STATE BOARD OF COMMUNITY COLLEGES

Recommendation for Student Repayment

Pursuant to North Carolina General Statute § 115D-95.1, the State Board of Proprietary Schools recommends the State Board of Community Colleges issue repayment to former students of Living Arts College as provided herein.

Living Arts College
Living Arts College was initially licensed as a proprietary school by the State Board of Community Colleges in or about 1992. It was licensed to offer degree programs by the UNC System Office. The school was accredited by the Accrediting Council for Independent Colleges & Schools (ACICS) and approved to participate in Title IV funding by the U.S. Department of Education (Department).

In June 2022, the Department formally terminated recognition of ACICS. It subsequently placed the school on Heightened Cash Monitoring Level 2 (HCM2) for Title IV participation. At the end of 2022, Living Arts College formally announced it was unable to continue instruction. All enrollment ceased and academic records were transferred to the NC Archives. Twelve (12) known students in non-degree programs licensed by and through the State Board of Community Colleges were unable to complete their programs of study. Most of these students were funded exclusively by Title IV funding and should therefore qualify for Closed School Discharge through the Department. But at least two students made out-of-pocket payments that must be reimbursed. Because the school was not statutorily required to have a bond for license year July 1, 2022 – June 30, 2023, the Student Protection Fund should be used to reimburse them.

Student Protection Fund - North Carolina General Statute § 115D-95.1
The Student Protection Fund is established in the Department of State Treasurer. The purpose of the Fund is to compensate students who have suffered a loss of tuition, fees, or any other instructional-related expenses paid to a proprietary school by reason of the failure of the school to offer or complete student instruction, academic services, or other goods and services related to course enrollment if the school ceases to operate for any reason, including the suspension, revocation, or nonrenewal of a school's license, bankruptcy, or foreclosure. The State Board of Proprietary Schools serves as the Student Protection Advisory Committee. The Committee advises the State Board of Community Colleges on matters related to the Fund.

Student Repayment. - A student, or the student's parent or guardian, who suffered a loss of tuition, fees, or any other instructional-related expenses may qualify for repayments under the Student Protection Fund. The State Board of Community Colleges first must issue repayment from the bonds issued under G.S. 115D-95. If the Student Protection Fund is insufficient to cover the qualified claims, the State Board must develop a method of allocating funds among claims.

Recommendation for Student Repayment

On February 3, 2023, the Proprietary Board recommended the State Board of Community Colleges reimburse former Living Arts College students as follows:

- The sum of ten thousand dollars ($10,000) should be transferred from the Student Protection Fund to the Community College System Office and held in escrow pending a final distribution to students.
- All remaining monies should be held in escrow by the Community College System Office pending additional claims. After a final accounting, any remaining funds should be transferred back to the Student Protection Fund held in the Department of State Treasurer.