

DEPARTMENT OF EDUCATION

PROPRIETARY SCHOOL UNIT

PROPRIETARY SCHOOLS

(By authority conferred on the state board of education by sections 2a and 2b of Act No. 148 of the Public Acts of 1943, as amended, and section 15 of Act No. 287 of the Public Acts of 1964, as amended, being SS395.102a, 395.102b, and 388.1015 of the Michigan Compiled Laws)

R 390.561 Definitions.

Rule 1. As used in these rules:

(a) "Accredited schools" means a school which has completed the accrediting procedures and which has been approved by 1 or more of the nationally recognized accrediting agencies and associations approved by the United States department of education. The approved accrediting agencies may include the following:

(i) Association of accrediting council for independent colleges and schools.

(ii) Accrediting commission for career schools/colleges of technology.

(iii) Distance education and training council.

(iv) Accrediting bureau of health education schools.

(b) "Act" means Act No. 148 of the Public Acts of 1943, as amended, being S395.101 et seq. of the Michigan Compiled Laws.

(c) "Auxiliary classroom" means a facility which is used only for instruction by the proprietary school and which is located not more than 1 mile from the location at which the proprietary school is licensed to operate.

(d) "Board" means the state board of education.

(e) "Course" means a component of a program in a particular subject area.

(f) "Department" means the department of education.

(g) "Full-time equated students" means a student or combination of students enrolled in regular attendance and receiving a full course of instruction with the total clock hours as prescribed by the school.

(h) "License" means the status provided to a proprietary school by the superintendent of public instruction under the requirement of the act when all conditions have been met satisfactorily by the school.

(i) "Permit" means a temporary permit to operate until a license is issued.

(j) "Program" means instruction, in any form or manner, in any particular trade, industrial, commercial, or service occupation.

(k) "Public assembly site" means a site located in a public educational institution or located in a public meeting area suitable for instruction.

(l) "School" means a proprietary school as defined in section 1a of the act. "School" does not include an educational institution or educational training program that is maintained or provided by an employer, without charge, to its employees or anticipated employees.

(m) "Surety" means a bond or insurance to provide indemnification to students suffering loss due to the closing of a school.

History: 1979 AC; 1987 AACCS; 1998-2000 AACCS.

R 390.562 Licensing procedure.

Rule 2. (1) A school shall furnish an application to the department that contains data concerning curriculum, instruction, facilities, and administration. The department shall evaluate the data.

(2) An applicant applying for a license shall file, with the department, evidence of surety payable to the state of Michigan to be used exclusively for indemnification to students suffering loss due to the closing of the school. The indemnification may take the form of insurance or a bond. An existing

school that is applying for a license or permit shall use its count of current full-time equated students or the average full-time equated student figure for the preceding 12 months, whichever is greater. A school enrolling students for the first time may project the full-time equated student figure subject to readjustment 60 days following the start of the program.

(3) Housing and facilities shall conform to standards specified by the appropriate local and state authorities.

(4) An applicant for a temporary permit shall submit a business plan showing projected revenues and expenses for the first 3 years of operation. The business plan shall show a plan of action if the projected revenues are insufficient to operate the school.

(5) The department shall issue an applicant school a permit for a 12-month period before issuing a license. A permit authorizes the applicant to offer specific programs at a definite location under the management as stated on an application. A separate permit is required for each location at which instruction is offered, except a school may offer instruction at an auxiliary classroom or a public assembly site without obtaining a separate

permit for that location. Schools such as income tax schools that offer identical programs at multiple locations under the same management for less than 6 months each year as stated on the application may submit 1 application for all sites and pay 1 fee as required by R 390.569. The permit expires on the date specified on the permit unless the date is extended, in writing, by the department, in which case it expires on the date specified in the written extension. The department shall evaluate the operation of a school under a permit for compliance with the act and these rules. This subrule prohibits the expiration of a permit if a school is involved in a hearing under sections 71 to 92 of Act No. 306 of the Public Acts of 1969, as amended, being SS24.271 to 24.292 of the Michigan Compiled Laws.

(6) The department shall issue a license if an evaluation of the school shows that it has been in compliance with the act and these rules for the previous 12 months.

(7) The board may revoke, or not renew, a school's license or permit for 1 or more of the following reasons:

(a) Intentional violation of any commitment made in an application for a license or permit.

(b) Furnishing false, misleading, or incomplete information to the department.

(c) Violation of any provision of the act or these rules.

(8) The board shall not revoke a school's license or permit or refuse to renew a license or permit unless it conducts a hearing under sections 71 to 92 of Act No. 306 of the Public Acts of 1969, as amended, being SS24.271 to 24.292 of the Michigan Compiled Laws.

History: 1979 AC; 1987 AACS; 1998-2000 AACS.

R 390.562a Surety.

Rule 2a. (1) A school shall provide the board with evidence of surety to insure repayment to students as required by the act.

