall be filled by the appointing authority for the remainder of the unexpired term. Vacancies for members appointed by the General Assembly shall be filled as provided in G.S. 120-122. Vacancies for

members appointed by the President of The University of North Carolina shall be confirmed by the Board of Governors.

- (7) Whenever an at-large member shall fail, for any reason other than ill health or service in the interest of the State or nation, to be present for three successive regular meetings of the Board of Directors, that at-large member's place as a member shall be deemed vacant.

(b) The Board, with each ex officio and at-large member having a vote, shall elect a chair only from among the at-large members for a term of two years. Notwithstanding the foregoing limitation, the Chancellor of the University of North Carolina at Chapel Hill may serve as chair. No person shall be eligible to serve as chair for more than three terms in succession.

(c) The Board shall meet at least four times each year and may hold special meetings at any time and place within the State at the call of the chair. Board members, other than ex officio members, shall receive the same per diem and reimbursement for travel expenses as members of the State boards and commissions generally.

(d) The Board's action on matters within its jurisdiction is final, except that appeals may be made, in writing, to the Board of Governors with a copy of the appeal to the Chancellor of the University of North Carolina at Chapel Hill. The Board shall keep the Board of Governors and the board of trustees of the University of North Carolina at Chapel Hill fully informed about health care policy and recommend changes necessary to maintain adequate health care delivery, education, and research for improvement of the health of the citizens of North Carolina. (2023-134, s. 4.10(b); 2024-1, s. 1.7(c).)

#### **§ 116-350.12. Operational principles of the Board of Directors.**

The Board of Directors shall operate according to the following principles:

- (1) All members of the Board of Directors shall be considered fiduciaries of the University of North Carolina Health Care System and shall be responsible for the following:
- a. Discharging their duties to the System with care, skill, prudence, and diligence.
  - b. Acting in good faith and in the best interests of the System.
  - c. Conducting themselves, at all times, in furtherance of the System's organizational goals and not the member's personal or business interests.
  - d. Providing oversight to ensure that the System's resources are dedicated to the fulfillment of its mission.
  - e. Becoming knowledgeable about issues that affect the System.
- (2) The authority of board members shall be collective, not individual, and shall only arise from each member's participation with other members of the Board of Directors when officially convened. Individual board members shall hold no authority to exercise administrative or executive functions on behalf of the System, which shall be vested in the Chief Executive Officer of the System. Individual board members may not bind the Board of Directors or the System, enter into contracts on behalf of the Board of Directors or the System, or otherwise act on behalf of or in the name of the Board of Directors or the System unless authorized to do so by official action of the Board of Directors or the Chief Executive Officer.

- (3) Board members shall adhere to the highest standards of ethical conduct by complying with laws, regulations, and System policies applicable to their service. (2023-134, s. 4.10(b).)

**§ 116-350.15. Powers and duties of the Board of Directors.**

(a) Contracting Authority. – The Board may authorize the System or any component unit of the System to contract in its individual capacity, subject to such policies and procedures as the Board may direct.

(b) Agreements with Constituent Institutions. – The Board may enter into formal agreements with constituent institutions of The University of North Carolina with respect to the provision of clinical experience for students and for the provision of maintenance and supporting services.

(c) General Powers and Duties. – The Board is authorized to exercise such authority and responsibility and adopt such policies, rules, and regulations as it deems necessary or convenient, not inconsistent with the provisions of this Article, to carry out the patient care, education, research, and public service mission of the System, including, but not limited to, authority to do the following:

- (1) Construct, plan, create, equip, operate, and maintain health care facilities and ancillary enterprises.
- (2) Collect, manage, and control all receipts generated through its clinical operations and other activities.
- (3) Issue bonds and notes as provided in G.S. 116-350.55.
- (4) Acquire and dispose of real or personal property, including existing public or private hospital and health care facilities, by purchase, grant, gift, devise, lease, or otherwise.
- (5) Enter into partnerships, affiliations, and other combinations or arrangements with other hospitals or health care entities, as it deems appropriate, including arrangements for management services, to achieve its missions of patient care, education, research, and public service.
- (6) Contract with or enter into any arrangement, including through interlocal cooperation agreements under Part 1 of Article 20 of Chapter 160A of the General Statutes, with other public hospitals of this or other states, federal or public agencies, or with any person, private organization, or nonprofit corporation for the provision of health care.
- (7) Insure property or operations of the System against risks as the Board may deem advisable.
- (8) Except as provided in G.S. 116-350.40, to invest any funds held in reserves or sinking funds, or any funds generated from operations, in property or securities in which trustees, executors, or others acting in a fiduciary capacity may legally invest funds under their control.
- (9) Exercise the following powers conferred upon municipal hospitals and hospital authorities under Article 2 of Chapter 131E of the General Statutes:
  - a. The power to enter into agreements with other hospital entities subject to Article 2 of Chapter 131E of the General Statutes to jointly exercise the powers, privileges, and authorities granted by Article 2 of Chapter 131E of the General Statutes.

