PROPRIETARY SCHOOLS ACT

Act 148 of 1943

AN ACT to provide for the regulation and licensing of proprietary schools in the state; to require surety; to provide for collection and disposition of fees; and to prescribe penalties for the violation of this act.

History: 1943, Act 148, Imd. Eff. Apr. 14, 1943 ;-- Am. 1945, Act 181, Imd. Eff. May 16, 1945 ;-- Am. 1957, Act 21, Eff. Sept. 27, 1957 ;-- Am. 1967, Act 210, Eff. Nov. 2, 1967 ;-- Am. 1983, Act 60, Imd. Eff. May 20, 1983

The People of the State of Michigan enact:

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395.101 Proprietary school; temporary permit or license; duration; fee; renewal; revocation; granting temporary permit or license to operate proprietary school in conjunction with another business or commercial enterprise prohibited; sale of goods produced or services provided by student enrolled in educational program.

Sec. 1.

(1) A person shall not operate a proprietary school in this state without a temporary permit or license from the department under this act. The department shall prescribe the form of license and temporary permit.

(2) A license issued under this act to a proprietary school that is accredited by a national or regional accrediting agency recognized by the United States secretary of education is valid for 3 years. A license issued under this act to any other proprietary school is not valid for more than 1 year. A proprietary school that is issued either a 1-year license or a 3-year license shall pay an annual license fee set by the department under section 2a(2). The department may renew the license of a person that continues to comply with this act and the rules promulgated under this act.

(3) The department may revoke a license granted under this act at any time if, in the judgment of the department, the person to which the license is issued is not complying with any applicable law or the rulings of the department.

(4) Except as provided in subsection (5), the department shall not grant a temporary permit or a license to operate a proprietary school as part of, or in conjunction with, another business or commercial enterprise that utilizes or sells goods or services produced by students.

(5) A proprietary school may sell goods produced or services provided by a student enrolled in an educational program operated by a proprietary school, and the department may not refuse to grant a temporary permit or license to a proprietary school if all of the following are met:

(a) The program includes classroom study and practical training.

(b) Any practical training included in the program is supervised by a member of the faculty.

(c) It is an integral part of the program that the student engage in producing the goods or providing the services as part of his or her practical training. The school shall clearly disclose to the student in writing before he or she enrolls in the program that the school intends to sell any goods or services produced by the student as part of his or her practical training. The school shall include this disclosure in a signed enrollment agreement between the school and the student.

(d) Any customer purchasing goods produced or services provided by a student in the program is provided written notification that the individual producing the goods or providing the services is a student of the school.

(e) Money from the sale of the goods or services is used solely to support the school.

(f) The school does not charge a student a monetary penalty or increase his or her program hours beyond the number approved by the department if he or she does not attend any practical training, or require a student to recruit purchasers of the goods and services, unless that obligation is clearly disclosed to the student in writing before he or she enrolls in the program.

History: 1943, Act 148, Imd. Eff. Apr. 14, 1943 ;-- CL 1948, 395.101 ;-- Am. 1949, Act 258, Eff. Sept. 23, 1949 ;-- Am. 1967, Act 210, Eff. Nov. 2, 1967 ;-- Am. 1983, Act 60, Imd. Eff. May 20, 1983 ;-- Am. 2009, Act 212, Imd. Eff. Jan. 4, 2010

Compiler's Notes: 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.For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.

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395.101a Short title; definitions.

Sec. 1a.

(1) This act shall be known and may be cited as the "proprietary schools act".

(2) As used in this act:

(a) "Department" means the department of labor and economic opportunity.

(b) "Person" means an individual, partnership, corporation, limited liability company, association, organization, or other legal entity.

(c) "Proprietary school" means a school that uses a certain plan or method to teach a trade, occupation, or vocation for a consideration, reward, or promise of any kind. Proprietary school includes, but is not limited to, a private business, trade, or home study school. Proprietary school does not include any of the following:

(i) A school or college possessing authority to grant degrees.

(ii) A school licensed by law through another board or department of this state.

(iii) A school maintained or a program conducted, without profit, by a person for that person's employees.

(iv) A school or program within a school that exclusively provides yoga instruction, yoga teacher training, or both.

(v) A school that exclusively offers 1 or both of the following:

(A) Apprenticeship programs registered under the national apprenticeship act, 29 USC 50 to 50c, and approved through the Office of Apprenticeship in the United States Department of Labor.

(B) Pre-apprenticeship or apprentice readiness programs administered by a registered apprenticeship program under the national apprenticeship act, 29 USC 50 to 50c, and approved through the Office of Apprenticeship in the United States Department of Labor.

History: Add. 1983, Act 60, Imd. Eff. May 20, 1983 ;-- Am. 2009, Act 212, Imd. Eff. Jan. 4, 2010 ;-- Am. 2016, Act 146, Imd. Eff. June 7, 2016 ;-- Am. 2021, Act 32, Eff. Mar. 30, 2022

Compiler's Notes: 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.For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.

