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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
LANSING

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Establishing a Non-Public Postsecondary Educational Institution in Michigan

Revised February 2011

All Non–Public Postsecondary Educational Institutions that would like to conduct educational programs that are post-high school in nature must be approved by the State under Michigan statutes to operate a college or a postsecondary institution before it opens. This includes individuals, corporations, and non-incorporated bodies regardless if they are for-profit or non-profit entities. The following options are available to operate as a postsecondary institution:

1) Non-Incorporated Private Educational Institution (Institute):

To offer an educational program and grant degrees, you may apply for approval as a Non-Incorporated Private Educational Institution under Public Act 142 of 1964. Non-Incorporated Private Educational Institutions are not required to be education corporations. The proposed institution must submit a written proposal that demonstrates adequacy of resources in the following areas:

a. housing space and administration facilities;
b. educational programs leading to the diplomas or degrees;
c. laboratory, library, and other teaching facilities;
d. instructional staff.

As a Non-Incorporated Private Education Institution, the institution would be able to grant diplomas, certificates, and degrees. Use of the word, “college or university” however, is not permitted under Section 171 of the General Corporation Act.

Regional or national accreditation from a United States Department of Education recognized accrediting body is a prerequisite for consideration of approval.

2) Educational Corporation (Private College or University):

If the organization desires to be incorporated and offer degrees as a Private College or University, they must organize as an Educational Corporation under Public Act 321 of 1937 as amended, the General Corporation Act or receive approval as Foreign Corporation (out of state institution) under Act 284 of 1972, which provides the authority to conduct business in Michigan. The proposed Private College or University must demonstrate it meets the five areas of adequacy required under Section 170-177 of the General Corporation Act. The proposed institution must submit a written proposal that addresses each of the five areas of adequacy which include:

a. the housing space and administration facilities which 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 which it proposes to offer is adequate;
c. its laboratory, library, and other teaching facilities which it possess or proposes to provide are adequate;
d. it has or proposes to employ an adequate staff, fully trained for the instruction proposed, and;
e. at least 50% of its capital, whether of stock or in gifts, devises, legacies, bequests or other contributions of money or property, has been paid in or reduced to possession.

An Educational Corporation may grant diplomas, certificates, and degrees. Use of the word, “college, or university” is permitted under the conditions found in the General Corporation Act.

Regional or national accreditation from a United States Department of Education recognized accrediting body is a prerequisite for consideration of approval.

3) Trade Schools, Business Schools, and Institutes

Career focused schools may organize instruction under The Proprietary Schools Act (PA 148 of 1943 as amended) and may be incorporated as a for- profit or non- profit corporation or unincorporated. The school must adequately complete a new school permit application. The application addresses the criteria in the Act regarding 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. An on-site inspection is conducted to verify the findings in the application. After one successful year of operation, a license must be annually renewed. The use of the term "college or university" cannot be used nor can degrees be granted under this organizational structure. The organization would be able to grant certificates of participation and completion and/or diplomas to students. See www.michiganps.net for more information. There is a one-time application fee and an annual renewal fee to be licensed.

ADDITIONAL CONSIDERATIONS

1) Religious Entities

A Church, organized as an Ecclesiastic Corporation, for the purpose of teaching its religious beliefs and principles may not operate as a college offering a program of study beyond secondary education. Section 171 of the General Corporation Act does not permit a Church to use the word, "college, or university " and grant degrees without forming an educational corporation. However, an Ecclesiastic Corporation may operate a postsecondary institution and charge fees for the purpose of teaching its religious beliefs and principles by applying for a license under Proprietary Schools Act (PA 148 of 1943) and grant diplomas.

2) Distance Education

Approval or licensure by the State of Michigan is not required to provide online instruction to Michigan residents unless the school has a physical presence in the state. Physical presence does not include conducting courses such as internships, clinicals, practicum's, etc. An institution having faculty working from the state requires approval if the institution wishes to incorporate or file a certificate of authority to operate.

3) Advertising and Recruitment

Advertising is allowed without approval or licensure. Student recruiters that work in the state must be registered unless the institution is authorized to award bachelor degrees or higher by its home state.

4) Public Institutions

Public Universities, Community Colleges and Technical Colleges are not required to seek approval or licensure to operate, advertise, recruit or employ faculty within the state.

5) Operating Without State Approval

The Authentic Credentials in Education Act, PA 100 of 2005 prohibits schools from providing degrees, diplomas or other credentials unless authorized by the State. A person damaged by violation of this act may bring a civil action to recover damages of at least $100,000.00.

A proprietary school that violates PA 148 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.

Further Questions

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Technical College System of Georgia (TCSG) Kathy May: Received below email from Sandra Kinney Research Manager, TCSG on 06/01/2011 at 11:03 a.m.

Response email from Michigan

>>> "Beamish, Mike (DELEG)" <BeamishM@michigan.gov> 5/18/2011 12:02 PM >>>
Public Universities, Community Colleges and Technical Colleges, as defined by their State of origin, are not required to seek approval or licensure to operate, provide distance education, advertise, recruit or employ faculty within the state of Michigan.

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