

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 1170  
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Education  
5/20/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In order to control costs, school districts can enter into inter-local contracts and risk pools with neighboring localities. These arrangements strengthen the districts' bargaining positions for purchasing materials and contracting for services, and dilute the unforeseen costs of insurance claims. Currently, open-enrollment charter schools may not engage in similar arrangements, despite the fact that they also use public money. Without access to the same inter-local agreements and risk-sharing pools, public costs associated with charter schools will continue to rise.

C.S.H.B. 1170 addresses this issue by including open-enrollment charter schools in the definition of local governments for the purposes of inter-local cooperation contracts, self-insurance, and group benefits agreements. This will allow charters to engage in cooperative agreements with other charters, local school districts, and other governmental entities to lower the costs of purchases, services, and insurance for their employees. The provisions of C.S.H.B. 1170, by controlling these costs, will ensure that public education money remains in the classroom.

C.S.H.B. 1170 amends current law relating to the applicability to open-enrollment charter schools of certain laws regarding local governments and political subdivisions.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter D, Chapter 12, Education Code, by adding Section 12.1058, as follows:

Sec. 12.1058. APPLICABILITY OF OTHER LAWS. (a) Provides that an open-enrollment charter school is considered to be:

- (1) a local government for purposes of Chapter 791 (Interlocal Cooperation Contracts), Government Code;
- (2) a local government for purposes of Chapter 2259 (Self-Insurance By Governmental Units), Government Code, except that an open-enrollment charter school may not issue public securities as provided by Section 2259.031(b) (authorizing a governmental unit to perform certain duties), Government Code; and
- (3) a political subdivision for purposes of Chapter 172 (Texas Political Subdivisions Uniform Group Benefits Program), Local Government Code.
- (4) a local governmental entity for purposes of Subchapter I (Adjudication of Claims Arising Under Written Contracts With Local Government Entities), Chapter 271 (Purchasing and Contracting Authority

of Municipalities, Counties, and Certain Other Local Governments), Local Government Code.

(b) 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 Chapter 504 (Workers' Compensation Insurance Coverage for Employees of Political Subdivisions), Labor Code. Provides that an open-enrollment charter school that elects to extend workers' compensation benefits as permitted under this subsection is considered to be a political subdivision for all purposes under Chapter 504, Labor Code. Provides that an open-enrollment charter school that self-insures either individually or collectively under Chapter 504, Labor Code, is considered to be an insurance carrier for purposes of Subtitle A (Texas Workers' Compensation Act), Title 5 (Workers' Compensation), Labor Code.

(c) Provides that an open-enrollment charter operated by a tax exempt entity as described by Section 12.101(a)(3) (relating to defining "eligible entity"), notwithstanding Subsection (a) or (b), is not considered to be a political subdivision, local government, or local governmental entity unless the applicable statute specifically states that the statute applies to an open-enrollment charter school.

SECTION 2. Effective date: upon passage or September 1, 2015.