

## **BILL ANALYSIS**

S.B. 547  
By: Hancock  
Public Education  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties note that although open-enrollment charter schools are similar to traditional public school districts in that they receive state funds, charter schools are not afforded some of the statutory protections afforded to school districts that help safeguard public funds from lengthy litigation and sustain the financial viability of district schools. Some charter school operators contend that the threat of financial drain from tort litigation and breach of contract litigation is a serious reality for open-enrollment charter schools. S.B. 547 seeks to address these concerns.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 547 amends the Education Code to establish that an open-enrollment charter school is a governmental unit for purposes of the Texas Tort Claims Act and is subject to liability only as provided by that act and only in the manner that liability is provided by that act for a school district. The bill establishes that an open-enrollment charter school is a local government for purposes of statutory provisions relating to tort claim payments by local governments and requires a payment on a tort claim to comply with those provisions. The bill establishes that an open-enrollment charter school is a local governmental entity for purposes of statutory provisions relating to the adjudication of claims arising under written contracts with local governmental entities and is subject to liability on a contract as provided by those provisions and only in the manner that liability is provided by those provisions for a school district.

S.B. 547 establishes that an open-enrollment charter school is considered to be a local government for purposes of the Interlocal Cooperation Act; a local government for purposes of statutory provisions relating to self-insurance by governmental units, except that an open-enrollment charter school is prohibited from issuing public securities for the establishment of a self-insurance fund; and a political subdivision for purposes of the Texas Political Subdivision Employees Uniform Group Benefits Act.

S.B. 547 authorizes an open-enrollment charter school to elect to extend workers' compensation benefits to employees of the school through any method available to a political subdivision under statutory provisions relating to workers' compensation insurance coverage for employees of political subdivisions, except that an open-enrollment charter school that self-insures either individually or collectively under those provisions is prohibited from providing workers' compensation medical benefits to injured employees by directly contracting with health care providers or by contracting through a health benefits pool established under the Texas Political Subdivision Employees Uniform Group Benefits Act. The bill establishes that an open-enrollment charter school that elects to extend workers' compensation benefits is considered to be a political subdivision for all purposes under statutory provisions relating to workers'

compensation insurance coverage for employees of political subdivisions. The bill establishes that an open-enrollment charter school that self-insures either individually or collectively under those provisions is considered to be an insurance carrier for purposes of the Texas Workers' Compensation Act.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.