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House Bill 4040 (Substitute H-1 as passed by the House)
Sponsor: Representative Ben Frederick
House Committee: Workforce, Trades, and Talent
Senate Committee: Economic and Small Business Development

Date Completed: 3-18-21

CONTENT

The bill would amend the Proprietary Schools Act to modify the definition of "proprietary school" and "department".

Under the Act, "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 a private business, trade, or home school. Proprietary school does not include any of the following:

- A school or college possessing authority to grant degrees.
- A school licensed by law through another board or State department.
- A school maintained or a program conducted, without profit, by a person for that person's employee.
- A school or program within a school that exclusively provides yoga instruction, yoga teacher training, or both.

Under the bill, "proprietary school" also would not include a school that exclusively offered one or both of the following:

- Apprenticeship programs registered under the National Apprenticeship Act and approved through the Office of Apprenticeship in the United States Department of Labor.
- Pre-apprenticeship or apprentice readiness programs administered by a registered apprenticeship program under the National Apprenticeship Act and approved through the Office of Apprenticeship in the United States Department of Labor.

(The National Apprenticeship Act authorizes the United States Department of Labor to oversee the validation of apprenticeship programs, among other things. An apprenticeship program that receives validation by the Department is known as a "Registered Apprenticeship Program". Under the same authority, the Department also oversees the validation of pre-apprenticeship programs or apprenticeship readiness programs.)

In addition, the bill would modify the definition of "department" to mean the Department of Labor and Economic Opportunity (LEO) instead of the Department of Licensing and Regulatory Affairs.

MCL 395.101a

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have a minimal fiscal impact on LEO and local units of government. The bill would affect only a small number of schools that have pre-apprenticeship or apprenticeship programs, which would not be classified as proprietary schools under the bill. This would slightly reduce Department oversight and license fee revenue. Schools that have pre-apprenticeship or apprenticeship programs that would no longer be classified as proprietary schools would not have to pay for permit or license fees. This would only affect a small number of schools.

Fiscal Analyst: Cory Savino

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.