AB 218

ANNUAL REPORT 2024-2025

BY SCHOOLS FOR SCHOOLS

SELF

SCHOOLS EXCESS LIABILITY FUND

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AB 218 Annual Report 2024-2025

Schools Excess Liability Fund produces this annual report to keep you apprised of the evolving financial impact that has been created by AB 218. In this fifth annual report, we will provide an update of district liabilities as relates to this retroactive law; efforts underway on the legislative front; and on increasing awareness of both the public and state policy makers regarding the substantial financial consequences this legislation has created.

AB 218 Claim Status

Although the three-year revival window closed three years ago on December 31, 2022, claims continue to come in largely as a result of another component of AB 218; the simultaneous increase in the statute of limitations age from 26 to 40.

As noted in previous reports, the majority of the fiscal impact of these claims remains within the period from 1986 to 2008, a time in which nearly all public educational entities in California were participating in SELF's Excess Liability Program.

Legislative Arena

The Fiscal Crisis & Management Assistance Team, (FCMAT), was tasked by the legislature in 2024 to provide recommendations for funding and financing options local agencies could utilize to pay judgments or settlements resulting from these types of claims. The report also addressed associated topics including prevention measures that agencies could implement going forward.

The 43-page report "Childhood Sexual Assault: Fiscal Implications for California Public Agencies" was released in January 2025 and FCMAT's Chief Executive Officer Michael Fine presented the findings to the Senate Budget Committee in March.

Report findings indicated the "best estimate of the dollar value of claims brought to date because of AB 218 at ***$2-$3 billion***" for local educational agencies and estimated other public agencies' costs would exceed that

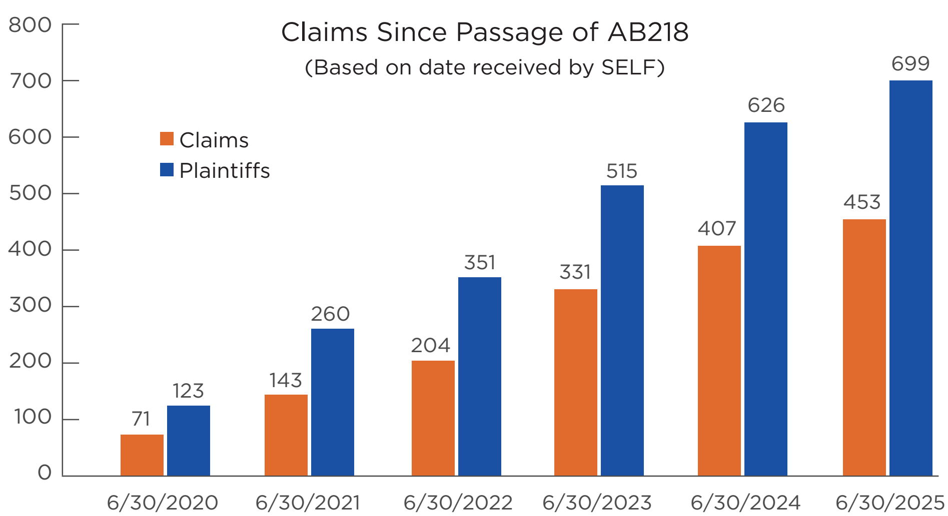
Currently about half of all plaintiffs cases have been adjudicated, however that number varies depending on new claims filed.

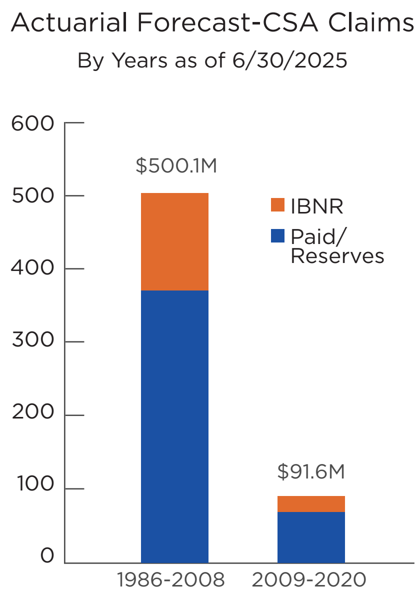
value by a multiplier — with one county alone estimating their claim value at $3 billion.

The FCMAT report and its 22 recommendations — broken up into four categories: data, financing, victim's compensation fund and prevention — stirred interest at the legislative level resulting in the drafting of four bills focused primarily on the areas of financing and prevention.

Senate Bill 848, authored by Senator Sasha Renée Pérez, addressed all the report's prevention recommendations and was the only bill of the four to pass both houses and be signed by the governor in October.

The new law, which will take effect July 1, calls for schools to update comprehensive





school safety plans to include procedures specifically designed to address the supervision and protection of students from child abuse, neglect or sexual offenses. Additionally, it expands mandated reporter requirements to more individuals and requires them to receive annual training on reporting and preventing abuse. Schools must also adopt policies that define appropriate professional boundaries between staff and students and policies that govern school facilities and furnishings to promote easily supervised, safe environments. Other requirements include updated hiring and vetting processes and working with risk pools to adopt practices known to prevent misconduct.

Two other bills focused on financing these liabilities or extending the period in which an entity would have to pay a settlement or verdict, did not make it through to the governor's desk; nor did the other bill addressing one FCMAT prevention recommendation.