- b. The power to lease any hospital facility, or any part of a hospital facility, to a nonprofit corporation, provided that the terms and conditions of such lease are consistent with the public purposes described in G.S. 131E-12.
  - c. The power to acquire an ownership interest, in whole or in part, in a nonprofit or for-profit managed care company, as provided in G.S. 131E-7.1.
  - d. All powers set forth in G.S. 131E-23 that are not otherwise addressed by this Part.
- (10) Exercise any or all powers conferred upon the Board, either generally or with respect to any specific health care facility or other operations, through or by designated agents, including private corporations, nonprofit corporations, or limited liability companies formed under the laws of the State.
  - (11) Have the powers of a body corporate and politic, including the power to sue and be sued, to make contracts, and to adopt and use a common seal and to alter the same as may be deemed expedient.
  - (12) [Reserved]
  - (13) Notwithstanding any other provision of law, designate the System's counsel and legal staff to represent the State's interest at any commitment hearing, rehearing, or supplemental hearing held at the University of North Carolina Hospitals at Chapel Hill or any other System location.
  - (14) Notwithstanding G.S. 114-2.3, G.S. 147-17, or any other provision of law, designate, employ, expend funds for, and otherwise engage legal counsel, including private counsel, in any matter as the Board deems necessary to represent the interests of the System and any of its component units, affiliates, officers, or employees.

(d) Limitations. – Notwithstanding the powers and duties provided in this section, the Board shall not relinquish to another entity more than fifty percent (50%) of control of either the UNC Hospitals or the System. (2023-134, s. 4.10(b); 2024-1, s. 1.7(d); 2024-34, s. 13(b).)

**§ 116-350.20. Reports due from the Board of Directors.**

The Chief Executive Officer and the President of The University of North Carolina jointly shall report by December 31 of each year on the operations and financial affairs of the System to the Joint Legislative Commission on Governmental Operations and the Board of Governors of The University of North Carolina. The report shall include actions taken by the Board under the authority granted by G.S. 116-350.35. (2023-134, s. 4.10(b).)

**§ 116-350.25. System Officers and their staff.**

(a) Chief Executive Officer. – The executive and administrative head of the University of North Carolina Health Care System shall have the title of "Chief Executive Officer." The Board of Directors, the board of trustees, and the Chancellor of the University of North Carolina at Chapel Hill, following such search process as the boards and the Chancellor deem appropriate, shall identify two or more persons as candidates for the office, who, pursuant to criteria agreed upon by the boards and the Chancellor, have the qualifications for both the positions of Chief Executive Officer of the University of North Carolina Health Care System and Vice-Chancellor for Medical Affairs of the University of North Carolina at Chapel Hill. The names of the candidates so

identified, once approved by the Board of Directors and the board of trustees, shall be forwarded by the Chancellor to the President of The University of North Carolina, who if satisfied with the quality of one or more of the candidates, will nominate one as Chief Executive Officer, subject to selection by the Board of Governors. The individual serving as Chief Executive Officer shall have complete executive and administrative authority to formulate proposals for, recommend the adoption of, and implement policies governing the programs and activities of the University of North Carolina Health Care System, subject to all requirements of the Board of Directors. That same individual, when serving as Vice-Chancellor for Medical Affairs, shall have all authorities, rights, and responsibilities of a vice-chancellor of the University of North Carolina at Chapel Hill.

(b) President of UNC Hospitals. – The executive and administrative head of the University of North Carolina Hospitals at Chapel Hill shall have the title of "President of the University of North Carolina Hospitals at Chapel Hill." The Board of Directors shall elect, on nomination of the Chief Executive Officer, the President of the University of North Carolina Hospitals at Chapel Hill.

(c) Administrative and Professional Staff. – The Board of Directors shall elect, on nomination of the Chief Executive Officer, such additional administrative and professional staff employees of the University of North Carolina Health Care System as may be deemed necessary to assist in fulfilling the duties of the office of the Chief Executive Officer, all of whom shall serve at the pleasure of the Chief Executive Officer. (2023-134, s. 4.10(b).)

#### **§ 116-350.30. Personnel.**

(a) Employment Authority. – The System may employ a workforce to conduct its operations. Employees who are employed directly by the System, and not by a System affiliate, are State employees whose terms and conditions of employment, including benefit plans and programs, are determined by the Board. Only Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the State Human Resources Act, apply to these State employees. The Board of the System may authorize the System to employ the faculty and staff of the University of North Carolina School of Medicine as well as other health affairs schools and components of the University of North Carolina at Chapel Hill subject to the provisions of this subsection, provided that any employees who are faculty members shall remain subject to the faculty policies of the University of North Carolina at Chapel Hill, as established or adopted pursuant to delegation from the Board of Governors of The University of North Carolina. A State employee employed by the System immediately prior to January 1, 2024, has the right to (i) continued State employment if the employee remains in the employee's current role or position, unless terminated in accordance with the terms of employment that existed immediately prior to January 1, 2024, subject to all relevant provisions of State and federal law and (ii) continued participation in the State Teachers' and State Employees' Retirement System if the employee was enrolled in the Retirement System immediately prior to January 1, 2024, and maintains State employee status.

(b) Certain Career State Employees. – Notwithstanding subsection (a) of this section, a State employee who achieved career State employee status by October 31, 1998, shall remain subject to the rules regarding discipline or discharge that were effective on October 31, 1998, and shall not be subject to the rules regarding discipline or discharge adopted after that date. (2023-134, s. 4.10(b).)

