

SENATE THIRD READING

SB 744 (Cabaldon)

As Amended June 11, 2025

Majority vote

SUMMARY

Provides that, for the purposes of any code or statute, a national or regional accrediting agency recognized by the United States Department of Education as of January 1, 2025, will retain that recognition until January 20, 2029, provided that the accrediting agency continues to operate in substantially the same manner as it did on January 1, 2025. The bill would repeal those provisions on January 1, 2030.

Major Provisions

See summary.

COMMENTS

Background. According to *An Overview of Accreditation of Higher Education in the United States*, a report published for members of Congress by the Congressional Research Service in April of 2024, the federal government provides varying types of support to postsecondary students and schools, including student financial assistance (e.g., Pell Grants and Direct Loans) authorized under Title IV of the Higher Education Act. Postsecondary schools seeking to participate in these federal programs must meet a variety of requirements, including being accredited by an agency recognized by the U.S. Department of Education as a reliable authority on the quality of the education being offered.

The United States does not have a centralized authority exercising singular national control over postsecondary educational institutions. Consequently, the character and quality of postsecondary schools and their programs can vary widely. The role of accreditation in higher education is to serve as a marker of a level of acceptable quality across the wide array of postsecondary schools and educational programs. The federal government has come to rely on accrediting agencies recognized by the U.S. Department of Education to help ensure the postsecondary institutions and educational programs to which federal funds are provided meet a minimum quality level. Higher education practitioners and stakeholders often refer to three general types of accrediting agencies. Regional accrediting agencies historically concentrated their reviews on institutions in specific regions of the United States. National accrediting agencies operated across the United States and primarily review proprietary institutions, career- based single-purpose institutions, and religiously affiliated institutions. Programmatic accrediting agencies operate nationwide and review individual educational programs and single-purpose institutions. The U.S. Department of Education refers to the different accreditors as institutional accreditors, which evaluate entire postsecondary schools and comprise regional and national accreditors, and programmatic accreditors.

Regional versus National accreditation. California law makes certain distinctions between regional and national accreditors. Prior to 2020, institutions generally sought accreditation from the accreditor associated with their geographic region. Institutions accredited by WASC, or the Accrediting Commission for Community and Junior Colleges, for example, are exempt from the California Private Postsecondary Education Act of 2009 and oversight by the BPPE.

In 2020 the U.S. Department of Education, in their final accreditation and state authorization regulations, removed the distinction between regional and national accreditors, and now

categorizes both types of agencies as institutional accreditors. The U.S. Department of Education also removed the limitation on regional accreditors' geographic scope.

Staff notes that SB 744 (Cabaldon) continues to use the "regional" and "national" distinctions, and Staff understands that the intent is to remain consistent with aspects of existing law that rely on these distinction.

Executive Order 14279. On April 23, 2025, President Donald J. Trump issued Executive Order 14279—*Reforming Accreditation To Strengthen Higher Education*. In the Executive Order, President Trump asserts that "accreditors routinely approve institutions that are low-quality by the most important measures. The national six-year undergraduate graduation rate was an alarming 64% in 2020. Further, many accredited institutions offer undergraduate and graduate programs with a negative return on investment—almost 25% of bachelor's degrees and more than 40% of master's degrees—which may leave students financially worse off and in enormous debt by charging them exorbitant sums for a degree with very modest earnings potential. Notwithstanding this slide in graduation rates and graduates' performance in the labor market, the spike in debt obligations in relation to expected earnings, and repayment rates on student loans, accreditors have remained improperly focused on compelling adoption of discriminatory ideology, rather than on student outcomes."

The Executive Order calls 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."

In addition to the potential investigation and suspension of accrediting bodies, the Executive Order seeks to establish new principles of "Student-Oriented Accreditation" that specifically require:

- 1) "Accreditation requires higher education institutions to provide high-quality, high-value academic programs free from unlawful discrimination or other violations of Federal law."
- 2) "Barriers are reduced that limit institutions from adopting practices that advance credential and degree completion and spur new models of education."
- 3) "Accreditation requires that institutions support and appropriately prioritize intellectual diversity amongst faculty in order to advance academic freedom, intellectual inquiry, and student learning."
- 4) "Accreditors are not using their role under Federal law to encourage or force institution to violate State laws, unless such State laws violate the Constitution or Federal law."
- 5) "Accreditors are prohibited from engaging in practices that result in credential inflation that burdens students with additional unnecessary costs."

Committee comments. While this bill will provide some insulation for California institutions for the purpose of complying with our accreditation law, it does raise policy questions as to whether the State will assume the role of ensuring that institutions follow the spirit of accreditation while an institution's status is in limbo, or if that institution is working to gain accreditation following a negative federal action.

According to the Author

According to the author, "under California state law, higher education institutions must receive accreditation to be eligible for state resources and professional licensures. Accreditors review institutions' policies and curricula to certify that they meet a specified level of quality for all higher education institutions, including law schools and medical institutions. This accreditation

makes students eligible for financial aid, student loans, and deems that a degree or certificate that they earn from the institutions meets a federally recognized standard."

"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."

Arguments in Support

None on file for the current version of the bill, as amended in the Assembly.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

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.

VOTES

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Limón, Reyes

ASM HIGHER EDUCATION: 7-3-0

YES: Fong, Boerner, Jackson, Muratsuchi, Patel, Celeste Rodriguez, Sharp-Collins

NO: DeMaio, Jeff Gonzalez, Tangipa

ASM APPROPRIATIONS: 11-4-0

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache

NO: Sanchez, Dixon, Ta, Tangipa

UPDATED

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