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April 21, 2026

Honorable Marc Berman, Chair, and Members
Assembly Business and Professions Committee
Legislative Office Building, Room 379
Sacramento, CA 95814

Re: AB 2771 (Committee on Business and Professions): Bureau for Private Postsecondary Education – SUPPORT IF AMENDED

Dear Assemblymember Berman and Members of the Committees:

The Consumer Protection Policy Center (CPPC) respectfully submits the following testimony relevant to the Committees' sunset review of the Bureau for Private Postsecondary Education (BPPE). As set forth in detail below, we believe that **the Bureau's application process and reporting requirements should be examined and amended**. The Bureau's previous actions warrant amendments to ensure that BPPE has the tools and authority to better protect the public, its paramount priority.

Accordingly, CPPC proposes retention of the Bureau but makes the following major recommendations (which are explained more fully below):

1) **Grant Statutory Authority to Fingerprint Applicants:** The Sunset Review Report repeatedly states that BPPE lacks authority to fingerprint applicants or licensees, raising serious concerns over its ability to conduct adequate background checks and independently verify criminal history information.
2) **Revise Approval Standards Under Education Code (EDC) Section 94887**: CPPC supports the Bureau's recommendation to require institutions to satisfy the minimum operating standards before approval, but the Bureau should remain obligated to independently verify the information submitted by applicants
3) **Add Mandated Reporting**: The Legislature should adopt New Issue #16 and expand the Bureau's mandatory reporting requirements so that BPPE receives timely notice of events, such as bankruptcy and felony charges against an owner, that may threaten students and consumers.

About the Consumer Protection Policy Center

CPPC is a nonprofit, nonpartisan academic and advocacy center based at the University of San Diego School of Law. Since 1980, CPPC has studied the state's regulation of business, professions, and trades, and monitors the activities of state occupational licensing agencies and regulatory boards within the DCA. CPPC publishes the *California Regulatory Law Reporter*, which chronicles the activities and decisions of California regulatory agencies. CPPC has participated in the sunset review of DCA boards and commissions since the onset of sunset review in 1996.

The Legislature Should Grant BPPE Statutory Authority to Fingerprint Applicants and Licensees

BPPE's Sunset Review Report states on multiple occasions that "the Bureau does not have the statutory authority to require applicants to be fingerprinted."[1] It further explains that the Bureau "does not receive reports of any prior criminal history," that "[a]ll criminal history information provided on applications is self-reported," and the absence of fingerprinting authority makes it "difficult to obtain criminal history information about [an] applicant." These omissions should be corrected. The Bureau should have access to complete and accurate knowledge of an applicant's criminal history information so that it may determine whether an applicant poses a threat to student protection.

As the Report also states, the Bureau currently verifies applicant information through its internal databases, Lexis-Nexis, and the Internet. This process is less thorough and less reliable than what a fingerprint background check would provide. With statutory fingerprinting authority, BPPE could obtain official criminal history information, including prior arrests, charges, and case dispositions, rather than relying chiefly on the applicant's self-reporting.[2] Granting this authority would also bring BPPE into closer alignment with many other Department of Consumer Affairs (DCA) boards, including the California Board of Accountancy; the Board for Professional Engineers, Land Surveyors, and Geologists; and the State Athletic Commission, each of which requires fingerprinting under the Business and Professions Code.[3]

The consequences of the Bureau's incomplete criminal history information can be severe, particularly when an applicant has a prior history of fraud or dishonesty. BPPE-regulated institutions have been found to have deceptively misled students in different ways, including by advertising inaccurate career and income prospects or by misrepresenting costs and financial aid. These risks are heightened when the Bureau lacks a reliable means to uncover relevant criminal history during the approval process. For these reasons, the Legislature should grant BPPE authority to fingerprint both applicants and licensees.

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[1] Sunset Review Report p. 17.

[2] *See* Fingerprint Background Checks, California Department of Justice — Office of the Attorney General.

[3] *See* Bus. & Prof. Code § 144(b).

Eliminate EDC Section 94887's Requirement for Applicants to Only Show They Have The "Capacity to Meet" Minimum Operating Standards

Education Code section 94887 currently provides that, "[a]n approval to operate shall be granted only after an applicant has presented sufficient evidence to the bureau, and the bureau has independently verified the information provided by the applicant through site visits or other methods deemed appropriate by the bureau, that the applicant has the capacity to satisfy the minimum operating standards."[4] CPPC agrees with the Bureau's recommendation, as suggested in New Issue #2 of the Sunset Review Report, to amend the statute to require "institutions 'have satisfied' or 'adhered to' the minimum operating standards."[5] The statute, as currently written, allows BPPE to approve postsecondary institutions that have not met minimum standards as long as they have the capacity to do so. **This is insufficient for protecting California students.** Fraudulent institutions may have the theoretical capacity to maintain qualified faculty or sufficient facilities without intent to provide these benefits. Requiring institutions to already satisfy minimum standards before approval would better ensure that students receive quality education, a principal goal of the Bureau.

However, BPPE's concurrent recommendation to "eliminate the requirement that the Bureau 'independently verify' the information submitted on an application in section 94887" raises serious concerns. Independent verification is one of the Bureau's most important tools for preventing harm before students enroll, allowing it to preemptively take action to protect students rather than waiting for harm to occur first. As the Sunset Review Report explains, the approval process requires applicants to submit information about its intended operations, programs, ownership, administrators and other significant matters. The Bureau has previously used its review process to uncover applications with material misrepresentations. For example, in 2012, the Bureau found that an applicant falsely listed a professor as a faculty member without their consent, thereby justifying denial.[6] Similarly, in 2023, BPPE also denied an applicant who falsely claimed its curriculum was authored by a faculty member, when it actually was copied from unaffiliated institutions and individuals.[7] The Legislature should therefore strengthen the approval standard while retaining the Bureau's independent verification requirement.

New Issue #16 Should Be Adopted to Strengthen Reporting Requirements

CPPC also supports the BPPE's recommendations in New Issue #16 of the Sunset Review Report to close gaps in the BPPE's reporting requirements. As the Report explains, while the Education Code provides some mandatory reporting requirements, the Bureau remains "unaware of significant concerns about institutions."[8] Institutions are not

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[4] California Education Code § 94887

[5] Sunset Review Report p. 65-66

[6] *See* *In re International University of North America*, No. 998736 (Cal. Dep't of Consumer Affs., Bureau for Private Postsecondary Educ. (2013)).

[7] *See* *In re University of Bay Area*, No. BPPE23-0572 (Cal. Dep't of Consumer Affs., Bureau for Private Postsecondary Educ. (2023)).

[8] Sunset Review Report p. 80

required to report events such as bankruptcy or felony charges against an owner, even though such developments may signal risks to students and the public.

Mandatory reporting is essential if the Bureau is to respond to harm before it escalates. Notice of bankruptcy would allow BPPE to assess whether an institution could continue to meet its obligations and determine whether enrolled students are at risk. Similarly, it would benefit the Bureau to receive timely notice of felony charges against an institution's owner to ensure that BPPE is aware of fraud or illegal practices that warrant heightened monitoring and investigation. Accordingly, the Legislature should adopt New Issue #16 to close the gaps in the Education Code so that BPPE receives prompt notice of events that may threaten student protection.

CPPC appreciates your consideration of this testimony and these recommendations.

Sincerely,

Marcus Friedman

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cc Deborah Cochrane, Chief, Bureau for Private Postsecondary Education
Christine Lally, Acting Director, Department of Consumer Affairs
Hon. Monique Limón, Senate President pro Tempore
Hon. Robert Rivas, Speaker of the Assembly