

# SENATE BILL No. 1285

May 7, 2002, Introduced by Senator GOSCHKA and referred to the Committee on Appropriations.

A bill to amend 1943 PA 148, entitled

"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,"

by amending sections 1, 1a, 2, 2a, and 2b (MCL 395.101, 395.101a, 395.102, 395.102a, and 395.102b), sections 1, 2, 2a, and 2b as amended and section 1a as added by 1983 PA 60.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1       Sec. 1. (1) A proprietary school shall secure from the  
2 ~~board~~ DEPARTMENT a license issued in the form prescribed by the  
3 ~~board~~ DEPARTMENT and in accordance with this act.
- 4       (2) A license issued under this act shall be valid for not  
5 more than 1 year. If the applicant continues to comply with this  
6 act and the rules promulgated under this act, the license may be  
7 renewed.

1       (3) The license may be revoked at any time if, in the  
2 judgment of the ~~board~~ DEPARTMENT, the person to whom the  
3 license is issued is not complying with provisions of the law or  
4 the rulings of the ~~board~~ DEPARTMENT.

5       (4) A person shall not be granted a temporary permit or a  
6 license to operate a proprietary school as part of, or in con-  
7 junction with, another business or commercial enterprise ~~which~~  
8 THAT utilizes or sells goods or services produced by students.

9       Sec. 1a. As used in this act:

10       (a) ~~"Board" means the state board of education~~  
11 "DEPARTMENT" MEANS THE DEPARTMENT OF CAREER DEVELOPMENT.

12       (b) "Person" means an individual, partnership, corporation,  
13 association, organization, or other legal entity.

14       (c) "Proprietary school" means a school that uses a certain  
15 plan or method to teach a trade, occupation, or vocation for a  
16 consideration, reward, or promise of whatever nature.

17 Proprietary school includes, but is not limited to, a private  
18 business, trade, or home study school. Proprietary school does  
19 not include the following:

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

22       (ii) A school licensed by law through another board of this  
23 state.

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

26       Sec. 2. (1) A license shall not be issued until the  
27 applicant has operated under a temporary permit in a manner

1 satisfactory to the ~~board~~ DEPARTMENT and until the ~~board~~  
2 DEPARTMENT has approved the method and content of the advertis-  
3 ing, the standards and the methods of instruction, the personnel,  
4 and the operating and instructional practices of the school.

5 (2) A temporary permit to operate a proprietary school may  
6 be granted on the basis of a written proposal submitted in the  
7 manner and form prescribed by the ~~board~~ DEPARTMENT. The pro-  
8 posal shall include plans for facilities, instructional proce-  
9 dures, personnel, business standards, and operating and instruc-  
10 tional practices ~~which~~ THAT comply with this act and with rules  
11 promulgated under this act. A temporary permit issued under this  
12 act shall be valid for not more than 1 year. If the applicant  
13 continues to comply with this act and the rules promulgated under  
14 this act, a temporary permit may be renewed.

15 Sec. 2a. (1) The ~~board~~ DEPARTMENT shall provide for ade-  
16 quate inspection of all proprietary schools. The ~~board~~  
17 DEPARTMENT shall promulgate rules pursuant to the administrative  
18 procedures act of 1969, ~~Act No. 306 of the Public Acts of 1969,~~  
19 ~~being sections 24.201 to 24.315 of the Michigan Compiled Laws~~  
20 1969 PA 306, MCL 24.201 TO 24.328, and employ the personnel nec-  
21 essary to carry out this act. A proprietary school shall submit  
22 reports required by the ~~board~~ DEPARTMENT and shall make avail-  
23 able to authorized representatives of the ~~board~~ DEPARTMENT all  
24 records pertaining to the instructional program of the school or  
25 to any individual student or enrollee.

26 (2) The ~~board~~ DEPARTMENT shall set and collect fees for  
27 licenses, temporary permits, and renewals issued under this act.

1 The fees shall be used solely for administrative expenses  
2 incurred under this act.

3 (3) The ~~board~~ DEPARTMENT shall exercise jurisdiction and  
4 control over proprietary schools and solicitors for proprietary  
5 schools consistent with this act and ~~Act No. 40 of the Public~~  
6 ~~Acts of 1963, being sections 395.121 to 395.125 of the Michigan~~  
7 ~~Compiled Laws~~ 1963 PA 40, MCL 395.121 TO 395.125.

8 Sec. 2b. A proprietary school shall provide the ~~board~~  
9 DEPARTMENT with evidence of surety conditioned to provide indem-  
10 nification to a student suffering loss because of inability to  
11 complete an approved course or program of study due to the clos-  
12 ing of the proprietary school. A surety may consist of a bond,  
13 the amount of which shall be determined according to rules  
14 promulgated by the ~~board~~ DEPARTMENT. Surety shall expire on  
15 June 30 following the date of issuance and proof of renewal shall  
16 be submitted to the ~~board~~ DEPARTMENT prior to the date of  
17 expiration. Failure to submit evidence of surety shall invali-  
18 date a license to operate a proprietary school. This section  
19 does not apply to a proprietary school with a license issued ~~by~~  
20 ~~the board~~ prior to November 2, 1967.