

PROPRIETARY SCHOOLS ACT (EXCERPT)
Act 148 of 1943

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 note: 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.