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**SB-372 California Private Postsecondary Education Act of 2009: exemptions.** (2025-2026)

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AMENDED IN SENATE MAY 06, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**SENATE BILL**

**NO. 372**

Introduced by Senator Arreguín

February 13, 2025

An act to amend Section 94874 of the Education Code, relating to private postsecondary education.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 372, as amended, Arreguín. California Private Postsecondary Education Act of 2009: exemptions.

The California Private Postsecondary Education Act of 2009 provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts an institution from its provisions if any of a list of specific criteria are met. The act authorizes an independent institution of higher education that is exempt from the act to execute a contract with the bureau to review and, as appropriate, act on complaints concerning the institution. Existing law provides that the execution of a contract by the bureau with an institution constitutes establishment by the state of that institution to offer programs beyond secondary education, including programs leading to a degree or certificate, as provided.

This bill would additionally exempt an institution incorporated in this state in 1877, that operated continuously as an independent nonprofit institution and was exempt from this chapter until 2022, and that was merged into another nonprofit private postsecondary educational institution accredited by a regional body recognized by the United States Department of Education that accredits institutions, the majority of which are nonprofit institutions. The bill would provide ~~that~~ *that, for purposes of the act,* an institution exempted pursuant to that provision is considered an independent institution of higher education, and would authorize the institution to execute a contract with the bureau for the bureau to review and, as appropriate, act on complaints concerning the institution, as provided.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 94874 of the Education Code is amended to read:

**94874.** Except as provided in Sections 94874.2, 94874.7, and 94927.5, the following are exempt from this chapter:

(a) An institution that offers solely avocational or recreational educational programs.

(b) (1) An institution only offering educational programs to members of a bona fide trade, business, professional, or fraternal organization that is separate and distinct from the institution and that sponsors the educational programs. An institution that sponsors an educational program directly or through an affiliated division or corporate entity of the institution and that requires student membership for purposes of those educational programs does not qualify under this exemption.

(2) (A) Except as provided in subparagraph (B), a bona fide organization, association, or council that offers preapprenticeship training programs, on behalf of one or more Division of Apprenticeship Standards-approved labor-management apprenticeship programs that satisfies one of the following conditions:

(i) It is not on the Eligible Training Provider List established and maintained by the California Workforce Development Board but has met the requirements for placement on the list.

(ii) It is on the Eligible Training Provider List established and maintained by the California Workforce Development Board and meets the requirements for continued listing.

(B) If an organization, association, or council has been removed from the Eligible Training Provider List established and maintained by the California Workforce Development Board for failure to meet performance standards, it is not exempt until it meets all applicable performance standards.

(c) A postsecondary educational institution established, operated, and governed by the federal government or by this state or its political subdivisions.

(d) An institution offering either of the following:

(1) Test preparation for examinations required for admission to a postsecondary educational institution.

(2) Continuing education or license examination preparation, if the institution or the program is approved, certified, or sponsored by any of the following:

(A) A government agency, other than the bureau, that licenses persons in a particular profession, occupation, trade, or career field.

(B) A state-recognized professional licensing body, such as the State Bar of California, that licenses persons in a particular profession, occupation, trade, or career field.

(C) A bona fide trade, business, or professional organization.

(e) (1) An institution owned, controlled, and operated and maintained by a religious organization lawfully operating as a nonprofit religious corporation pursuant to Part 4 (commencing with Section 9110) of Division 2 of Title 1 of the Corporations Code, that meets all of the following requirements:

(A) The instruction is limited to the principles of that religious organization, or to courses offered pursuant to Section 2789 of the Business and Professions Code.

(B) The diploma or degree is limited to evidence of completion of that education.

(2) An institution operating under this subdivision shall offer degrees and diplomas only in the beliefs and practices of the church, religious denomination, or religious organization.

(3) An institution operating under this subdivision shall not award degrees in any area of physical science.

(4) Any degree or diploma granted under this subdivision shall contain on its face, in the written description of the title of the degree being conferred, a reference to the theological or religious aspect of the degree's subject area.

(5) A degree awarded under this subdivision shall reflect the nature of the degree title, such as "associate of religious studies," "bachelor of religious studies," "master of divinity," or "doctor of divinity."

