

MICHIGAN GENERAL CORPORATION ACT (EXCERPT)
Act 327 of 1931

450.171 Educational corporations; classification; religious college not included; filing of articles of incorporation; statement; guaranteed annual income as credit to capital; use of "college", "university", or "junior college" as name; expansion of program.

Sec. 171. (1) For the purposes of this act, educational corporations are classified as 1 of the following:

(a) Class w: those having a capital of not less than \$500,000.00.

(b) Class x: those having a capital of not less than \$100,000.00 and less than \$500,000.00.

(c) Class y: those having a capital of \$1,000,000.00 or more.

(d) Class z: those instituted and maintained by an ecclesiastical or religious order, society, corporation, or corporations that retain control of the institution for denominational purposes.

(2) For purposes of this act, educational corporation does not include a religious college described in section 184a.

(3) When submitting its articles of incorporation for filing with the department of labor and economic growth, an educational corporation conducting an elementary or secondary instructional program must include a written statement from the state board of education with the articles of incorporation and an educational corporation conducting a postsecondary educational program must include a written statement from the bureau of career education within the department of labor and economic growth with the articles of incorporation. A written statement submitted with the articles of incorporation of an educational institution under this subsection must confirm all of the following concerning the educational corporation:

(a) The housing space and administration facilities that it possesses or proposes to provide for its declared field or fields of education are adequate.

(b) Its proposed educational program leading to the diplomas or degrees that it proposes to offer is adequate.

(c) The laboratory, library, and other teaching facilities that it possesses or proposes to provide are adequate.

(d) It has or proposes to employ an adequate staff, fully trained, for the instruction proposed.

(e) At least 50% of its capital, whether consisting of stock or in gifts, devises, legacies, bequests or other contributions of money or property, has been paid in or is in its possession.

(4) In determining whether any educational corporation satisfies the conditions specified in subsection (1), the department of labor and economic growth may treat as a credit to the capital of the corporation the guaranteed annual income of that corporation to the extent that it considers that guaranteed income the equivalent of all or any part of the required endowment.

(5) The use of the word "college" or "university" in the name of any group, organization, or association formed in this state after September 18, 1931 is limited to those educational corporations complying with the requirements for class w or class y educational corporations or to any educational corporations of class z that satisfy the requirements established for class y corporations. The word "college" may be used by ecclesiastical corporations in the name of religious colleges complying with the requirements of section 184a. The words "junior college" may be used by educational corporations of class x. If this subsection is violated, it is the duty of the prosecuting attorney, in the county where the educational corporation is located, to bring proceedings to enjoin the further use of a name in violation of this subsection.

(6) An educational corporation is not permitted to expand its program beyond that specified in its articles of incorporation until it obtains a written statement approving the facilities, equipment, and staff or the proposed facilities, equipment, and staff as adequate for the offering of the additional educational program and submits it to the department of labor and economic growth. The educational corporation must obtain the written statement described in this subsection from the state board of education if it is conducting an elementary or secondary instructional program or from the bureau of career education within the department of labor and economic growth if it is conducting a postsecondary educational program.

History: 1931, Act 327, Eff. Sept. 18, 1931;—Am. 1939, Act 162, Eff. Sept. 29, 1939;—Am. 1943, Act 160, Imd. Eff. Apr. 17, 1943;—CL 1948, 450.171;—Am. 1958, Act 147, Eff. Sept. 13, 1958;—Am. 2006, Act 420, Imd. Eff. Sept. 29, 2006.

Compiler's note: For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

Former law: See section 2 of Ch. II of Part IV of Act 84 of 1921, being CL 1929, § 10102.