#### **§ 116-350.35. Finances.**

(a) System Budgeting. – The System, the UNC Hospitals, and designated component parts of The University of North Carolina shall not be subject to the provisions of the State Budget Act,

except for General Fund appropriations, or otherwise subject to the authority, oversight, or control of the Office of the State Controller. The System, the UNC Hospitals, and designated component parts of The University of North Carolina shall be subject to the authority and oversight of the Office of the State Auditor. The Chief Executive Officer, subject to the Board, shall be responsible for all aspects of budget preparation, budget execution, and expenditure reporting for the System. Separate auditable accounts under the control of the Board shall be maintained for the UNC Hospitals and the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill. Except for General Fund appropriations, all receipts of the UNC Hospitals may be invested pursuant to G.S. 116-350.40. General Fund appropriations for support of the UNC Hospitals shall be budgeted in a General Fund code under a single purpose, "Contribution to University of North Carolina Hospitals at Chapel Hill Operations" and be transferable to a special fund operating code as receipts. All revenues generated from operations, appropriations, or funds otherwise under the control of the Board shall exclusively be used in furtherance of the missions and goals of the System as determined or approved by the Board.

(b) Patient/Health Care System Benefit. – The Chief Executive Officer, or the Chief Executive Officer's designee, may expend operating budget funds, including State funds, of the System for the direct benefit of a patient, when, in the judgment of the Chief Executive Officer or the Chief Executive Officer's designee, the expenditure of these funds would result in a financial benefit to the System. Any such expenditures are declared to result in the provision of medical services and create charges of the University of North Carolina Health Care System for which the health care system may bill and pursue recovery in the same way as allowed by law for recovery of other health care systems' charges for services that are unpaid.

These expenditures shall be restricted (i) to situations in which a patient is financially unable to afford ambulance or other transportation for discharge; (ii) to afford placement in an after-care facility; (iii) to assure availability of a bed in an after-care facility after discharge from the hospitals; (iv) to secure equipment or other medically appropriate services after discharge; or (v) to pay health insurance premiums. The Chief Executive Officer or the Chief Executive Officer's designee shall reevaluate at least once a month the cost effectiveness of any continuing payment on behalf of a patient.

To the extent that the System advances anticipated government entitlement benefits for a patient's benefit, for which the patient later receives a lump sum "back pay" award from an agency of the State, whether for the current admission or subsequent admission, the State agency shall withhold from this back pay an amount equal to the sum advanced on the patient's behalf by the System, if, prior to the disbursement of the back pay, the applicable State program has received notice from the System of the advancement. (2023-134, s. 4.10(b).)

#### **§ 116-350.40. Regulation of UNC Hospitals funds.**

(a) Definition of Funds. – As used in this section, "funds" means:

- (1) Moneys, or the proceeds of other forms of property, received by the UNC Hospitals as gifts or devises.
- (2) Moneys received by the UNC Hospitals pursuant to grants from, or contracts with, the United States government or any agency or instrumentality thereof.
- (3) Moneys received by the UNC Hospitals pursuant to grants from, or contracts with, any State agencies, any political subdivisions of the State, any other states or nations or political subdivisions thereof, or any private entities whereby the UNC Hospitals undertakes, subject to terms and conditions specified by the

entity providing the moneys, to conduct research, training, or public service programs.

- (4) Moneys received from or for the operation by the UNC Hospitals of any of its self-supporting auxiliary enterprises, including the Liability Insurance Trust Fund.
- (5) Moneys received for services UNC Hospitals and the patient care programs established or maintained by the School of Medicine of the University of North Carolina at Chapel Hill render in its hospital, clinics, and other operations.
- (6) Moneys received by the UNC Hospitals in respect to borrowings for capital equipment or construction projects to further services it renders in either or both of its hospital or clinical operations.
- (7) The net proceeds from the disposition effected pursuant to Article 7 of Chapter 146 of the General Statutes of any interest in real property owned by or under the supervision and control of the UNC Hospitals if the interest in real property had first been acquired by gift or devise or through expenditure of moneys defined in this section, except the net proceeds from the disposition of an interest in real property first acquired by the UNC Hospitals through expenditure of moneys received as a grant from a State agency or General Fund appropriations.

(b) Fund Management. – The Board of the System is responsible for the custody and management of the funds of the UNC Hospitals. The Board shall adopt uniform policies and procedures applicable to the deposit, investment, and administration of these funds, which shall assure that the receipt and expenditure of such funds is properly authorized and that the funds are appropriately accounted for. The Board may delegate authority, through the Chief Executive Officer, to the President of the UNC Hospitals, when such delegation is necessary or prudent to enable the UNC Hospitals to function in a proper and expeditious manner.

(c) Fund Expenditure. – Funds under this section and investment earnings thereon are available for expenditure by the UNC Hospitals and are hereby appropriated by the General Assembly.

(d) Fund Oversight. – Funds under this section are subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes are not subject to the provisions of the State Budget Act, except for operating and capital funds appropriated from the General Fund.

(e) Fund Reporting. – The UNC Hospitals shall submit such reports or other information concerning its fund accounts under this section as may be required by the Board.

(f) Funds Supplemental. – Funds under this section, or the investment income therefrom, shall not take the place of State appropriations or any part thereof, but any portion of these funds available for general institutional purposes shall be used to supplement State appropriations to the end that the UNC Hospitals may improve and increase their functions, may enlarge their areas of service, and may become more useful to a greater number of people.

