

ASSEMBLY THIRD READING
AB 2771 (Committee on Business and Professions)
As Amended April 7, 2026
Majority vote

SUMMARY

Extends the sunset date for the Bureau for Private Postsecondary Education (BPPE or Bureau) until January 1, 2031, and makes additional technical changes, statutory improvements, and policy reforms in response to issues raised during the BPPE's sunset review oversight process.

Major Provisions

- 1) Extends the sunset of the BPPE until January 1, 2031, and requires the Bureau to provide annual written reports to the Legislature and participate in oversight hearings before Senate and Assembly policy committees and budget subcommittees.
- 2) Requires degree-granting institutions to hold accreditation from one or more agencies recognized by the U.S. Department of Education, with the scope of accreditation covering all degree programs offered by the institution.
- 3) Establishes a provisional approval framework for degree programs that limits institutions to no more than two-degree programs during the provisional term, caps student visa enrollment at 25% of total enrollment in any provisionally approved degree program, and authorizes the Bureau to empanel a visiting committee within four years to review the institution's accreditation plan.
- 4) Specifies that an institution whose provisional approval is terminated or surrendered must execute a teach-out plan, may not enroll new students, and may not reapply for provisional approval to operate degree programs until two years after the prior termination or surrender.
- 5) Clarifies and narrows exemptions for trade, fraternal, and religious institutions, and specifies that the Bureau may approve, deny, or be unable to verify a request for exempt status, with such determinations not constituting adverse administrative actions subject to appeal.
- 6) Authorizes the Bureau, upon receipt of specified notifications or complaints regarding out-of-state institutions, to request information necessary to determine whether the institution's registration should be revoked or have conditions placed upon it.
- 7) Prohibits institutions from violating the Educational Debt Collection Practices Act or withholding student documentation because a student owes a debt or as a tool for debt collection.
- 8) Repeals the existing recordkeeping exemption for accredited institutions.
- 9) Modifies enrollment agreement and disclosure requirements by mandating that agreements be signed and dated by both the student and an authorized institutional employee, requiring institutions to provide prospective students with current catalogs, brochures, handbooks, and program-specific materials before enrollment, and requiring institutions with websites to post current versions of these documents online.

- 10) Expands eligibility for the Student Tuition Recovery Fund (STRF) to include students designated by a government body as eligible for relief under programs such as Closed School Discharge, False Certification, or Borrower Defense, and students who have been awarded restitution or other relief but have been unable to collect from the institution; also directs the Bureau to maintain a STRF balance between \$15,000,000 and \$25,000,000.
- 11) Authorizes the Bureau to cite any person operating an institution or offering educational programs without proper approval and impose fines up to \$100,000.
- 12) Deems each institution to have authorized its accrediting agency to provide the Bureau, Attorney General, district attorney, city attorney, or Student Aid Commission with all relevant documents within 30 days of written notice.

COMMENTS

California Private Postsecondary Education Act (Act). The state's program for regulation of private postsecondary and vocational education institutions has historically been plagued with problems. During the late 1980's, California developed a reputation as the "diploma mill capital of the world." After numerous legislative attempts to remedy the laws and structure governing regulation of private postsecondary institutions, AB 48 (Portantino, Chapter 310, Statutes of 2009) was enacted to establish the California Private Postsecondary Education Act of 2009 (Act), which took effect January 1, 2010. The Act provided the regulatory framework for oversight of private postsecondary educational institutions operating with a physical presence in California.

The Act requires all unaccredited colleges in California to be approved by the Bureau, and all nationally accredited colleges to comply with numerous student protections. It also establishes prohibitions on false advertising and inappropriate recruiting. The Act requires disclosure of critical information to students such as program outlines, graduation and job placement rates, and license examination information, and ensures colleges justify those figures. The Act also guarantees students can complete their educational objectives if their institution closes its doors while providing the Bureau with enforcement powers necessary to protect consumers.

In 2014, SB 1247 (Lieu, Chapter 840, Statutes of 2014) amended the Act to require degree-granting institutions to be accredited, prohibit an institution that participates in federal veterans' aid funding from claiming an exemption from the Act, and expanded the use of Student Tuition Recovery Fund payments to cover economic loss.

The Act was subsequently amended in 2015, (SB 1192, Hill, Chapter, Statutes of 2015) to extend the Bureau sunset date until 2021. SB 1192, among other things, required an out-of-state online institution to register with and pay a fee to the Bureau, extended the sunset date for a degree-granting institution to obtain accreditation, increased certain institutional fees, and established the Office of Student Assistance and Relief to provide outreach and individualized assistance to students impacted by unlawful activities or closure of a Bureau-approved institution.

SB 802 (Roth, Chapter 552, Statutes of 2021) made various changes to the Act, including an extension until January 1, 2023. SB 802 also updated various definitions and exemption criteria, allowed the Bureau to extend deadlines by which approved institutions must be accredited according to certain conditions, and made various other changes intended to strengthen the Bureau's role in protecting students.

Most recently, SB 1433 (Roth), Chapter 544, Statutes of 2022, extended the sunset date to January 1, 2027, defined "physical presence," exempted certain programs, created a pathway for accredited institutions whose accreditors lose federal recognition to continue operating; authorized the Bureau to deny applications for known violators of the law, allowed for regulation of out-of-state public institutions, and added five new prohibited business practices.

A complete history of the Bureau can be found on pages 1-6 of the BPPE Joint Sunset review background paper.

BPPE's Budget. BPPE is funded through fees paid by the private for-profit institutions it regulates. BPPE's expenditures have increased significantly in recent years. These increases are attributable to employee compensation and retirement rate increases, additional duties assigned by legislation, IT expenses, pro rata charged by the Department of Consumer Affairs and lost fee revenue from major school closures. Starting with the 2026 Governor's Budget, BPPE will maintain a budget for state operations of \$20.7 million special fund for fiscal year 2026-27 and the Student Tuition Recovery Fund has an estimated ending fund balance of \$15.9 million

Joint Sunset Review Hearing. On March 17, 2026, the Assembly Committee on Higher Education, Assembly Committee on Business and Professions, Senate Committee on Education, and Senate Committee on Business, Professions, and Economic Development jointly held a BPPE Sunset Review Hearing. Discussed in this hearing were recommendations made by the Bureau in their 2026 Sunset Review Report, which identified 28 new issues (in addition to 15 issues identified in their 2021 Sunset Report). The Committees produced a background paper, which included staff recommendations for the Committees on 38 separate issues – including many that were identified in BPPE's Sunset Review Report.

According to the Author

According to the author, "this bill is the sunset review vehicle for the Bureau for Private Postsecondary Education, authored by the Assembly Committee on Business and Professions. The bill extends the Bureau's sunset date and enacts technical changes, statutory improvements, and policy reforms in response to issues raised during the Bureau's sunset review oversight process"

Arguments in Support

The Institute for College Access and Success (TICAS) wrote in support, noting that "the Bureau serves an essential function for the state of California as the first line of defense for students who enroll in private postsecondary programs and the primary state-level regulator of for-profit schools in California. As federal deregulation continues to reduce oversight and accountability over for-profit schools, support for the Bureau is critical as it maintains necessary enforcement activities to protect California students. The most vulnerable students - including the unemployed, veterans, foster youth, and single mothers - are often targeted by for-profit programs and bear disproportionate financial risk. When enrolled at for-profit programs, these students are less likely to graduate and more likely to face significant debt and default on student loans, compared to their traditional 4-year-degree counterparts."

TICAS continued, stating that "today's private postsecondary education ecosystem has shifted dramatically since the Bureau was first envisioned: online education is expanding, the definitions of physical presence and oversight of out-of-state institutions are evolving, a new Pell Grant program that uplifts short-term and certificate programs that were historically not Title IV eligible is coming online, and federal protections against aggressive recruitment and fraudulent

activity are weakening. In this environment, ensuring that the Bureau is financially solvent, appropriately empowered, and statutorily equipped to act decisively is essential to protecting students and taxpayers alike. It is imperative that the Bureau be reauthorized this year and that we grant it the authority and resources to carry out its responsibility of protecting California's students."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

- 1) Minor and absorbable costs to the BPPE. The bill makes no modifications to application fees, annual fees, or other revenue generating mechanisms for private postsecondary institutions. Therefore, the bill creates no expected revenue loss or gain for the BPPE.

According to BPPE, increases in operating costs resulting from the implementation of new legislative mandates may place additional pressure on existing fee structures that may necessitate legislation to raise licensee fees.

- 2) Minor and absorbable General Fund costs to the Office of Information Services for IT requirements associated with this bill.

VOTES

ASM HIGHER EDUCATION: 8-1-1

YES: Fong, Boerner, Jeff Gonzalez, Jackson, Muratsuchi, Patel, Sharp-Collins, Tangipa

NO: DeMaio

ABS, ABST OR NV: Celeste Rodriguez

ASM BUSINESS AND PROFESSIONS: 19-0-0

YES: Berman, Johnson, Addis, Ahrens, Alanis, Bains, Bauer-Kahan, Caloza, Chen, Elhawary, Hadwick, Haney, Hart, Irwin, Jackson, Lowenthal, Macedo, Nguyen, Pellerin

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Hoover, Aguiar-Curry, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ABS, ABST OR NV: Arambula

UPDATED

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