

- SUBJECT:** Classifying certain charter schools as local government entities
- COMMITTEE:** Public Education — favorable, without amendment
- VOTE:** 9 ayes — Aycock, Allen, Bohac, Deshotel, Galindo, González, Huberty, K. King, VanDeaver
- 0 nays
- 2 absent — Dutton, Farney
- WITNESSES:** For — Lindsey Gordon, Texas Charter Schools Association; (*Registered, but did not testify*: Amanda List, ResponsiveEd; Addie Gomez, Texans for Quality Public Charter Schools; Monty Exter, the Association of Texas Professional Educators)
- Against — None
- On — (*Registered, but did not testify*: Von Byer, Texas Education Agency)
- BACKGROUND:** Government Code, ch. 791 authorizes interlocal contracts between government entities to perform certain government functions and services.
- Government Code, ch. 2259 authorizes a government unit to establish a self-insurance fund to protect the governmental unit and its officers, employees, and agents from insurable risks or hazards.
- Local Government Code, sec. 172.004 authorizes a political subdivision or a group of political subdivisions through an interlocal cooperative agreement to provide health and accident coverage for certain political subdivision employees. This coverage may be provided directly or through a risk pool.
- Labor Code, ch. 504, subch. B, under the Texas Workers' Compensation Act, requires a political subdivision to extend workers' compensation

benefits to its employees by:

- becoming a self-insurer;
- providing insurance under a workers' compensation insurance policy; or
- entering into an interlocal agreement with other political subdivisions providing for self-insurance.

Currently, open-enrollment charter schools are not classified as local government entities or political subdivisions, barring them from receiving certain benefits and protections provided to public school districts to safeguard public funds and sustain financial viability. Having access to these benefits and protections would permit open-enrollment charter schools to enter into interlocal cooperation agreements and to effectively plan and manage risks associated with civil liability, employee benefits, and workers' compensation.

DIGEST: HB 1170 would classify an open-enrollment charter school as a local government for the purpose of participating in interlocal cooperative agreements and establishing a self-insurance fund, except that it could not issue public securities.

Open-enrollment charter schools would be classified as political subdivisions to participate in interlocal cooperative agreements for health and accident coverage of certain employees.

This bill would permit an open-enrollment charter school to extend workers' compensation benefits to employees through certain coverage methods available to a political subdivision. A school electing to extend workers' compensation benefits would be considered a political subdivision for purposes of workers' compensation. An open-enrollment charter school that self-insured either individually or collectively would be considered an insurance carrier for the purposes of the Texas Workers' Compensation Act.

This bill would take immediate effect if finally passed by a two-thirds

record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.