

Date of Hearing: August 20, 2025

# ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 790 (Cabaldon) – As Amended July 9, 2025

Policy Committee:	Higher Education	Vote:	9 - 1
	Business and Professions		17 - 0

Urgency: No      State Mandated Local Program: No      Reimbursable: No

## SUMMARY:

This bill authorizes the Governor to enter into an interstate reciprocity agreement for the authorization and oversight of distance education and requires the Governor to designate a portal entity to administer the interstate reciprocity agreement.

Specifically, the bill requires, beginning January 1, 2028, a public and accredited nonprofit postsecondary institution to register with the Bureau for Private Postsecondary Education (BPPE) unless the institution already has approval to operate in California pursuant to an interstate reciprocity agreement. The bill also prohibits out-of-state postsecondary institutions from engaging in specified deceptive business practices.

## FISCAL EFFECT:

- 1) Ongoing General Fund costs of an unknown amount, but likely \$1 million to \$2 million, for the portal entity designated by the Governor to administer the interstate reciprocity agreement. The bill doesn't specify an entity to fill this role but previous committee analyses have suggested the BPPE is the most likely entity given BPPE's mission. Alternatively, the Budget Act of 2025 appropriated \$1.5 million for the Education and Workforce Development Coordinating Council, which may also be appropriate for this role.
- 2) Ongoing Private Postsecondary Education Administration Fund costs of approximately \$1 million for the BPPE to process additional applications and investigate complaints. The BPPE notes this fund faces a substantial structural deficit.
- 3) One-time Proposition 98 General Fund cost pressures of an unknown but potentially significant amount, likely in the hundreds of thousands to low millions of dollars, for the California Community Colleges (CCCs), collectively statewide, that decide to pursue State Authorization Reciprocity Agreement (SARA) approval. If half of all CCC districts (37) decide to participate in SARA costs would range between \$550,000 and \$1.1 million.
- 4) Ongoing cost savings in the low millions of dollars for the UC and CSU campuses, collectively statewide, since the bill removes the need for individual campuses to enter into interstate agreements with other individual states, a process the currently costs in the low hundreds of thousands of dollars per campus per year.

## COMMENTS:

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

Tens of thousands of Californians study online through institutions in other states. However, California is the only state not participating in the State Authorization Reciprocity Agreement, which gives students in member states protection, institutional oversight, and rights even when the educational institution is approved in another state. Instead, out-of-state schools must register with California's Bureau of Private Postsecondary Education, where they are subject to limited regulation. Meanwhile, California institutions face major disadvantages. They must apply and pay fees for every single online program they offer to out-of-state students. At times, it only takes a few out-of-state students enrolling in a CSU or community college class to help meet class minimums, so excluding out-of-state students can mean that courses are not available for California students.

SB 790 requires the Governor to designate a new state entity to oversee postsecondary education policy and authorizes the Governor to join an interstate reciprocity agreement for distance education if the agreement meets specific consumer protection standards. Joining an interstate reciprocity agreement would promote educational access, regulatory efficiency, and economic growth while allowing California to better safeguard its students enrolled online in out-of-state schools.

- 2) **Background. SARA.** Formed in 2013, SARA functions as an interstate reciprocity agreement compact among member states, governed by the National Council for SARA (NC-SARA), authorizing participating institutions to enroll students from other states who are also operating under the compact in distance learning programs without individually applying for each state's authorization. Therefore, states wishing to participate in SARA must accept that their own students may enroll in distance education programs in other states that may lack consumer and student protection requirements and oversight. This potential lack of protection and oversight is largely why California is the only state in the country not participating in SARA. This bill authorizes California's participation in SARA or potentially another reciprocity agreement only if certain conditions are met, including confirmation that California's participation will not preclude it from enforcing consumer protection laws or stopping any entity operating under the compact from operating in California. However, opponents of the bill, such as the California Association of Private Postsecondary Schools claim that the increased regulatory framework established by the bill is both incompatible with and counter to the intent of NC-SARA.

Once a state applies and receives approval to join SARA, institutions within that state must apply to become SARA-participating members through their state's designated portal entity, responsible for verifying eligibility, approving or denying applications, and overseeing compliance with SARA standards. This bill requires the Governor to designate a state agency, department, or office to serve as the portal entity.

**Bureau for Private Postsecondary Education.** While the bill does not name a specific entity as the portal entity, the Bureau for Private Postsecondary Education (BPPE) is the entity responsible for overseeing the operation of postsecondary institutions with a physical presence in California as well as out-of-state institutions that enroll California students in online distance learning programs. The BPPE oversees any private postsecondary

educational institution that has a physical presence in California and enforces the California Private Postsecondary Education Act, which seeks to protect students from predatory, substandard, or other institutions that do not ultimately provide students with a meaningful degree. Specifically, the Act directs the BPPE, in part, to oversee review and approval of institutions, establish minimum standards, provide a complaint resolution process for students, and enforce compliance. The BPPE also investigates and combats unlicensed activity, conducts research and outreach to students and postsecondary educational institutions, and administers the Student Tuition Recovery Fund, which provides relief to students financially harmed by an institution under the bureau's oversight via closure or discontinuation of educational programs.

**Analysis Prepared by:** Aaron Heredia / APPR. / (916) 319-2081