(2) If surety, as defined in R 390.561, is terminated, the school's license or permit shall expire if a surety is not secured to replace the expired surety. Notification, in writing, shall be given by the school to the department if surety is to expire or be terminated and not replaced.

(3) A school shall not enroll students following notice of cancellation of surety unless another form of surety has been provided.

(4) A surety shall be provided by a school in an amount determined according to the following:

(a) An accredited school shall provide evidence of surety of not less than \$5,000.00 for 1 to 100 full-time equated students, not less than \$7,500.00 for 101 to 500 full-time equated students, and not less than \$10,000.00 for 501 to 1,000 or more full-time equated students.

(b) A nonaccredited school shall provide evidence of surety in an amount equal to \$200.00 per student, but not less than \$5,000.00.

History: 1987 AACS.

R 390.563 Continuation of licenses.

Rule 3. (1) The department shall renew a school's license each year if a school has not engaged in any conduct prohibited by these rules and complies with all of the following provisions:

- (a) Meets the standards of operation under which the license was issued.
- (b) Completes the annual special reports required by the department.
- (c) The surety is renewed and, if necessary, adjusted annually.
- (d) The annual fee is paid as prescribed by R 390.569.

(2) The department shall periodically inspect the school for compliance with these rules following issuance of the license or permit.

History: 1979 AC; 1987 AACCS; 1998-2000 AACCS.

R 390.564 Standards for operation.

Rule 4. (1) Owners shall have a satisfactory record of business integrity and ethical practices and shall possess financial resources adequate to fulfill the school's obligations.

(2) Data relative to the education, training, and experience of the administrative, supervisory, and instructional staff shall be submitted, on forms provided by the department, for evaluation as to the competency to instruct or supervise instruction in the subjects assigned. Instructional personnel shall have backgrounds of appropriate education or appropriate experience in the substantive field which they are assigned to teach. Instructional personnel who teach in a field requiring a certificate or license shall possess such a certificate or license.

(3) Financial records of cash receipts of the school, disbursement, assets, liabilities, and capital, as they relate to the requirements of law, shall be available for inspection by the department.

(4) The student's application form and contract shall correspond with the catalog furnished to the student. Any modification of the student's application and contract, as contained in the catalog, shall be agreed to, in writing, by all parties. The refund policy shall be stated in the contract.

(5) Student records, except records of grades, including enrollment data, payment of fees, attendance, progress, awards, interviews, and placement, shall be maintained for not less than 3 years following graduation. A student's grade records and transcripts shall be retained in perpetuity by the school and shall be available upon his or her request. A school that is no longer operating shall turn over its student records to the board.

(6) Tuition rates and all other costs shall be furnished to the department and the students. Books, tools, and other materials purchased by the student shall become his or her property.

(7) A student shall have the necessary aptitude, prerequisite education or training, and the physical qualifications required in the occupational field for which he or she is training.

(8) The class load for instruction shall be consistent with approved educational practices. A program shall not be offered unless approved by the department.

(9) Courses of instruction shall extend over a sufficient period to meet standards of trade and business practices. Outlines of lessons, units, or projects shall be available to the department.

(10) Equipment and materials shall meet local and state fire, health, safety, and sanitation requirements.

(11) A student who satisfactorily completes a program shall be given an appropriate certificate or diploma.

(12) A permit or a license may be revoked if the school is not complying with the law.

(13) A school shall notify the department before a change in location.

History: 1979 AC; 1987 AACCS; 1998-2000 AACCS.

R 390.564a Refund policy.

Rule 4a. (1) A refund policy shall be described in clear, concise language in the contract, enrollment application, and school catalog. The enrollment contract shall outline the obligations of both the school and the student.

(2) A refund policy shall provide the following:

- (a) The tuition and fees paid by the applicant shall be refunded if the

applicant is rejected by the school before enrollment. An application fee of not more than \$25.00 may be retained by the school if the application is denied.

(b) All tuition and fees paid by the applicant shall be refunded if requested within 3 business days after signing a contract with the school.

(c) The policy shall adhere to the refund policies of applicable state, federal, and accrediting agencies.

(3) All refunds shall be returned within 30 days.

History: 1987 AACCS; 1998-2000 AACCS.

R 390.565 School catalogs or comparable publications.

Rule 5. A catalog or comparable publication shall be available to each student and shall clearly state all of the following:

(a) Volume, number, or date of publication. Supplements to catalogs shall be filed with the department before their dates of effectiveness. All pages in the catalog shall be numbered.

(b) Name of the school, its governing body, officials, and faculty.

(c) Calendar of legal and scheduled holidays, vacation periods, and dates of each term or semester.

(d) Enrollment dates and entrance requirements for each program.

(e) Policy relative to absences, leaves, tardiness, make-up work, and interruption for unsatisfactory work or attendance.

(f) Grading system and reentrance conditions.