395.102 Issuance of license; conditions; temporary permit to operate proprietary school; proposal; contents; duration of temporary permit; renewal.

Sec. 2.

(1) The department shall not issue a license under this act unless the license applicant has operated under a temporary permit from the department in a manner satisfactory to the department and the department has approved the method and content of the advertising, the standards and the methods of instruction, the personnel, and the operating and instructional practices of the school.

(2) The department may grant a temporary permit to operate a proprietary school based on a written proposal submitted in the manner and form prescribed by the department. The proposal shall include plans for facilities, instructional procedures, personnel, business standards, and operating and instructional practices that comply with this act and with rules promulgated under this act. A temporary permit issued under this act is not valid for more than 1 year. The department may renew the temporary permit of a person that continues to comply with this act and the rules promulgated under this act.

History: 1943, Act 148, Imd. Eff. Apr. 14, 1943 ;-- CL 1948, 395.102 ;-- Am. 1949, Act 258, Eff. Sept. 23, 1949 ;-- Am. 1983, Act 60, Imd. Eff. May 20, 1983 ;-- Am. 2009, Act 212, Imd. Eff. Jan. 4, 2010
Compiler's Notes: 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.For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.

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395.102a Inspection of proprietary schools; rules; reports; records; fees; jurisdiction and control.

Sec. 2a.

(1) The department shall provide for adequate inspection of all proprietary schools. The department shall promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and employ the personnel necessary to administer this act. A proprietary school shall submit reports required by the department and shall make available to authorized representatives of the department all records pertaining to the instructional program of the school or to any individual student or enrollee.

(2) The department shall set and collect fees for licenses, temporary permits, and renewals issued under this act. The fees shall be used solely for administrative expenses incurred under this act.

(3) The department shall exercise jurisdiction and control over proprietary schools consistent with this act.

History: Add. 1949, Act 258, Eff. Sept. 6, 1949 ;-- Am. 1983, Act 60, Imd. Eff. May 20, 1983 ;-- Am. 2009, Act 212, Imd. Eff. Jan. 4, 2010 ;-- Am. 2014, Act 157, Imd. Eff. June 11, 2014
Compiler's Notes: 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.For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.
Admin Rule: R 390.561 et seq. of the Michigan Administrative Code.

395.102b Evidence of surety; bond; amount; rules; expiration of surety; proof of renewal; failure to submit evidence of surety; applicability of section.

Sec. 2b.

A proprietary school shall provide the department with evidence of surety conditioned to provide indemnification to a student suffering loss because of inability to complete an approved course or program of study due to the closing of the proprietary school. The surety may consist of a bond, the amount of which shall be determined according to rules promulgated by the department. Surety shall expire on June 30 following the date of issuance and the proprietary school must submit proof of renewal to the department before the date of expiration. Any failure to submit evidence of surety invalidates a license to operate a proprietary school. This section does not apply to a proprietary school with a license issued under this act before November 2, 1967.

History: Add. 1967, Act 210, Eff. Nov. 2, 1967 ;-- Am. 1983, Act 60, Imd. Eff. May 20, 1983 ;-- Am. 2009, Act 212, Imd. Eff. Jan. 4, 2010
Compiler's Notes: Former MCL 395.102b, pertaining to solicitor's permit for private trade schools and institutes, was repealed by Act 40 of 1963.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.For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.
Admin Rule: R 390.561 et seq. and R 390.671 of the Michigan Administrative Code.

395.102c Written policy for complaints filed by students.

Sec. 2c.

A proprietary school licensed under this act shall adopt and publish a written policy that allows students to file a complaint with the department for any violation of this act or rules promulgated under this act.

History: Add. 2009, Act 212, Imd. Eff. Jan. 4, 2010
Compiler's Notes: For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.

395.103 Violation of act as misdemeanor; penalty; limitations.

Sec. 3.

(1) In lieu of revocation under section 1(3), the department may assess an administrative fine against a proprietary school of not more than $1,000.00 for a violation of this act or rules promulgated under this act. However, the department may not assess administrative fines under this subsection against a proprietary school that in the aggregate are more than $5,000.00 for multiple violations of this act or rules promulgated under this act that arise from the same transaction.

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(2) A proprietary school that violates this act and has its license revoked, or that operates in this state without a license, is guilty of a misdemeanor punishable by a fine of not more than $10,000.00, or imprisonment for not more than 1 year, or both.

History: 1943, Act 148, Imd. Eff. Apr. 14, 1943 ;-- CL 1948, 395.103 ;-- Am. 1983, Act 60, Imd. Eff. May 20, 1983 ;-- Am. 2009, Act 212, Imd. Eff. Jan. 4, 2010

Compiler's Notes: 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.For the transfer of powers and duties of the department of licensing and regulatory affairs to the department of labor and economic opportunity, see E.R.O. No. 2019-3, compiled at MCL 125.1998.

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