(f) An institution that does not award degrees and that solely provides educational programs for total charges of two thousand five hundred dollars (\$2,500) or less when no part of the total charges is paid from state or federal student financial aid programs. The bureau may adjust this cost threshold based upon the California Consumer Price Index and post notification of the adjusted cost threshold on its internet website as the bureau determines, through the promulgation of regulations, that the adjustment is consistent with the intent of this chapter.

(g) A law school that is accredited by the Council of the Section of Legal Education and Admissions to the Bar of the American Bar Association or a law school or law study program that is subject to the approval, regulation, and oversight of the Committee of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the Business and Professions Code.

(h) A nonprofit public benefit corporation that satisfies all of the following criteria:

(1) Is qualified under Section 501(c)(3) of the United States Internal Revenue Code.

(2) Is organized specifically to provide workforce development or rehabilitation services.

(3) Is accredited by an accrediting organization for workforce development or rehabilitation services recognized by the Department of Rehabilitation.

(i) An institution that is accredited by the Accrediting Commission for Senior Colleges and Universities, Western Association of Schools and Colleges, or the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges.

(j) Flight instruction providers or programs that provide flight instruction pursuant to Federal Aviation Administration regulations and meet both of the following criteria:

(1) The flight instruction provider or program does not require students to enter into written or oral contracts of indebtedness.

(2) The flight instruction provider or program does not require or accept prepayment of instruction-related costs in excess of two thousand five hundred dollars (\$2,500).

(k) (1) An institution owned, controlled, operated, and maintained by a community-based organization, as defined in Section 7801 of Title 20 of the United States Code, as that section exists on March 1, 2017, that satisfies all of the following criteria:

(A) The institution has programs on or is applying for some or all of their programs to be on the Eligible Training Provider List established and maintained by the California Workforce Development Board.

(B) The institution is registered as a nonprofit entity qualified under Section 501(c)(3) of the federal Internal Revenue Code.

(C) The institution does not offer degrees, as defined in Section 94830.

(D) The institution does not offer educational programs designed to lead directly or specifically to positions in a profession, occupation, trade, or career field requiring licensure, if bureau approval is required for the student to be eligible to sit for licensure.

(E) The institution would not otherwise be subject to oversight of the bureau under this chapter if it did not receive funding under the federal Workforce Innovation and Opportunity Act (29 U.S.C. Sec. 3101 et seq.). For purposes of this requirement, funds received through the federal Workforce Innovation and Opportunity Act (29 U.S.C. Sec. 3101 et seq.) do not count towards the total referenced in subdivision (f) or any other fee charge limitation condition for an exemption from this chapter.

(F) The institution can provide a letter from the local workforce development board that demonstrates the institution has met the initial criteria of that board.

(2) An institution granted an exemption pursuant to paragraph (1) shall comply with all of the following requirements:

(A) The institution shall provide to the Employment Development Department all required tracking information and data necessary to comply with performance reporting requirements under the federal Workforce Innovation and Opportunity Act, codified in Chapter 32 (commencing with Section 3101) of Title 29 of the United States Code, for programs on the Eligible Training Provider List.

(B) The institution shall comply with the Eligible Training Provider List policy developed by the California Workforce Development Board.

(C) The institution shall not charge a student who is a recipient of funding under the federal Workforce Innovation and Opportunity Act (29 U.S.C. Sec. 3101 et seq.) any institutional charges, as defined in Section 94844, for attending and participating in the program.

(l) (1) An institution that was incorporated in this state in 1877, that operated continuously as an independent nonprofit institution and was exempt from this chapter until 2022, and that was merged into another nonprofit private postsecondary educational institution accredited by a regional body recognized by the United States Department of Education that accredits institutions, the majority of which are nonprofit institutions.

(2) ~~An~~ *For purposes of this chapter, an* institution exempted pursuant to paragraph (1) shall be considered an independent institution of higher education as defined in Section 66010 and exempt from this chapter.

(3) An institution exempted pursuant to paragraph (1) may execute a contract with the bureau for the bureau to review and, as appropriate, act on complaints concerning the institution, as specified in subdivision (b) of Section 94874.9. If the institution executes a contract with the bureau for the bureau to review and, as appropriate, act on complaints concerning the institution, as specified in subdivision (b) of Section 94874.9, the execution of a contract with the bureau shall constitute establishment by the state of that institution to offer programs beyond secondary education, including programs leading to a degree or certificate, in accordance with Section 600.9 of Title 34 of the Code of Federal Regulations, as specified in subdivision (c) of Section 94874.9.