(g) Fund Investment. – The Board may deposit or invest the funds under this section in interest bearing accounts and other investments in the exercise of its sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries. (2023-134, s. 4.10(b).)

#### **§ 116-350.45. Purchases.**

Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter 143 of the General Statutes and G.S. 143-341(8)(i) of the General Statutes, the Board shall establish policies and regulations governing the purchasing requirements of the System. These policies and regulations shall provide for requests for proposals, competitive bidding or purchasing by means other than competitive bidding, contract negotiations, and contract awards for purchasing supplies, materials, equipment, and services which are necessary and appropriate to fulfill the clinical, educational, research, and community service missions of the System.

The Board of Directors shall submit all initial policies and regulations adopted pursuant to this section to the Division of Purchase and Contract for review upon adoption by the Board. Any subsequent changes to these policies and regulations adopted by the Board shall be submitted to the Division of Purchase and Contract for review. Any comments by the Division of Purchase and Contract shall be submitted to the Chief Executive Officer and to the President of The University of North Carolina. (2023-134, s. 4.10(b).)

#### **§ 116-350.50. Real property.**

(a) Acquisition and Disposition. – The Board shall establish policies for acquiring and disposing of any interest in real property by the System and the UNC Hospitals. These policies shall specify procedures for evaluating, negotiating, and approving the acquisition or disposition of an interest in real property by purchase, gift, lease, or rental, but not by condemnation or exercise of eminent domain. Acquisitions and dispositions of interests in real property pursuant to this section shall not be subject to statutes applicable to the acquisition or disposition of interest in real property by or on behalf of State agencies, including, without limitation, the provisions of Article 36 of Chapter 143 of the General Statutes or Chapter 146 of the General Statutes.

(b) Design and Construction. – The Board may, subject to rules and regulations generally applicable to hospital facilities in the State, adopt policies and procedures that exclusively govern the design, construction, and renovation of buildings, infrastructure, utilities, and other property developments of the System and the UNC Hospitals, including all aspects of vendor selections, contracting, negotiation, and approvals. Design and construction for the System and the UNC Hospitals shall be subject to the requirements of G.S. 44A-26 and G.S. 133-1.1 but shall not otherwise be subject to the provisions of statutes applicable to design and construction projects by or on behalf of State agencies.

(c) Plan Review and Code Enforcement of Certain Construction Projects. – Notwithstanding any other provision of law to the contrary, a local building code inspection department has general authority over plan review and administration, and enforcement, of all sections of the North Carolina State Building Code for construction or renovation projects undertaken by the System or its component units that are on or within privately owned real property leased by the System, or its component units, within its jurisdiction. Nothing in this subsection shall be construed to abrogate the authority of the Department of Labor under G.S. 143-139(c) and (d). (2023-134, s. 4.10(b).)

#### **§ 116-350.55. Bonds and notes.**

(a) Bonds and Notes. – In addition to the provisions of Article 3 of Chapter 116D of the General Statutes, the System shall be authorized to issue bonds and notes on behalf of itself or any component units or System affiliate in accordance with the provisions of Article 3 of Chapter 116D of the General Statutes, in the same manner and for the same purposes as the Board of Governors of The University of North Carolina may issue bonds and notes as provided for therein. In doing so,

the System shall have the same powers conferred upon the Board of Governors by such Article and, for purposes of this section, references in such Article to the Board of Governors shall mean and be deemed to include the System.

(b) [Applicable Provisions. –] Notwithstanding subsection (a) of this section, in connection with the issuance of bonds or notes of the System in accordance with this section and Article 3 of Chapter 116D of the General Statutes, the following provisions apply:

- (1) Institutions within the meaning of G.S. 116D-22 include the System and any component unit or System affiliate.
- (2) The approval of the Director of the Budget, as provided in G.S. 116D-26, 116D-27, 116D-29, and 116D-30, does not apply to bonds or notes issued by the System pursuant to this section and Article 3 of Chapter 116D of the General Statutes.
- (3) The first paragraph of G.S. 116D-26(b) does not apply to bonds or notes issued by the System pursuant to this section and Article 3 of Chapter 116D of the General Statutes.
- (4) Nothing herein shall limit or restrict the right of the System to obtain a loan from a financial institution, provided that the System may not pledge real property owned by the State of North Carolina as collateral. (2023-134, s. 4.10(b).)

#### **§ 116-350.60. Nonprofit merger authority.**

The University of North Carolina Health Care System and any domestic nonprofit corporation may merge in the manner provided in G.S. 55A-11-09, except that the merger need not comply with G.S. 55A-11-02 as required by G.S. 55A-11-09(b)(3). For the purposes of this section, the University of North Carolina Health Care System is deemed an unincorporated "business entity" as defined in G.S. 55A-11-09(a) and the University of North Carolina Health Care System, the University of North Carolina Hospitals, or another component unit of the System is the surviving business entity of any merger effected pursuant to this section. For any plan of merger pursuant to this section, along with the applicable items set forth in the articles of merger under G.S. 55A-11-09(d), the University of North Carolina Health Care System shall set forth reference to this section. G.S. 55A-11-09(e1) does not apply to a merger under this section. (2023-134, s. 4.10(b); 2024-1, s. 1.7(e).)

