CONCURRENCE IN SENATE AMENDMENTS
AB 2771 (Berman)
As Amended August 21, 2026
Majority vote

SUMMARY

This bill extends the operations of the Bureau for Private Postsecondary Education (BPPE or Bureau) and California Private Postsecondary Education Act of 2009 (the Act) for four years until January 1, 2031, and makes numerous technical changes, statutory improvements, and policy reforms in response to issues raised during the BPPE's sunset review oversight process.

Senate Amendments

1) Establish increases to the Bureau's fee schedule, none of which were in the bill as it passed the Assembly:

   a) Application fee for an approval to operate: from $5,000 to $12,000;

   b) Application fee for an approval to operate by means of accreditation: from $750 to $1,000;

   c) Renewal fee for the main campus: from $3,500 to $6,500;

   d) Renewal fee for an institution approved by means of accreditation: from $500 to $1,000;

   e) Substantive change processing fee: from $500 to $2,000 where programmatic review is required, and establish a $1,000 fee where it is not;

   f) Substantive change processing fee for an institution approved by means of accreditation: from $250 to $500;

   g) Annual campus fee, for both main and branch campuses: increase the revenue percentage from 0.55% to 0.75%, the minimum from $2,500 to $4,000, and the maximum from $60,000 to $75,000;

   h) Out-of-state institution registration fee: from $1,500 to $10,000; and,

   i) Annual payment under a complaint-handling contract with an exempt independent institution: from $1,076 to $2,500.

2) Requires an institution to report to the Bureau: bankruptcy filings, within 30 days, with specified contents; the filing of an indictment or information charging the institution or an owner, person in control, or institutional manager with a felony involving fraud, dishonesty, embezzlement, or the acquisition, use, or expenditure of federal or state funds; and service of specified civil actions or arbitrations, within 60 days.

3) Requires submission of resolving documents where the institution is adjudicated liable for or settles claims exceeding $25,000 in damages or civil penalties, or $10,000 in restitution, and exempt those documents from the California Public Records Act, with the legislative

findings required by Section 3 of Article I of the California Constitution. Makes failure to comply a material violation subject to citation, probation, suspension, or revocation.

4) Provides that the $2,500 or less program exemption does not apply to institutions providing training or curriculum for Class A, B, or C commercial driver's licenses, except for employer-administered programs at entities employing 250 or more such drivers, and allow affected institutions to continue operating until January 1, 2028, if they apply for approval by March 31, 2027 and disclose their pending status to the Bureau and to students.

5) Removes the student loan and prepayment conditions from the flight instruction exemption.

6) Prohibits the Bureau from verifying an exemption where the institution's use of the term "university" does not conform to Bureau regulations.

7) Prohibits an out-of-state institution from enrolling California students in distance education programs without first registering with the Bureau, subjects it to the existing fine of up to $100,000 for failing to do so, and authorizes the Bureau to place conditions on a registration in addition to revoking it.

8) Provides that a note or other evidence of indebtedness is void and unenforceable if the program is discontinued or canceled or the institution closes before completion.

9) Extends Truth in Lending compliance to loans arranged through third parties and require compliance with state consumer protection laws.

10) Prohibits withholding any documentation required for licensure, certification, or examination eligibility as a means of debt collection.

11) Requires an institution that originated or accepted income share agreement funds to calculate refunds based on total charges.

12) Authorizes the Bureau to deny an approval to operate where an owner or institutional manager previously ran an institution that closed without providing refunds or preserving records.

13) Specifies that the fund addresses economic loss directly connected with enrollment.

14) Clarifies eligibility for students determined by a governmental agency to qualify for, or who received, relief under a program addressing unlawful activity or closure, including federal Closed School Discharge, False Certification, Unpaid Refund, and Borrower Defense.

15) Requires the Bureau to notify an institution of its right to a hearing before seeking repayment following a governmental debt relief determination.

16) Changes the author from the Committee on Business and Professions to Assembly Member Berman, and makes technical, conforming, and clarifying changes.

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.

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.

