Establishing a Non-Public Postsecondary Educational Institution in Michigan
Revised June 2014

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 they open. This includes individuals, corporations, and non-incorporated bodies regardless of whether 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 1964 PA 142. Non-incorporated private educational institutions are not required to be educational corporations. The proposed institution must meet minimum standards to demonstrate adequacy of resources in the following areas:

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

The proposed institution must submit a written proposal that addresses these four areas.

As a non-incorporated private educational institution, the institution would be able to grant diplomas, certificates, and degrees.

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 form as an educational corporation under 1931 PA 327 as amended, the General Corporation Act, or receive approval as a foreign corporation (out-of-state institution) under 1972 PA 284, 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 MCL 450.171 of the General Corporation Act. The proposed institution must submit a written proposal that addresses each of the five areas of adequacy which include:

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LARA is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.
a. the housing space and administration facilities that it possesses or proposes to provide for its degree or degrees of education are adequate
b. its proposed educational program leading to the diplomas or degrees that it proposes to offer is adequate
c. the laboratory, library, and other teaching facilities that it possesses or proposes to provide are adequate
d. it has or proposes to employ an adequate staff, fully trained, for the instruction proposed
e. at least 50% of its capital, whether consisting of stock or in gifts, devises, legacies, bequests or other contributions of money or property, has been paid in or is in its possession

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

3) Trade Schools, Business Schools, and Institutes

Career focused schools may organize instruction under the Proprietary Schools Act, 1943 PA 148, as amended and may be formed as a for-profit or non-profit corporation, limited liability company, or unincorporated. The school must complete a new school temporary 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 information in the application. After one successful year of operation, a license may be issued and must be annually renewed. The use of the terms “college or university” are restricted by MCL 450.171, and degrees cannot be granted by a proprietary school. The proprietary school would be able to grant certificates of participation and completion and/or diplomas to students. 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 ecclesiastical 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. MCL 450.171 of the General Corporation Act does not permit a church to use the words, “college, or university” and grant degrees without forming an educational corporation. However, an ecclesiastical corporation may operate a postsecondary educational institution and charge fees for the purpose of teaching its religious beliefs and principles by applying for a license under the Proprietary Schools Act, 1943 PA 148, as amended and grant diplomas.

An ecclesiastical corporation may qualify to operate a college or university and grant degrees without state oversight if it meets all of the criteria under MCL 450.184(a).

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, practicums, etc. An institution having faculty working from the state does not require approval.
3) **Advertising and Recruitment**

Advertising is allowed without approval or licensure. Student recruiters that work in the state are not required to be approved or licensed.

4) **Public Institutions**

Public universities, community colleges and technical colleges are not required to seek approval or licensure to offer distance education, operate, advertise, recruit or employ faculty within the state.

5) **Operating Without State Approval**

The Authentic Credentials in Education Act, 2005 PA 100, prohibits schools from providing degrees, diplomas or other credentials unless authorized by the State. A person damaged by a violation of this act may bring a civil action and may recover costs, reasonable attorney fees, and the greater of either the person’s actual damages or $100,000.00.

A proprietary school that violates 1943 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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