(g) Student conduct and conditions of probation or dismissal.

(h) Tuition charges and schedule of fees for student activities, laboratories, rentals, deposits, and other charges and refunds.

(i) Course outlines, showing units of instruction, skills to be learned, and approximate clock hours of instruction in each course.

(j) Credit allowed for previous education and training.

(k) If equipment to be furnished by the school and essential to the training is located at a place other than the school, it shall be so stated in the catalog.

(l) Whether specific placement assistance is available for enrolled students.

(m) That a certificate of achievement or diploma is awarded to graduates.

(n) Address of the central office, if different from the address of the school.

History: 1979 AC; 1987 AACCS; 1998-2000 AACCS.

R 390.566 Advertising and recruitment.

Rule 6. (1) The content of all published literature and advertising, illustrations, diagrams, and pictures shall convey only true meaning, relationships, and conditions supported by facts and statistics about the school, its management, instruction, offerings, and opportunities.

(2) Misrepresentation as to any of the following is prohibited:

(a) Suitable jobs.

(b) Probable earnings.

(c) School facilities.

(d) Course of instruction.

(e) Operational policy.

(f) Management.

(g) Charges for tuition and fees.

(h) Available training equipment.

(i) Qualification of instructors.

(j) Placement activities of the school.

(3) Only such persons shall be listed or advertised as members of the staff or faculty as are regularly employed to give or directly supervise the instruction in 1 or more of the regular subjects in the school.

(4) The school shall not use blind advertisements to solicit prospective students nor shall it advertise in the "help wanted" or other employment column in newspapers or other publications. Advertising shall be in the name under which the school is licensed.

(5) A licensed school may advertise that it is licensed by the board under the laws of Michigan, but it shall not advertise that the school is recommended, endorsed, or approved by the board.

(6) An officer or employee of the school shall not knowingly induce a student to leave an educational institution at which he or she is in attendance and shall not induce a student to change his or her plans when he or she has enrolled in another school and paid a deposit.

History: 1979 AC; 1987 AACS; 1998-2000 AACS.

R 390.567 Home study schools.

Rule 7. The standards set forth in these rules apply to home study schools insofar as applicable.

History: 1979 AC; 1998-2000 AACS.

R 390.568 Rescission.

Rule 8. The rules entitled "Standards for Licensing and Regulation of Private Trade Schools, Business Schools, and Institutes in Michigan," being R 390.541 and R 390.542 of the Michigan Administrative Code, and appearing on pages 4012 and 4013 of the 1954 volume of the Code, are rescinded.

History: 1979 AC; 1998-2000 AACS.

R 390.569 Fees.

Rule 9. (1) An applicant for a temporary permit shall pay a fee of \$1,000.00 for each temporary permit issued. An out-of-state applicant for a new license shall pay a fee of \$400.00 for each new license issued. The department shall adjust fees annually and index the fees to the Detroit consumer price index, as published by the department of labor statistics, United States department of labor.

(2) An applicant for renewal of a license shall pay a fee of \$300.00 for each renewal license issued if a total of 25 or fewer students started a licensed program during the period July 1 to June 30 immediately preceding the license renewal date or if the school did not offer any instructional programs consisting of more than 40 hours of instruction. An applicant for a renewal of a license for a proprietary school that operates 1 or more instructional programs consisting of more than 40 hours of instruction shall pay a license renewal fee based on the following schedule of students who started licensed programs:

- (a) 26 to 50 students \$500.00.
- (b) 51 to 100 students 600.00.
- (c) 101 to 150 students 700.00.
- (d) 151 to 200 students 800.00.
- (e) 201 to 250 students. 900.00.
- (f) 251 to 300 students 1,000.00.
- (g) 301 to 350 students 1,100.00.
- (h) 351 to 400 students 1,200.00.
- (i) 401 to 450 students 1,300.00.
- (j) 451 to 500 students 1,400.00.
- (k) More than 500 students 1,500.00.

The department shall adjust fees annually and shall index the fees to the Detroit consumer price index, as published by the department of labor statistics, United States department of labor.

(3) An applicant for renewal of a license shall pay a late payment fee of \$50.00 if the license is not renewed within 30 days after the due date.

(4) A school that moves to a new location after the initial license was issued shall pay a fee of \$300.00 for approval of each change of location.

(5) A school that submits a request for approval of a new curriculum to be added to its license shall pay a fee of \$500.00 for approval of each new curriculum.

(6) A school that submits a request for a change of school name on its license will pay a fee of \$200.00.

(7) A student who requested a copy of a transcript from a closed school will pay a fee of \$15.00.

(8) The department shall use the fees in subrules (1) to (7) of this rule entirely for the administrative expenses incurred by the department to carry out the act.

(9) A school or person shall make a payment under this rule by certified check or money order made payable to the state of Michigan.

History: 1987 AACCS; 1998-2000 AACCS.