#### **§ 116-350.65. Public records.**

The following records of the System are not public records under Chapter 132 of the General Statutes:

- (1) Records related to patient care and patient services, including, but not limited to, patient records, vendor contracts, quality initiatives, quality measures, and reports related to quality requirements; provided, however, that any contracts with other State agencies or documents publicly reported to government regulatory or oversight bodies shall be considered public records.
- (2) Records related to strategic planning or initiatives, including potential affiliations and new services or businesses.
- (3) Consultations with the Joint Legislative Commission on Governmental Operations as provided by law. (2023-134, s. 4.10(b).)

Part 2. Liability Insurance or Self-Insurance.

**§ 116-350.100. Authorization to secure insurance or provide self-insurance.**

The Board is authorized to establish a liability insurance program through the purchase of contracts of insurance or the creation of self-insurance trusts, or through combination of such insurance and self-insurance, to provide the System, UNC Hospitals, component units, System affiliates, and individual health care practitioners with coverage against claims of personal or entity liability based on conduct within the course and scope of health care and related functions undertaken by such entities or individuals as employees, agents, or officers of (i) the System, (ii) the University of North Carolina Hospitals at Chapel Hill or other component units or System affiliates, or (iii) any health care institution, agency, or entity which has an affiliation agreement with the System or with the University of North Carolina Hospitals at Chapel Hill. The types of health care practitioners to which the provisions of this Part may apply include, but are not limited to, medical doctors, dentists, nurses, residents, interns, medical technologists, nurses' aides, and orderlies. Subject to all requirements and limitations of this Article, the coverage to be provided, through insurance or self-insurance or combination thereof, may include provision for the payment of expenses of litigation, the payment of civil judgments in courts of competent jurisdiction, and the payment of settlement amounts, in actions, suits, or claims to which this Part applies. (2023-134, s. 4.10(b); 2024-1, s. 1.7(f).)

**§ 116-350.105. Establishment and administration of self-insurance trust funds; rules and regulations; defense of actions against covered persons; application of G.S. 143-300.6.**

(a) In the event the Board elects to act as self-insurer of a program of liability insurance, it may establish one or more insurance trust accounts to be used only for the purposes authorized by this Article; provided, however, said program of liability insurance shall not be subject to regulation by the Commissioner of Insurance. The Board is authorized to receive and accept any gift, donation, appropriation, or transfer of funds made for the purposes of this section and to deposit such funds in the insurance trust accounts. All expenses incurred in collecting, receiving, and maintaining such funds and in otherwise administering the self-insured program of liability insurance shall be paid from such insurance trust accounts.

(b) Subject to all requirements and limitations of this Article, the Board is authorized to adopt rules for the establishment and administration of the self-insured program of liability insurance, including, but not limited to, rules and regulations concerning the eligibility for and terms and conditions of participation in the program, the assessment of charges against participants, the management of the insurance trust accounts, and the negotiation, settlement, litigation, and payment of claims.

(c) The Board is authorized to create a UNC Health Liability Insurance Trust Fund Council composed of not more than 13 members; one member each shall be appointed by the State Attorney General, the State Insurance Commissioner, the Director of the Office of State Budget and Management, and the State Treasurer; the remaining members shall be appointed by the Board. Subject to all requirements and limitations of this Article and to any rules and regulations adopted by the Board under the terms of subsection (b) of this section, the Board may delegate to the UNC Health Liability Insurance Trust Fund Council responsibility and authority for the administration of the self-insured liability insurance program and of the insurance trust accounts established pursuant to such program.

(d) Defense of all suits or actions against an individual health care practitioner who is covered by a self-insured program of liability insurance established by the Board under the provisions of this Article may be provided in accordance with the provisions of G.S. 143-300.3 of Article 31A of Chapter 143; provided, that in the event it should be determined pursuant to G.S. 143-300.4 that defense of such a claim should not be provided by the State, or if it should be determined that counsel other than the Attorney General should be employed or, if the individual health care practitioner is not an employee of the State as defined in G.S. 143-300.2, then private legal counsel may be employed by the UNC Health Liability Insurance Trust Fund and paid for from funds in the insurance trust accounts.

(e) For purposes of the requirements of G.S. 143-300.6, the coverage provided State employees by any self-insured program of liability insurance established by the Board pursuant to the provisions of this Article shall be deemed to be commercial liability insurance coverage within the meaning of G.S. 143-300.6(c).

(f) By rules adopted by the Board in accordance with subsection (b) of this section, the Board may provide that funds maintained in insurance trust accounts under such a self-insured program of liability insurance may be used to pay any expenses, including damages ordered to be paid, which may be incurred by the System or the University of North Carolina Hospitals at Chapel Hill with respect to any claim, based on alleged negligent acts in the provision of health care services, which may be prosecuted under the provisions of Article 31 of Chapter 143 of the General Statutes. (2023-134, s. 4.10(b); 2024-34, s. 13(c).)

#### **§ 116-350.110. Funding of self-insurance program.**

(a) If the Board elects to establish a self-insurance trust fund, the initial contribution to the fund shall be determined by an independent actuary but shall be no less than three hundred thousand dollars (\$300,000). Annual contributions to said fund shall be made in an amount to be determined each year by the UNC Health Liability Insurance Trust Fund Council upon the advice of an independent actuary and shall include amounts necessary to pay all costs of administration of the self-insurance program and claims adjustment, including litigation in addition to amounts necessary to pay claims. Contributions shall be no less than one hundred fifty percent (150%) of the amounts actually paid each year on medical malpractice claims until such time as the UNC Health Liability Insurance Trust Fund Council, with the advice of an independent actuary and the approval of the Board, determines that an annual contribution in a lesser amount will not impair the adequacy of the fund to satisfy existing and potential health care malpractice claims for a period of one year.

