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FISCAL IMPACT REPORT

SPONSOR	<u>Nava</u>	ORIGINAL DATE	<u>01/23/06</u>	HB	<u></u>
		LAST UPDATED	<u></u>	SB	<u></u>
SHORT TITLE	<u>Study School Insurance Reimbursement Coverage</u>			SB	<u>SJM 3</u>
				ANALYST	<u>Geisler</u>

SOURCES OF INFORMATION

Responses Received From

New Mexico Public School Insurance Authority (NMPSIA)
Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Joint Memorial 3 requests a study by the Public Education Department (PED), NMPSIA, and school districts to determine the best way to provide reimbursement to school districts for Individuals with Disabilities Education Improvement Act (IDEA) due process hearings. The memorial also requests the study include means of reducing costs, frequency and duration of due process hearings. The study results are to be presented to Legislative Education Study Committee (LESC) by August 2006.

FISCAL IMPLICATIONS

Costs to complete this study are minimal. PED provided an estimate of \$11.2 thousand for 80 hours of staff time.

SIGNIFICANT ISSUES

Under NMPSIA's current Memorandum of Coverage, NMPSIA will defend and indemnify a member school district once a lawsuit is filed alleging violations of IDEA. NMPSIA is not responsible for costs incurred by the member school district during the administrative process prior to the filing of a lawsuit. NMPSIA has voluntarily offered to reimburse member school districts up to \$20,000 to help cover the costs of the administrative process with a cap of \$80,000 per year. The significant increase in IDEA claims has resulted in increased costs to both the member school district and NMPSIA. A study will provide a thorough analysis and recommendation on how best to meet the needs of the member school district and NMPSIA.

Recommendation on coverage could be introduced during the 2007 session for implementation in FY 08. In the meantime, NMPSIA expects to be able to continue the limited reimbursement coverage for IDEA claims.

PED notes that there is the possibility that any recommendation arising out of this study that results in legislation to arbitrarily cap fees paid to due process hearing officers could actually result in increased federal litigation against school districts and the PED on the basis that special education applicants/recipients are being deprived of due process. Also, the implementation of any resulting legislation would likely require significant agency rule changes that would affect all school districts and charter schools.

TECHNICAL ISSUES

NMPSIA notes that since school districts are to be involved in the study, it is assumed that input would also be received from Albuquerque Public Schools. Perhaps the memorial should specifically include APS.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

NMPSIA states that the limited IDEA coverage currently provided by NMPSIA will likely continue, but it does not meet the needs of the school districts.

GG/mt