



SCHOOL & COLLEGE LEGAL SERVICES OF CALIFORNIA

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LEGAL UPDATE

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To: Superintendents, Member School Districts (K-12)

From: Jennifer Henry, Assistant General Counsel *J.H.*

**Subject: Governor Brown Signs Bill Prohibiting For-Profit Charter
Schools (AB 406)
Memo No. 19-2018**

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Governor Jerry Brown signed Assembly Bill (AB) 406 on September 7, 2018, which prohibits for-profit charter schools. AB 406 goes into effect July 1, 2019. AB 406 “would prohibit a petitioner that submits a charter petition for the establishment of a charter school or a charter school that submits a charter renewal or material revision application from operating as, or being operated by, as defined, a for-profit corporation, a for-profit educational management organization [EMO], or a for-profit charter management organization [CMO].” The bipartisan bill prohibits for-profit corporations from being able to: nominate, appoint, or remove board members or officers of the charter schools; supervise or make employment decisions about school personnel; manage the budget; or otherwise manage the charter school’s day-to-day operations. However, a for-profit corporation can still provide services to a charter school, as long as the governing body of the charter school first approves the contract for those services at a publicly noticed meeting.

Currently, only 34 of the 1,200 charter schools operating in California are being operated by for-profit entities. The bill does not address what rights or obligations existing for-profit charter schools have, if any, between now and July 1, 2019. If you have a for-profit charter school in your district, please contact us for advice on your options.

The bill’s passage was supported by the California Teachers Association (“CTA”), the California Charter Schools Association (“CCSA”), the Association of California School Administrators (“ACSA”), the California School Boards Association (“CSBA”), the California School Employees Association (“CSEA”), and the California State Parent Teachers Association (“PTA”).

Please contact our office with questions regarding this Legal Update or any other legal matter.

The information in this Legal Update is provided as a summary of law and is not intended as legal advice. Application of the law may vary depending on the particular facts and circumstances at issue. We, therefore, recommend that you consult legal counsel to advise you on how the law applies to your specific situation.

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