In the years following the passage of AB 218, however, other prevention focused measures have met with more success. SB 848 comes on the heels of a 2024 legislative effort — AB 1913 — co-sponsored by SELF and the Association of California School Administrators (ACSA), with author Assemblymember Dawn Addis. That bill, which went into effect July 1, 2025, required the addition of information on CSA prevention into the mandated reporter training for all public schools.

And of course, SELF continues to work on your behalf through our legislative advocate, Schools Services of California, with the California Department of Finance, the Governor's office and both houses of the legislature to keep them apprised of the continuing financial impact that AB 218 is having on public schools and colleges and encourage a legislative solution to the unsustainable financial burden it has placed on public entities.

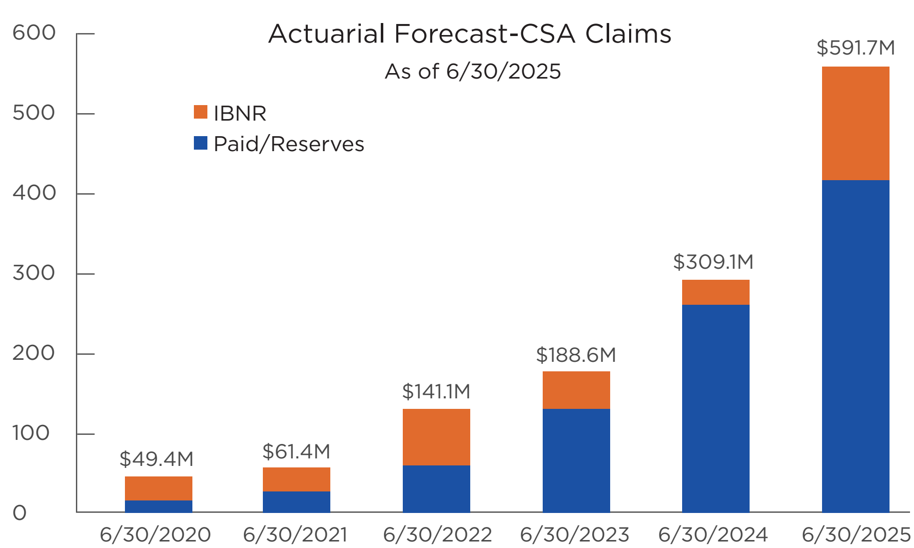
Coalition Building & Collaboration

Throughout the past year, growing momentum brought stakeholders together in collaborative efforts to highlight the law's destabilizing impact on public-sector finance. The year also saw evidence of wider reaching consequences as another report sought to quantify the significant financial risk all public entities are experiencing as the result of skyrocketing tort claim costs across all types of liabilities.

The California Association of Joint Powers Authorities, via its Protecting Public Funds project, compiled data from most California counties and municipalities, special districts and educational organizations. The report showed the amount of tax revenue spent to resolve lawsuits over sexual abuse and other serious claims has increased from $278 million in the 2019-20 fiscal years to $843 million in the 2023-24 fiscal years. Additionally, it revealed increases in insurance and reinsurance costs for public entities have soared from $114 million in 2019 to $490 million in 2025 — indicating a continued affordability crisis for available coverage even as the markets willing to insure public entities in California dwindle.

The last year also heralded a slew of news articles and editorials from major California and national news outlets educating the general public on the source of the funds behind the unprecedented judgments and settlements — taxpayer dollars — and highlighted the unsustainability of the current litigation trends.

SELF continues to collaborate with a group of stakeholders who are equally concerned about the unprecedented and unsustainable financial impact of this law. They include other primary and excess risk-sharing JPAs, school districts, statewide associations like the California Association of School Business Officials (CASBO), Association of California School Administrators (ACSA), California School Boards Association (CSBA) and the Fiscal Crisis & Management Assistance Team (FCMAT). These stakeholders are working tirelessly to educate the legislature and find a solution to this issue that provides justice and support to victims while protecting schools and the students they currently serve from the financial volatility that this law has created.



What's Next

The last assessment was designed to cover anticipated liabilities for fiscal years, 2026 and 2027. LEAs were given the option to pay over two years. For those LEAs with a balance outstanding, invoices will be sent early in the 2026/27 fiscal year, payable by December 31, 2026. LEAs that have paid in full will receive a statement confirming a zero balance.

We anticipate any new funding decision will be applicable to the 2027/28 fiscal year. The board, consisting of CBOs and other district and JPA executives, will determine funding needs in the spring of 2027 and that information will be broadcast to the membership. We are advising all members to regard these assessments as an annual expense within your multi-year projections until all AB 218 claims have been resolved, and all associated costs paid.

As SELF marks 40 years as a trusted partner to public education, our purpose remains unwavering: **By Schools, For Schools.** Whether confronting emerging risks or retroactive liabilities, we remain prepared to protect school districts and community colleges from catastrophic loss — today and for decades to come.

For additional resources and background on AB 218, visit our website at: https://www.selfjpa.org/ab218-resources.

AB 218

Background

Enacted effective January 1, 2020, AB 218:

- Opened a three-year revival period, during which a claim for childhood sexual assault could be filed from any point in the past. This window closed on December 31, 2022, for people over the age of 40.
- Broadened the type of misconduct covered by changing the term "abuse" to "assault," significantly increasing the risk exposure of educational agencies.
- Extended the general statute of limitations on child sexual assault claims from age 26 to age 40 once the revival window closed.
- Deleted entirely the requirement of filing a government tort claim.

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