(b) Claims certified to be paid from the fund shall be paid in the order of award or settlement. In the event that the fund created hereunder shall at any time have insufficient funds to assure that both existing and future claims will be paid, the Board is hereby authorized to borrow necessary amounts up to thirty million dollars (\$30,000,000) per established self-insurance trust fund account to replenish the fund. The Board shall maintain funds in each self-insurance trust at no less than one hundred thousand dollars (\$100,000) at all times.

(c) Funds borrowed by the Board to replenish the trust fund account may be secured by pledging noncapital assets of the members. Members shall mean those entities, agencies, departments, or divisions of the System which directly contribute funds to the self-insurance trust. In no event shall individual health care providers be deemed members for the purposes of this section.

(d) Obligations issued under the provisions of this Part shall not be deemed to constitute a debt, liability, or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any such political subdivision but shall be payable solely from the revenues or assets of the members. Each obligation issued under this Part shall contain on the face thereof a statement to the effect that the System shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such obligation. (2023-134, s. 4.10(b).)

**§ 116-350.115. Termination of fund.**

Any fund created hereunder may be terminated by the Board upon their determination that other satisfactory and adequate arrangements have been made to assure that both existing and future health care malpractice claims or judgments against the participants in the self-insurance program will be paid and satisfied. Upon the termination of any fund pursuant to this section, the full amount remaining in such fund upon termination less any outstanding indebtedness shall promptly be repaid to the System and allocated among the participating entities according to their respective contributions as determined by the Board. (2023-134, s. 4.10(b).)

**§ 116-350.120. Sovereign immunity.**

Nothing in this Article shall be deemed to waive the sovereign immunity of the State. (2023-134, s. 4.10(b).)

**§ 116-350.125. Confidentiality of records.**

Records pertaining to the liability insurance program, including all information, correspondence, investigations, or interviews concerning or pertaining to claims or potential claims against participants in the program or applications for participation in the program shall not be considered public records under Chapter 132 of the General Statutes and shall not be subject to discovery under the Rules of Civil Procedure, Chapter 1A of the General Statutes. (2023-134, s. 4.10(b); 2024-1, s. 1.7(g).)

**§ 116-350.130. Further action.**

The Board is hereby authorized to take all action necessary to effectuate the purposes and provisions of this Part. (2023-134, s. 4.10(b).)

**§ 116-350.135. Appropriation.**

The funds described by this Part are appropriated and shall be used only as provided by this Part. (2023-134, s. 4.10(b).)

**§§ 116-350.136 through 116-359. Reserved for future codification purposes.**

Article 37B.

East Carolina University Health Care Operations.

**§ 116-360.5. Definitions.**

The following definitions apply in this Article:

- (1) Board of Trustees. – The Board of Trustees of East Carolina University.
- (2) Career State employee status. – As defined in G.S. 126-1.1.

- (3) Chancellor. – The Chancellor of East Carolina University.
- (4) ECU Dental School Clinical Operations. – A division of the School of Dental Medicine at East Carolina University that operates clinical programs and facilities in Greenville, North Carolina, and across the State for the purpose of providing medical care to the general public and training dentists and other health care professionals.
- (5) Medical Faculty Practice Plan. – A division of the School of Medicine of East Carolina University that operates clinical programs and facilities for the purpose of providing medical care to the general public and training physicians and other health care professionals.
- (6) President. – The President of The University of North Carolina.
- (7) School of Medicine. – The Brody School of Medicine of East Carolina University. (2023-134, s. 4.10(b).)

**§ 116-360.10. East Carolina University School of Medicine; establishment; mission.**

(a) Establishment. – The Board of Trustees of East Carolina University is hereby authorized to establish a school of medicine at East Carolina University, Greenville, North Carolina. The school of medicine shall meet all requirements and regulations of the Council on Medical Education and Hospitals of the American Medical Association, the Association of American Medical Colleges, and other such accrediting agencies whose approval is normally required for the establishment and operation of a two-year medical school.

(b) Mission. – The School of Medicine shall provide instruction and training leading to a medical degree, advanced and doctoral degrees in biomedical sciences and related fields, and other credentials; facilitate the education of physicians and other health care providers in partnership with schools and colleges within East Carolina University, The University of North Carolina System, and its affiliated enterprises; provide patient care and facilitate the financial sustainability of East Carolina University's School of Medicine and health sciences programs through clinical collaboration with and joint operation of health care facilities with one or more hospitals or health systems; engage in research and render other services designed to promote the health and well-being of the citizens of North Carolina, with particular focus on rural areas of the State; and drive innovation and transformation in health care services delivery, with particular focus on rural health care services delivery. (2023-134, s. 4.10(b).)

