

## **1H SBCCC 300.1 Live Client Projects**

(a) Definition. Live client projects are defined as:

- (1) educational programs in which students, as part of their educational experiences and as part of the instructional course requirements, repair or remodel non-college owned personal property or real property; or
- (2) educational programs that construct structures that are sold, produce goods that are sold, or provide services for a fee, such structures, goods or services being the normal and necessary product of learning activities of students.

(b) Local Procedures. If a college elects to engage in live client projects, college management shall adopt procedures for the administration of such projects, consistent with State laws and rules, that include, at minimum, the following elements:

- (1) Definition of criteria that will be used to select project clientele,
- (2) Methodology for determining client charges,
- (3) Management of liability issues for students participating in live projects,
- (4) Assignment of liability for the integrity of the finished product or service, and
- (5) Required administrative approvals prior to beginning a live project.

Colleges shall select clientele and establish client charges through an objective process that prevents private individuals or entities from accruing, from the live client project, benefits a college shows to be unreasonable. Colleges shall not engage in live client projects that repair or remodel property for companies or individuals that are in the business of equipment resale unless the property undergoing repair or remodeling is used in the usual course of the business and is not being resold.

(c) Live Client Project Charges. Colleges are authorized to charge project clientele for goods or services produced through a live client project. In the case of (a)(1) of this Rule, the owner of the property shall supply or pay for all parts required. In the case of (a)(2) of this rule, the college shall charge all clientele for the value of the goods and services provided through a live customer project. Live client project receipts shall be deposited into an unrestricted institutional account. A college may determine locally whether discrete live client projects are accounted for in separate institutional accounts or in one account used for multiple live client projects.

- (d) Use of Live Client Project Receipts. All costs that otherwise would not have been incurred absent the live client project shall be supported by funds from the institutional account that receives the live client project receipts and shall not be supported from State funds. These costs include, but are not limited to, supplies and materials used in producing the good or service, additional personnel required to serve clients, specialized equipment, liability insurance, and other costs directly related to the live client project as distinguished from an instructional program that does not produce income. In the context of construction live client projects, these costs include, but are not limited to, all building materials, land, land improvements, amounts paid to subcontractors for work not performed by students or employees of the college, any actual interest paid on construction loans or financing arrangements provided for by a partnering third-party entity, and any legal fees and closing costs that may be required. Live client project receipts may also be used to supplement instructional costs of those programs engaging in live client projects. The college shall maintain detailed records so that the college may prepare annual financial statements and a complete audit of the account may be made after the close of the fiscal year.
- (e) Surplus Equipment Live Client Projects. For live client projects that involve the repair of equipment purchased with State funds or federal surplus property, with a subsequent sale as surplus under the rules of the State Division of Purchase and Contract, the proceeds of such sales shall be deposited as a refund of expense to the equipment budget of the college.
- (f) Construction Live Client Projects. For construction live client projects where a permanent building is constructed on the college's campus or on property owned by the college, the board of trustees shall follow all requirements of the General Statutes in acquiring the building materials and any subcontracted work, as well as in disposing of the building and property. College employees on the permanent payroll of the college are permitted to perform construction or repair work as long as project costs do not exceed the maximum thresholds established in G.S. 143-135. A project cannot be subdivided to evade the provisions of G.S. 143-135.
- (g) Patron Service Live Client Projects. Notwithstanding subsection (d) of this section, a college may use a combination of State funds and live client project receipts to support costs associated with providing services to patrons, such as cosmetology and dental hygiene services.

(h) Disposition of Discontinued Live Client Project Fund Balance. If a college decides to discontinue a live client project activity, any unexpended funds in the live client project institutional account shall be used for other live client projects or used consistent with the provisions of 1E SBCCC 700.7.

*History Note: Authority G.S. 115D-5; 115D-14; P.L. 97-300;*

*Eff. [November 1, 2015](#).*