

Act No. 420
Public Acts of 2006
Approved by the Governor
September 29, 2006
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**STATE OF MICHIGAN
93RD LEGISLATURE
REGULAR SESSION OF 2006**

**Introduced by Reps. Elsenheimer, Mortimer, Taub, Palmer, Hoogendyk, Hummel, Walker, Sheltrown,
Emmons, Casperson and Marleau**

ENROLLED HOUSE BILL No. 6014

AN ACT to amend 1931 PA 327, entitled "An act to provide for the organization, regulation and classification of corporations; to provide their rights, powers and immunities; to prescribe the conditions on which corporations may exercise their powers; to provide for the inclusion of certain existing corporations within the provisions of this act; to prescribe the terms and conditions upon which foreign corporations may be admitted to do business within this state; to require certain annual reports to be filed by corporations; to prescribe penalties for the violations of the provisions of this act; and to repeal certain acts and parts of acts relating to corporations," by amending sections 171 and 176 (MCL 450.171 and 450.176) and by adding section 184a.

The People of the State of Michigan enact:

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.

Sec. 176. A diploma, certificate of graduation, or other evidence of attendance at an educational corporation entitles the lawful recipient to all the privileges and immunities that by custom or usage are allowed to holders of similar diplomas or certificates granted by similar institutions in this country. However, if an occupation or profession is regulated by statute as to the requirements and qualifications necessary to the practice of that occupation or profession, the diploma or certificate of graduation does not entitle the recipient to any privilege or immunity if those statutory requirements or qualifications are not complied with.

Sec. 184a. (1) An ecclesiastical corporation that meets all of the following criteria may organize and operate a religious college under this section:

(a) The ecclesiastical corporation was incorporated under this act before January 1, 2007.

(b) At the time it organizes the religious college, according to the most recent federal decennial census, the ecclesiastical corporation is located in a county with a population of more than 17,500 and fewer than 23,500 residents.

(2) A religious college organized and operated under this section must meet all of the following criteria:

(a) The religious college is organized and operated by an ecclesiastical corporation as a division of the ecclesiastical corporation and is not separately incorporated.

(b) The religious college began operating before January 1, 2007.

(c) The ecclesiastical corporation retains control of the religious college for denominational purposes.

(d) The religious college has an academic advisory board to assist the religious college in the development of its educational programs. The board shall consist of at least 4 individuals, appointed by the ecclesiastical corporation, who represent similar religious colleges located in the United States.

(e) The religious college offers postsecondary educational programs that are solely designed for, directed toward, and attended by students who seek to learn the particular religious faith or beliefs of the ecclesiastical corporation.

(f) The sole purposes of the educational programs of the religious college are to prepare students for ordination or appointment as a member of the clergy of a church, denomination, or religious association, order, or sect or to enter into other vocations directly related to the particular faith of the ecclesiastical corporation.

(g) The religious college does not offer general or liberal arts educational programs or any other postsecondary educational programs other than those described in this subsection.

(3) All of the following apply to the name of a religious college organized and operated by an ecclesiastical corporation under this section:

(a) The ecclesiastical corporation may use the word “college” in the name of the religious college. However, immediately following the name of the religious college, the ecclesiastical corporation shall clearly and prominently indicate on any signs, official school publications, letterhead, business cards, websites, or other similar written documents that include the name of the religious college that the religious college is a division of the ecclesiastical corporation.

(b) If the ecclesiastical corporation uses the word “college” in the name of the religious college, it shall provide a copy of each certificate of assumed name filed by the ecclesiastical corporation with the department of labor and economic growth for the name of the religious college to the bureau of career education within the department of labor and economic growth.

(4) Subject to subsection (5), a religious college may award 1 of the following degrees to a student of the religious college who satisfactorily completes a course of study prescribed by the ecclesiastical corporation for that degree:

(a) If the course of study requires at least 60 semester hours or equivalent of study, an associate of biblical studies, an associate of religious studies, an associate of theology, an associate of church administration, or another substantially similar associate degree that does not include the word “arts”, “science”, “business”, or “applied”.

(b) If the course of study requires at least 120 semester hours or equivalent of study, a bachelor of biblical studies, a bachelor of religious studies, a bachelor of theology, or another substantially similar bachelor’s degree that does not include the word “arts”, “science”, “business”, or “applied”.

(c) If the course of study requires a bachelor’s degree and at least 30 additional semester hours or equivalent of study, a master of theology, a master of biblical studies, a master of religious studies, or another substantially similar master’s degree that does not include the word “arts”, “science”, “business”, or “applied”.

(d) If the course of study requires a bachelor’s degree and at least 90 additional semester hours or equivalent of study, including, but not limited to, dissertation credits or research study, a doctor of theology, a doctor of biblical studies, a doctor of religious studies, or another substantially similar doctoral degree that does not include the word “arts”, “science”, “business”, or “applied”.