**§ 116-360.15. Personnel and operations.**

(a) Employment Authority. – East Carolina University School of Medicine may employ a workforce to conduct its operations of the Medical Faculty Practice Plan and the ECU Dental School Clinical Operations. Employees who are employed directly by Medical Faculty Practice Plan and the ECU Dental School Clinical Operations, and not by an affiliated hospital or health system, are State employees whose terms and conditions of employment, including benefit plans and programs, are determined by the Chancellor, subject to the direction of the President. Only Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the State Human Resources Act, apply to these State employees. Subject to the approval of the President, the Chancellor may authorize East Carolina University to employ the faculty and staff of the School of Medicine and other health affairs schools and components of East Carolina University, subject to the provisions of this section. All employees who are faculty members shall remain subject to the faculty policies of East Carolina University, as established or adopted pursuant to delegation from the Board of

Governors of The University of North Carolina. A State employee employed by East Carolina University as part of the Medical Faculty Practice Plan or ECU Dental School Clinical Operations prior to January 1, 2024, has the right to (i) continued State employment if the employee remains in the employee's current role or position, unless terminated in accordance with the terms of employment that existed immediately prior to January 1, 2024, subject to all relevant provisions of State and federal law and (ii) continued participation in the State Teachers' and State Employees' Retirement System if the employee was enrolled in the Retirement System immediately prior to January 1, 2024, and maintains State employee status.

(b) Certain Career State Employees. – Notwithstanding subsection (a) of this section, all of the following applies:

- (1) For employees of the Medical Faculty Practice Plan. – The compensation of a State employee who achieved career State employee status by October 31, 1998, shall not be reduced as a result of this section and that employee shall (i) remain subject to the rules regarding discipline or discharge that were effective on October 31, 1998, and (ii) not be subject to the rules regarding discipline or discharge adopted after that date.
- (2) For employees of the ECU Dental School Clinical Operations. – The compensation of a State employee who achieved career State employee status by June 30, 2022, shall not be reduced as a result of this section and that employee shall (i) remain subject to the rules regarding discipline or discharge that were effective on June 30, 2022, and (ii) not be subject to the rules regarding discipline or discharge adopted after that date.

(c) [Authority For Certain Actions. –] Subject to the direction of the President and so long as it is to the benefit of the School of Medicine, East Carolina University, or The University of North Carolina System, the Chancellor may take any of the following actions:

- (1) Enter into partnerships, affiliations, joint operating agreements, and other arrangements with hospitals, health systems, and other health care partners on behalf of the School of Medicine or East Carolina University.
- (2) Assign employees to assist with the establishment and operation of any partnerships, affiliations, joint operating agreements, and other arrangements entered into pursuant to this subsection.
- (3) Make available office space, equipment, supplies, and other related resources as part of any partnerships, affiliations, joint operating agreements, and other arrangements entered into pursuant to this subsection. (2023-134, s. 4.10(b).)

#### **§ 116-360.20. Finances.**

(a) Budgeting. – The School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations, shall not be subject to the provisions of the State Budget Act, except for General Fund appropriations, or otherwise subject to the authority, oversight, or control of the Office of the State Controller. The School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations shall be subject to the authority and oversight of the Office of the State Auditor. The Chancellor, subject to the direction of the President, shall be responsible for all aspects of budget preparation, budget execution, and expenditure reporting for the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations. Except for General Fund appropriations, all receipts for the Medical Faculty Practice Plan and ECU Dental School Clinical Operations may be invested pursuant to G.S. 116-36.1.

General Fund appropriations for support of the Medical Faculty Practice Plan shall be budgeted in a General Fund code under a single purpose, "Contributions to Medical Faculty Practice Plan at East Carolina University," and be transferable to a special fund operating code as receipts. All revenues generated from operations, appropriations, or funds of the Medical Faculty Practice Plan shall exclusively be used in furtherance of the missions and goals of the Medical Faculty Practice Plan and School of Medicine as determined or approved by the Chancellor.

(b) Medicare Receipts. – The East Carolina University School of Medicine shall request, on a regular basis consistent with the State's cash management plan, funds earned by the School from Medicare reimbursements for education costs. Upon receipt, these funds are appropriated and shall be allocated as follows:

- (1) The portion of the Medicare reimbursement generated through the effort and expense of the School of Medicine's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School of Medicine. The Medical Faculty Practice Plan shall assume responsibility for any of these funds that subsequently must be refunded due to final audit settlements.
- (2) Funds that were received pursuant to this section prior to July 1, 2005, and that were transferred to a special fund account on deposit with the State Treasurer are appropriated to the Brody School of Medicine at East Carolina University and may be expended by the Brody School of Medicine for the family medicine center and for purposes consistent with its stated mission. (2023-134, s. 4.10(b).)

#### **§ 116-360.25. Purchases.**

Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter 143 of the General Statutes to the contrary, the Chancellor shall establish policies and regulations governing the purchasing requirements of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations. These policies and regulations shall provide for requests for proposals, competitive bidding, or purchasing by means other than competitive bidding, contract negotiations, and contract awards for purchasing supplies, materials, equipment, and services which are necessary and appropriate to fulfill the clinical and educational missions of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations. Pursuant to such policies and regulations, purchases for the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations shall be effected by East Carolina University.

The Chancellor shall submit all initial policies and regulations adopted under this section to the Division of Purchase and Contract for review upon adoption by the Chancellor. Any subsequent changes to these policies and regulations adopted by the Chancellor shall be submitted to the Division of Purchase and Contract for review. Any comments by the Division of Purchase and Contract shall be submitted to the Chancellor of East Carolina University and to the President of The University of North Carolina. (2023-134, s. 4.10(b).)