BPPE Budget. One primary issue discussed in regards to continued operations of BPPE is its fiscal status. During its 2021-2022 sunset review, the Bureau and Department of Consumer Affairs (DCA) proposed increasing annual fees. In the absence of fee increases, the Bureau received a $12 million loan from the Bureau of Automotive Repair to mitigate the Bureau's financial woes, pursuant to Control Section 14.00 of the Budget Act of 2022.

In fiscal year (FY) 2022-23, the Legislature provided the Bureau with $24 million from the General Fund to cover the Bureau's budget shortfall through FY 2024-25, including paying back the loan from the Bureau of Automotive Repair. The Legislature also directed the Bureau to propose a new fee structure that would sustainably support the Bureau's operations. The Bureau contracted with the

Foundation for California Community Colleges (FoundationCCC) to "consider potential revenue sources beyond the typical licensing-fee models." In its 2024 report to the Legislature, the FoundationCCC offered several non-fee-based recommendations for minimizing the Bureau's budget constraints but concluded that annual fee increases were necessary for the Bureau to remain solvent.

According to the Bureau, it has already implemented the changes recommended by the FoundationCCC and now requires statutory approval to modify its fee structure. More than 90% of the Bureau's revenue stems from annual fees which were last increased in 2018 by SB 1192 (Hill, Chapter 593, Statutes of 2016). Coupled with increased application fees, the Bureau believes that these changes will generate sufficient revenue for the Board to remain solvent through FY 2030-31.

This bill responds to the issue of solvency by increasing various BPPE fees, including: increasing application fees; increasing approval to operate renewal fees; increasing programmatic change fees; increasing the annual fee from .55% of the campus' total gross revenue not to exceed $60K to now .75% of the campus' total gross revenue not to exceed $75K; increasing the fee for out-of-state schools to register with BPPE; and increasing the fee for BPPE to handle complaints for an independent institution of higher education. Since its inception, the Bureau has been charged with numerous responsibilities amid an ever-changing, increasingly uncertain higher education ecosystem. The Bureau needs financial resources necessary to fulfill its statutory mandates, chiefly the protection of the public.

According to the Author
According to the author, "this bill is the sunset review vehicle for the Bureau for Private Postsecondary Education…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

Legal Aid Foundation of Los Angeles notes that it works with low-income clients in Los Angeles and "has helped a steady stream of clients who have been harmed by deceptive for-profit schools since the 1980s. These students enroll in for-profit schools for only one reason – to secure higher-paying employment in order to improve their lives and the lives of their families. Many of our clients' hopes are shattered when their schools close or when they are harmed by illegal and deceptive recruitment practices. They are left with student loan debt that they cannot hope to repay because they cannot find the high-paying employment that the school promised.

The Bureau is critical to both preventing this type of fraud and to redressing the long-term financial losses suffered by harmed students." The organization notes that "As the U.S. Department of Education continues to shrink its oversight of higher education institutions, the Bureau has never been more important to protecting students from predatory schools and securing an equal playing field for reputable schools."

The Institute for College Access & Success (TICAS) writes in support, " 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 federal Workforce 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 weaking. 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 in California."

Arguments in Opposition
Northeastern University requests amendments to the Act that will "grant highly qualified institutions like Northeastern relief from dilatory and duplicative degree program approvals and authorize such institutions to place a surety bond on file with the Bureau in lieu of STRF." Northeastern states that these provisions "grant limited and reasonable relief to highly qualified nonprofit institutions like Northeastern but ensure the Bureau retains oversight over such institutions…"

FISCAL COMMENTS

According to the Senate Committee on Appropriations, the Bureau anticipates minor and absorbable workload costs for most of the bill's provisions; however, it did identify costs related to Bureau approval for institutions providing training or curriculum for Class A, B, or C commercial driver's licenses. The Bureau estimates costs of $845,000 in FY 2026-27 and $814,000 ongoing annually, costs which are not absorbable. Total increased application and annual fee revenue of approximately $478,000 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. The bill will also result in unknown increases in STRF fee revenue, to the extent the Bureau begins collecting these assessments again.

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

ASSEMBLY FLOOR: 76-0-4
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Arambula, Bennett, Flora, Celeste Rodriguez

UPDATED

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