

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 744 (Cabaldon) – As Amended June 11, 2025

Policy Committee: Higher Education

Vote: 7 - 3

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill provides that a national or regional accrediting agency recognized by the United States Department of Education (USDE) as of January 1, 2025, retain such recognition until January 20, 2029, subject to specified conditions. The bill repeals these provisions on January 1, 2030.

FISCAL EFFECT:

By preserving access to state financial aid and other programs requiring accreditation for California institutions of higher education (IHEs) should their accrediting agency lose federal recognition, the bill creates ongoing General Fund cost pressures of an unknown but potentially significant amount, likely in the millions of dollars, each year through the 2030-31 academic year for state financial aid programs to fund the increased unmet need due to the lack of federal financial aid.

COMMENTS:

1) **Purpose.** According to the author:

On April 23, 2025, President Trump weaponized the Federal Department of Education to target universities through Executive Order 14279. The policy directs accreditors to remove all standards related to diversity and to uphold the values of the President's administration. The federal government has the authority to revoke accreditation, rendering these institutions ineligible for federal funding and potentially affecting the recognition of students' degrees and certificates. Most recently, the [U.S.] Department of Education notified the accrediting agency for Columbia University of an investigation related to a violation of antidiscrimination laws. With erratic changes in accreditation policy, California needs to provide a safeguard for its universities.

SB 744 recognizes any federal accreditor that was certified before January 1, 2025 for the purposes of state law. This policy protects California universities by allowing universities to continue to operate for the purposes of state financial aid, programs, and licensures in the event the federal government revokes accreditation.

- 2) **Background. *Higher Education Accreditation.*** In order for an IHE to participate in federal programs, such as federal financial aid, it must meet specified requirements prescribed by each program, all of which include accreditation by an agency recognized by the USDE. Therefore, because the United States does not have a centralized authority charged with overseeing educational quality of IHEs, the USDE relies on accrediting agencies it recognizes to ensure educational programs receiving federal funds meet a minimum quality standard.

2025 Executive Order. On April 23, 2025, President Trump signed an executive order calling on the U.S. Attorney General and the U.S. Secretary of Education to:

Investigate and take appropriate action to terminate unlawful discrimination by American law schools that is advanced by the Council, including unlawful ‘diversity, equity, and inclusion’ requirements under the guise of accreditation standards. The Secretary of Education shall also assess whether to suspend or terminate the Council's status as an accrediting agency under Federal law.

This executive order puts at risk the recognized status for any accrediting agency the federal government may deem to no longer meet recognition standards of the USDE, which may be solely based on ideological differences with the federal administration’s values rather than actual academic quality. By extension, any IHE accredited by such an agency would lose eligibility for federal financial aid and programs. This bill would provide for an IHE whose accrediting agency loses its federal recognition to still retain eligibility for state financial aid, state programs, and licensures through January 20, 2029, so long as the accrediting agency continues to operate in substantially the same manner as it did on January 1, 2025.

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