(5) A religious college shall clearly and prominently state all of the following on a student’s diploma, certificate of graduation, transcript, or any other document prepared by or provided by the religious college to establish or verify that the student had attended the religious college or completed a course of study at the religious college:

(a) For a degree awarded by the religious college, the name of the degree, including the religious limitation on that degree required under subsection (4). A religious limitation required for a degree title under subsection (4) shall immediately precede or be part of the degree title wherever the degree title appears in the diploma or other document.

(b) That the religious college is not licensed, approved, or otherwise endorsed by the state of Michigan.

(c) For any document described in this subsection other than a diploma, that the state of Michigan does not guarantee that any of the degrees or credits granted by the religious college will be recognized by any organization for any purpose.

(6) A diploma, certificate of graduation, or other evidence of attendance at a religious college entitles the lawful recipient to all the privileges and immunities that by custom or usage are allowed to holders of similar diplomas or certificates granted by similar institutions in this country. However, if an occupation or profession is regulated by statute as to the requirements and qualifications necessary to the practice of that occupation or profession, the diploma or certificate of graduation does not entitle the recipient to any privilege or immunity if those statutory requirements or qualifications are not complied with.

(7) An ecclesiastical corporation is not required to obtain the approval of or a license from the department of labor and economic growth to operate a religious college under this section in this state and the operation of the religious college and its educational programs are not subject to the supervision of that department. However, if an ecclesiastical corporation does not obtain the approval of or a license from the department of labor and economic growth to operate a religious college, the ecclesiastical corporation shall clearly and prominently print a disclaimer on all of its application materials, course catalogs, brochures, websites, and other similar publications that states all of the following:

(a) The religious college is a division of the ecclesiastical corporation.

(b) The educational programs offered by the religious college are solely designed for, directed toward, and attended by students preparing for ordination or appointment as a member of the clergy of a church, denomination, or religious association, order, or sect or preparing to enter into another vocation directly related to the particular faith of the ecclesiastical corporation.

(c) The religious college is not licensed, approved, or otherwise endorsed by the state of Michigan and that the state of Michigan does not guarantee that any of the degrees or credits granted by the religious college will be recognized by any organization for any purpose.

(8) In any application materials, course catalogs, brochures, websites, or other publications made available by the religious college, the religious college shall include the religious limitation on that degree required under subsection (4), either immediately preceding or as part of the degree title, wherever the degree title appears in the document or publication.

(9) Every 2 years, an ecclesiastical corporation organizing or operating a religious college shall submit a sworn affidavit to the department of labor and economic growth that certifies that the religious college complies with the requirements of this section and includes all of the following:

(a) The name of the religious college. The name stated in the affidavit must comply with subsection (3).

(b) A statement that the religious college offers only educational programs designed for, directed toward, and attended by students preparing for ordination or appointment as a member of the clergy of a church, denomination, or religious association, order, sect, or preparing to enter into another vocation directly related to the particular faith of the ecclesiastical corporation.

(c) A statement that each diploma, certificate of graduation, transcript, or other document described in subsection (5) prepared or provided by the religious college complies with that subsection.

(d) A statement that each document provided or publication made available by the religious college under subsection (8) complies with that subsection.

(e) A statement that the religious college does not accept state or federal assistance for its educational programs and does not accept students who are receiving state or federal financial aid under any higher education loan, grant, or scholarship program.

(10) An ecclesiastical corporation organizing or operating a religious college shall annually provide the department with a surety bond that meets all of the following:

(a) It is conditioned to provide indemnification to any student suffering loss because of inability to complete an educational program at the religious college due to the closing of the religious college.

(b) It expires on June 30 following the date of issuance and the ecclesiastical corporation shall submit proof of renewal for an additional 1-year period to the department of labor and economic growth before the date of expiration.

(c) The amount of the security bond is 1 of the following, whichever is higher:

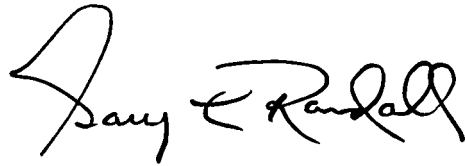
(i) An amount determined by multiplying the number of students enrolled in the religious college by \$200.00.

(ii) The amount of \$5,000.00.

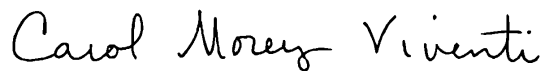
(11) An ecclesiastical corporation operating a religious college that is in compliance with the requirements of this section is authorized to conduct business as a religious college and offer postsecondary educational programs in this state.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 6016 of the 93rd Legislature is enacted into law.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor