SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2771 (Committee on Business and Professions) - California Private Postsecondary Education Act of 2009

Version: June 25, 2026
Urgency: No
Hearing Date: August 3, 2026
Policy Vote: B., P. & E.D. 11 - 0, ED. 7 - 0
Mandate: Yes
Consultant: Janelle Miyashiro

Bill Summary: AB 2771 is the sunset bill for the Bureau for Private Postsecondary Education and makes various changes recommended during the joint sunset review of the Bureau.

Fiscal Impact: The 2026-27 Budget provides approximately $26.73 million (Private Postsecondary Education Administration Fund) and 105.0 positions to support the continued operation of the Bureau's licensing and enforcement activities.

The Bureau anticipates minor and absorbable workload costs for most of the bill's provisions; however, it did identify costs related to the modifications of Education Code Section 94874(f). Because the bill specifies this section no longer applies to institutions providing training or curriculum for Class A, B, or C commercial driver's licenses (CDLs), these institutions would be required to seek Bureau approval under this bill.

The Bureau estimates:
- Costs of $854,000 in FY 2026-27 and $814,000 ongoing annually for 5.0 permanent staff to provide outreach and technical assistance, evaluate curricula, conduct inspections, monitor compliance, and investigate complaints. The Bureau's estimate assumes 83 of the approximately 125 total private postsecondary educational institutions in California currently offering CDL training would require Bureau approval and oversight. The Bureau notes these costs are not absorbable.
- Total increased application and annual fee revenue of approximately $478,000, which will offset the Bureau's administrative and enforcement workload costs to some extent. Actual revenue increases will depend on the number of programs that seek Bureau approval.
- Unknown increase in Student Tuition Recovery Fund (STRF) fee revenue, to the extent the Bureau begins collecting these assessments again.

Background: In March 2026, the Senate Business, Professions and Economic Development Committee and the Assembly Committee on Business and Professions (Committees) began their comprehensive sunset review oversight of 10 regulatory entities, including the Bureau. The Committees conducted three oversight hearings. This bill and the accompanying sunset bills are intended to implement legislative changes as recommended by staff of the Committees, and which are reflected in the Background Papers prepared by Committee staff for each agency and program reviewed this year.

Proposed Law:

- Authorizes the Bureau, after receipt of a report or a complaint, to request from the institution information necessary to determine whether the institution's registration should be revoked or have conditions placed on it.

- Clarifies and narrows exemptions for bona fide trade, business and professional, or fraternal institutions, including religious organizations using religious terminology in a degree title or description solely as an exemption; schools charging less than $2,500 for educational programs that do not offer a degree and are not eligible for state or federal financial aid; and flight instruction schools that are under the oversight of the Federal Aviation Administration. Stipulates that an exemption does not apply to institutions that provide any training or curriculum for Class A, B, or C CDLs, except for employer-administered CDL education programs for entities employing 250 or more CDL drivers in the state.

- Updates the Bureau's process for verifying an exemption for an exempt institution, including, but not limited to: authorizing the Bureau to approve the request for verification, deny the request, or determine that it is unable to verify the exemption; prohibiting the Bureau from granting a verification of exemption to an institution that previously held an approval to operate and has an outstanding citation or fine, or is under discipline; prohibiting the Bureau from granting a verification of exemption to an institution that offers one or more programs designed to lead to licensure that do not hold approval from the pertinent licensing body; clarifying that a Bureau determination pertaining to a verification of exemption is not an adverse administrative action and is not subject to appeal; and clarifying that a verification of exemption is not required to operate as an exempt institution. Requires the Bureau to establish a reasonable fee to reimburse the Bureau's costs associated with the implementation of the exemption.

- Requires that an institution offering a degree must hold accreditation by one or more accrediting agencies recognized by the United States Department of Education (USDE), with the accreditation covering all degree programs offered by the institution.

- Clarifies that an institution under provisional approval to operate shall not offer more than two degree programs and prohibits the enrollment of students on student visas from exceeding 25 percent of total enrollment in any provisionally approved degree program.

- Requires that, within the first four years of the issuance of provisional approval for an institution to operate degree programs, the Bureau may empanel a visiting committee to review the institution's accreditation plan and any related documents or materials, as determined by the visiting committee, and make a recommendation to the Bureau regarding the institution's progress toward achieving full accreditation.

- States that a provisionally approved institution that fails to comply, as specified, will have its provisional approval automatically terminated on the applicable date, will not enroll new students in any of its degree programs, and will execute a teach-out plan for any enrolled students in the degree programs.

- Allows an institution that has had its provisional approval to operate degree programs terminated, or that voluntarily ceases to pursue accreditation, to continue to offer non-degree programs.

- States that an institution with a provisionally approved degree program that is terminated by the Bureau or surrendered by the institution may not apply for a provisional approval to operate degree programs until two years after the date of the prior termination or surrender.

- Stipulates that an approval to operate shall be granted only after an applicant has presented sufficient evidence to the Bureau, through site visits or other methods deemed appropriate by the Bureau, that the applicant has satisfied the minimum operating standards. The Bureau shall deny an application for an approval to operate if the application does not satisfy those standards.

- Authorizes the Bureau to deny an application for an approval to operate from an institution that would be owned by, controlled by, or employ institutional managers who meet either of the following criteria: had knowledge of, should have known about, or knowingly participated in any conduct that was the cause for revocation or unmitigated discipline at another institution; or previously owned, controlled, or managed an institution that closed without complying with legal requirements to provide refunds to impacted students or appropriately preserve and make available records.

- Stipulates that a non-degree program not within the scope of accreditation may not be included as an approved program by the Bureau without the express written consent of the institution’s accrediting agency.

- Requires an institution to demonstrate continued compliance with minimum operating standards to obtain renewal of an approval to operate.

- Stipulates that an institution that has filed an appeal of a denial of a renewal application may continue to operate during the appeal process, but shall disclose to all current and prospective students, in a written statement approved by the Bureau, that the institution’s application for renewal of approval to operate was denied by the Bureau because the Bureau determined the application did not satisfy the requirements to operate in California, that the institution is appealing the Bureau’s decision, and that the loss of the appeal may result in the institution’s closure.

- Specifies that the addition of a separate branch is considered a substantive change to an approval to operate and requires prior authorization.

- Prohibits an institution from violating Civil Code § 1788.93 or from withholding any documentation required for licensure, certification, or eligibility to sit for related examinations as a means of collecting a debt or because the student owes a debt.

- Repeals the recordkeeping requirements of an accredited institution if the recordkeeping requirements of the accrediting organization are substantially similar.

- Requires an enrollment agreement to be signed and dated by the student and by an authorized employee of the institution.

- States that an enrollment agreement is not enforceable unless a student has received the institution's current catalog and School Performance Fact Sheet before signing the enrollment agreement; the institution holds a valid approval to operate; before the execution of the enrollment agreement, the student and the institution have signed and dated the information required to be disclosed in the School Performance Fact Sheet, and each of the items in the School Performance Fact Sheet includes a line for the student to initial and date; and requires the student to receive a copy of the signed enrollment agreement, in writing or electronically, regardless of whether total charges are paid by the student.

- Requires the institution to provide to the prospective student, before enrollment, a general student brochure, handbook, or other student-facing materials that provide additional clarity about the information or policies required to be included in the catalog, if applicable. Requires the institution, if applicable, to provide program-specific materials for the program in which the prospective student seeks to enroll, prior to enrollment.

- Removes an enrollment agreement attestation and requires that an enrollment agreement include the following, amongst other provisions: the name of the institution and the name of the educational program, including the total number of credit hours, clock hours, or other increment required to complete the educational program; a description of the method of delivery that will be used for instruction in the educational program; the date of the first class session; and the student's signature and date on various statements, as specified.

- Requires institutions that participate in federal student financial aid programs to provide students with the College Financing Plan developed by the USDE, or any successor document, to inform students or potential students about financial aid award packages before enrollment, and to retain a copy of the document with other required student records.

