

HOUSE BILL No. 6373

August 30, 2006, Introduced by Reps. Emmons, Farhat, Nitz, Mortimer and Moore and referred to the Committee on Higher Education and Career Preparation.

A bill to amend 1963 PA 40, entitled

"An act to authorize private trade schools, business schools, correspondence schools and institutes to solicit students in this state; to provide for the issuance of permits to solicitors; to prescribe the powers and duties of the superintendent of public instruction; to provide penalties for violations of this act; and to repeal certain acts and parts of acts,"

by amending sections 1 and 3 (MCL 395.121 and 395.123), section 3 as amended by 1988 PA 244.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Superintendent" means the superintendent of public
3 instruction.

4 (b) "School domiciled in this state" means a private trade
5 school, business school, correspondence school or institute

1 licensed under ~~Act No. 148 of the Public Acts of 1943, as amended,~~
2 ~~being sections 395.101 to 395.103 of the Compiled Laws of 1948,~~
3 **1943 PA 148, MCL 395.101 TO 395.103**, or incorporated under ~~Act No.~~
4 ~~327 of the Public Acts of 1931, as amended, being sections 450.1 to~~
5 ~~450.192 of the Compiled Laws of 1948~~ **1931 PA 327, MCL 450.98 TO**
6 **450.192.**

7 (c) "School domiciled outside of this state" means a private
8 trade school, business school, correspondence school or institute
9 located outside of this state and organized to give instruction in
10 any form or manner in any trade, occupation, or vocation for a
11 consideration, reward or promise of whatever nature, but not a
12 school possessing authority to grant baccalaureate degrees.

13 (d) "Solicitor" means a person or agent 18 years of age or
14 over representing a school located within or outside of this state
15 who personally attempts to procure students, enrollees, or
16 subscribers at a place or places other than the office or place of
17 business of the school.

18 Sec. 3. (1) A solicitor shall not personally solicit a
19 prospective student to enroll in any school unless he or she
20 applies for and obtains a permit from the superintendent, issued
21 under rules promulgated by the superintendent in accordance with
22 the administrative procedures act of 1969, ~~Act No. 306 of the~~
23 ~~Public Acts of 1969, being sections 24.201 to 24.328 of the~~
24 ~~Michigan Compiled Laws~~ **1969 PA 306, MCL 24.201 TO 24.328.**

25 (2) A solicitor shall not solicit a prospective student to
26 enroll in a school other than a school specifically listed in the
27 application and the permit.

1 (3) A solicitor shall possess knowledge regarding available
2 state and federal student financial aid programs and shall inform
3 prospective students of their obligations under student financial
4 aid programs including, but not limited to, loan repayment
5 obligations under federally guaranteed student loan programs.

6 (4) A solicitor who represents more than 1 school shall obtain
7 a permit for each school he or she represents.

8 (5) Each application for a solicitor's permit shall be
9 accompanied by a surety bond in the amount of \$5,000.00. The bond
10 may be continuing and shall be conditioned to provide
11 indemnification to a student suffering loss as a result of fraud or
12 misrepresentation used in procuring the student's enrollment. The
13 bond shall be supplied by the school as an individual or a blanket
14 bond covering each of its representatives in the penal sum of
15 \$5,000.00. The liability to be incurred under an individual or
16 blanket surety bond shall not exceed \$5,000.00 in the case of any 1
17 solicitor. The surety may relieve itself of liability thereafter
18 and withdraw from the bond upon giving 30 days' notice in writing
19 to the superintendent.

20 (6) An annual fee shall be charged for each solicitor's
21 permit. The fee shall be \$125.00 for a solicitor representing a
22 school domiciled in this state or \$225.00 for a solicitor
23 representing a school domiciled outside of this state. The fee
24 shall be deposited in the state treasury and credited to the
25 department of education to be used solely for administrative
26 expenses of this act and ~~Act No. 148 of the Public Acts of 1943,~~
27 ~~being sections 395.101 to 395.103 of the Michigan Compiled Laws~~

1 **1943 PA 148, MCL 395.101 TO 395.103.** The fee amounts established in
2 this subsection may be adjusted by the ~~state board of education~~
3 **SUPERINTENDENT OF PUBLIC INSTRUCTION.** An adjustment of a fee
4 established under this section shall be the same as the percentage
5 of adjustment made for costs associated with the licensing
6 provisions of a proprietary school under ~~Act No. 148 of the Public~~
7 ~~Acts of 1943, as determined annually by the legislature~~ **1943 PA**
8 **148, MCL 395.101 TO 395.103.**

9 (7) Each solicitor's permit shall expire 1 year from the date
10 of issuance.

11 Enacting section 1. This amendatory act is intended to
12 transfer back to the superintendent of public instruction certain
13 powers, duties, and functions that were transferred to the former
14 department of career development by Executive Reorganization Order
15 No. 1999-7, MCL 388.995.