#### **§ 116-360.30. Public records.**

The following records of East Carolina University School of Medicine and ECU Dental School Clinical Operations are not public records under Chapter 132 of the General Statutes:

- (1) Records related to research, patient care, and patient services, including, but not limited to, patient records, vendor contracts, quality initiatives, quality measures, and reports related to quality requirements; provided, however, that any contracts with other State agencies or documents publicly reported to government regulatory or oversight bodies shall be considered public records.
- (2) Records related to strategic planning or initiatives, including potential affiliations and new services or businesses.
- (3) Consultations with the Joint Legislative Commission on Governmental Operations as provided by law. (2023-134, s. 4.10(b).)

**§ 116-360.35. Real property.**

(a) Acquisition and Disposition. – The Chancellor of East Carolina University shall establish rules and regulations for acquiring or disposing of any interest in real property for the use of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations. These rules and regulations shall include provisions for development of specifications, advertisement, and negotiations with owners for acquisition of an interest in real property by purchase, gift, lease, or rental, but not by condemnation or exercise of eminent domain, on behalf of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations. Acquisitions and dispositions of interests in real property pursuant to this section shall not be subject to State laws applicable to the acquisition or disposition of interest in real property by or on behalf of State agencies, including, without limitation, the provisions of Article 36 of Chapter 143 of the General Statutes or the provisions of Chapter 146 of the General Statutes.

(b) Design and Construction. – The Chancellor may, subject to rules and regulations generally applicable to educational facilities and health care facilities in the State, adopt policies and procedures that shall exclusively govern the design, construction, and renovation of buildings, infrastructure, utilities, and other property developments of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations, including all aspects of vendor selections, contracting, negotiation, and approvals. Design and construction for the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations are subject to the requirements of G.S. 44A-26 and G.S. 133-1.1 but are otherwise exempt from other State laws applicable to design and construction projects by or on behalf of State agencies.

(c) Plan Review and Code Enforcement of Certain Construction Projects. – Notwithstanding any other provision of law to the contrary, a local building code inspection department has general authority over plan review, administration, and enforcement of all sections of the North Carolina State Building Code with respect to construction or renovation projects undertaken by the School of Medicine, the Medical Faculty Practice Plan, or ECU Dental Clinical Operations that are on or within privately owned real property leased by the School of Medicine, the Medical Faculty Practice Plan, or ECU Dental Clinical Operations within the jurisdiction of the local building code inspection department. Nothing in this subsection shall be construed to abrogate the authority of the Department of Labor under subsections (c) and (d) of G.S. 143-139. (2023-134, s. 4.10(b); 2024-1, s. 1.7(l).)

Article 38.

Biological Sex-Specific Athletic Teams.

**§ 116-400. Definitions.**

The following definitions apply in this Article:

- (1) Institution of higher education. – A constituent institution of The University of North Carolina, a community college under the jurisdiction of the State Board of Community Colleges, or a private college or university located in North Carolina.
- (2) Intercollegiate athletic program. – A sport program played at the collegiate level for which eligibility requirements for participation by a student are established by a national association for the promotion or regulation of intercollegiate athletics, including the National Collegiate Athletic Association (NCAA), the National Association of Intercollegiate Athletics (NAIA), and the National Junior College Athletic Association (NJCAA). (2023-109, s. 2(b).)

**§ 116-401. Designation of athletic teams.**

(a) All teams that are part of an intercollegiate athletic program of an institution of higher education shall comply with the following:

- (1) Each team shall be expressly designated by the biological sex of the team participants as one of the following:
  - a. Males, men, or boys.
  - b. Females, women, or girls.
  - c. Coed or mixed.
- (2) Athletic teams designated for females, women, or girls shall not be open to students of the male sex.

(b) For the purposes of this section, sex shall be recognized based solely on a person's reproductive biology and genetics at birth. (2023-109, s. 2(b).)

**§ 116-402. Cause of action; remedies.**

(a) A student who is deprived of an athletic opportunity or suffers or is likely to suffer from any direct or indirect harm as a result of a violation of this Article may assert that violation as a cause of action for remedies provided for in subsection (d) of this section.

(b) A student who is subjected to retaliation or other adverse action by an institution of higher education, athletic association, or other organization as a result of reporting a violation of this Article to an employee or representative of the institution of higher education, athletic association, or to any local, State, or federal agency with oversight of the institution shall have a cause of action for remedies provided for in subsection (d) of this section.

(c) Any institution of higher education or its representatives or employees who suffer any direct or indirect harm for complying with the requirements of this Article shall have a cause of action for remedies provided for in subsection (d) of this section.

(d) Any person who brings a cause of action pursuant to this Article may obtain appropriate relief, including the following:

- (1) Injunctive relief, protective order, writ of mandamus or prohibition, or declaratory relief to prevent any violation of this Article.
- (2) Actual damages, including for psychological, emotional, or physical harm, reasonable attorney fees, and costs.

(e) All civil actions under this Article must be initiated within two years from the date that the harm occurred. (2023-109, s. 2(b).)

**§ 116-403. Monitoring compliance with this Article.**

The Board of Governors shall monitor constituent institutions for compliance with this Article. If the Board of Governors determines that a constituent institution is in violation of this Article, it shall report the identity of the constituent institution to the Joint Legislative Education Oversight Committee. (2023-109, s. 2(b).)