- Requires that an institution that maintains an internet website provide on that internet website the current version of student brochures, handbooks, or other student-facing materials offered by the institution that provide additional clarity about the information or policies required to be included in the catalog.

- Modifies a required notice to students from institutions directly or indirectly receiving proceeds from a credit contract, and establishes that it is a violation of law for an institution to directly or indirectly receive proceeds from a credit contract that does not contain this required notice.

- Modifies the Student Tuition Recovery Fund (STRF) to include the following:

    - Stipulates that the STRF relieves or mitigates economic loss suffered by a student in connection with enrollment in an institution.

- States that the Bureau may rely on findings by an oversight entity, as specified, in determining if there was a significant decline in the educational program offered within 120 days before the closure of the institution.

- States that a student to whom an institution has been ordered to pay a refund by the Bureau but has failed to do so, or a student whom a government body, at any point, designates as eligible for relief under a program that addresses unlawful activity or closure, including, but not limited to, a refund, restoration of benefits, or loan discharge program such as the federal "Closed School Discharge," "False Certification," or "Borrower Defense" programs, is eligible for payment from the STRF.

- States that a student who has been awarded restitution, a refund, or other relief, including, but not limited to, an enforcement action, settlement agreement, debt relief determination, or monetary award by an arbitrator or court, based on unlawful activity by an institution or representative of an institution, but who has been unable to collect the award from the institution or obtain debt cancellation, is eligible for payment from the STRF. Requires the Bureau to review the award or judgment and ensure the amount to be paid from the fund does not exceed the student's economic loss.

- Requires a student seeking reimbursement from the STRF to file a written application that must be received by the Bureau no later than four years after the date of the action that made the student eligible for recovery from the STRF.

- Stipulates that in making a determination about student eligibility and economic loss, in addition to evidence submitted with an application, the Bureau may consider all available evidence, including, but not limited to, evidence obtained in the Bureau's investigation and enforcement functions and evidence available to the Bureau that is obtained in the course of oversight and enforcement actions by an accreditor, other government agency, or private adjudication. The Bureau must take into account the availability of records and may accept an attestation or other substantiation as deemed appropriate.

- Repeals the requirement that the STRF amount not exceed $25,000,000 at any time and that the Bureau may resume collecting STRF assessments when the fund falls below $20,000,000, and instead requires the Bureau, in determining the amount of STRF assessments to collect from each student, to strive to maintain a fund balance in the STRF between $15,000,000 and $25,000,000.

- Requires an institution, including institutions that are otherwise exempt and pursuant to regulations adopted by the Bureau, to provide the Bureau with the following: copies of pertinent student records, including transcripts, in electronic form; and, if the institution is accredited, a plan for the retention of records and transcripts, approved by the institution's accrediting agency, that provides information as to how a student may obtain a transcript or any other information about the student's coursework and degrees completed.

- Requires that an institution with an approval to operate that is the subject of a judgment by, a regulatory action by, increased oversight or monitoring by, or a settlement with, any oversight entity other than the Bureau report it to the Bureau within 30 days.

- Requires that an institution with an approval to operate notify the Bureau in writing within 30 days of filing for bankruptcy or becoming the subject of an involuntary bankruptcy petition. The written notice must include all of the following:

  - The type of bankruptcy.

  - The court in which the petition was filed.

  - The case number.

  - The name and contact information of the bankruptcy trustee, if assigned.

  - A summary of the institution's plan for continuing operations, student record retention, and student communication during the proceedings.

- Requires an institution to report to the Bureau within 30 days of the filing of an indictment or information charging a felony against the institution or an owner, person in control, or institutional manager, or within 30 days of the date the institution becomes aware of the filing, whichever is later. The report must include the name of the individual, the arresting agency, charging documents, relevant orders, the date of the action, and a summary of the facts and circumstances underlying the allegation.

