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FISCAL IMPACT REPORT

SPONSOR HEC DATE TYPED 3/8/05 HB 791/HECS

SHORT TITLE School Liability for After-Hours Use SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$150.0-\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Public School Insurance Authority (PSIA)

SUMMARY

Synopsis of HEC Bill Substitute

The House Education Committee substitute for House Bill 791 bill requires PSIA to assume the risk for liability coverage for authorized use of school facilities by the community. It also requires APS to do the same under its risk program. Coverage is limited to \$1million combined single limit per occurrence

Currently, schools may allow building use by outside groups and coverage is provided in one of two ways: (1) the school district is named as an additional insured on the user's policy or (2) limited additional premises liability insurance is provided through NMPSIA and billed to the user. Examples of outside groups which have been approved in the past are Boy Scouts, Lions Club. Private individuals have been permitted to use school buildings for wedding receptions or post-funeral pot luck dinners.

Significant Issues

The significant issue is should the cost of insurance for the use of school buildings after hours be paid out of taxpayer money or should it be paid by the outside private users?

The other significant issue is if the legislature decides that these insurance costs should be picked up by the taxpayers, then an additional appropriation to PSIA will be needed to cover these risks.

FISCAL IMPLICATIONS

Historically, losses incurred for use of school premises by outside groups have averaged \$100 thousand annually. There are a limited number of carriers interested in writing this coverage. PSIA estimates the fiscal impact of \$150 thousand to \$200 thousand per year will be passed on to the school districts.

ADMINISTRATIVE IMPLICATIONS

The PSIA will need to use staff time and legal expenses to rewrite and republish the PSIA rules and regulations as well as to educate member entities.

DW/yr:sb:lg