- Requires an institution to report to the Bureau within 30 days of service of any civil action or arbitration brought by a current or former student, employee, or public official that alleges the institution's failure to provide educational services, a violation of Title IX of the federal Education Amendments of 1972 or a similar state law, a violation of this chapter, or a violation of any law concerning consumer protection, unfair business practices, or fraud.

- Requires an institution to provide to the Bureau, within 30 days of the institution's first knowledge that the civil matter has been adjudicated or settled, a copy of the complaint filed by the plaintiff and a copy of the judgment, settlement agreement, or other document resolving the action or arbitration in which the institution is adjudicated liable for damages, restitution, or civil penalties in excess of $10,000 or settles a claim for damages, restitution, or civil penalties in excess of $10,000.

- Requires the institution to provide the Bureau with a copy of the judgment, settlement agreement, or other document resolving the action or arbitration within 30 days after it is signed by the institution.

- Defines "investigation" to mean an inquiry into possible violations of any applicable laws or accreditation standards; defines "oversight entity" to mean all of the following: a governmental agency, an accrediting agency, a professional licensing entity that exercises any programmatic or institutional approval over the institution, or a certification authority created under state or federal law. Specifies that failure to comply with this section is considered a material violation, and an institution may be subject to citation, probation, suspension, or revocation of its approval to operate.

- Repeals the requirement that the Bureau post an annual report on its internet website detailing the number of restraining orders, interim suspension orders, and disciplinary actions taken by the Bureau, disaggregated by each priority category.

- Requires the Bureau to cite and fine any person, not to exceed $100,000, for operating an institution or offering or providing to the public educational programs without proper approval to operate issued by the Bureau. Clarifies that the maximum fine for unlicensed activity is separate and not inclusive of fines for other violations or refunds ordered.

- Requires an institution to authorize its accrediting agency, or any accrediting agency from which it is pursuing accreditation, to provide the Bureau, the Attorney General, any district attorney, city attorney, or the Student Aid Commission, within 30 days of written notice, copies of all documents and other material concerning the institution that are maintained by the accrediting agency.

- Requires an accrediting agency to provide, within 30 days of receiving a written notice from the Bureau, the Attorney General, district attorney, city attorney, or the Student Aid Commission, the requesting entity with all documents or other material concerning an institution accredited by or in pursuit of accreditation by that agency that are designated specifically or by category in the written notice.

- Requires the Director of the DCA to provide written updates to the Legislature annually instead of biannually, in addition to any other reporting requirements, and participate in all oversight hearings conducted by the appropriate committees and budget subcommittees of the Senate and Assembly.

- Extends the sunset date of the Bureau until January 1, 2031.

- Makes various technical, clarifying and conforming changes to the Act.

Related Legislation: SB 1302 (Wahab, 2026) is the sunset bill for the Board of Registered Nursing. SB 1302 is pending in Assembly Appropriations Committee.

SB 1303 (Wahab, 2026) is the California Board of Naturopathic Medicine sunset bill. SB 1303 is pending in Assembly Appropriations Committee.

SB 1304 (Wahab, 2026) is the Board of Respiratory Care sunset bill. SB 1304 is pending in Assembly Appropriations Committee.

SB 1363 (Wahab, 2026) is the State Board of Barbering and Cosmetology sunset bill. SB 1363 is pending in Assembly Appropriations Committee.

SB 1368 (Wahab, 2026) is the Speech-Language Pathologists and Audiologists and Hearing Aid Dispensers Board sunset bill. SB 1368 is pending in Assembly Appropriations Committee.

AB 2772 (Committee on Business and Professions, 2026) is California Council for Interior Design Certification sunset bill. AB 2772 is pending in this committee.

AB 2773 (Committee on Business and Professions, 2026) is the California Board of Occupational Therapy sunset bill. AB 2773 is pending in this committee.

AB 2774 (Committee on Business and Professions, 2026) is the Physical Therapy Board of California sunset bill. AB 2774 is pending in this committee.

AB 2775 (Committee on Business and Professions, 2026) is the State Board of Chiropractic Examiners sunset bill. AB 2775 is pending this committee.

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