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CAJPA California Association of Joint Powers Authorities



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SCHOOLS EXCESS LIABILITY FUND

Date: May 20, 2026

To: Members, California State Legislature

From: Association of California School Administrators; California Association of School Business Officials; California Association of Joint Powers Authorities; California Latino School Boards Association; California School Boards Association; League of California Cities; League of United Latin American Citizens; Los Angeles Unified School District; Rural County Representatives of California; Schools Excess Liability Fund

Re: Urgent Need for Comprehensive Tort Reform to Protect California Taxpayers, Survivors, and Essential Public Services

On behalf of the undersigned organizations, we urge the Legislature to enact meaningful tort reform for civil actions against public entities. New data released by the California Association of Joint Powers Authorities (CAJPA) confirms what our members have been warning lawmakers about for years: **public-entity liability costs have tripled in the last seven years, now exceeding \$7 billion in known exposure. Costs are on pace to grow another 70 percent by 2027–28.** The fiscal trajectory is unsustainable, the structure of liability is fundamentally unfair to taxpayers, and the consequences are now measured in billions of dollars diverted away from classrooms, fire stations, roads, mental health services, and the essential programs Californians depend on every day.

Our organizations share a deep and unwavering commitment to ensuring that survivors of harm receive justice, support, and meaningful compensation. California’s public agencies are not asking for insulation from accountability. We do not seek to deny survivors their day in court. Instead, we seek to fix a system that, as currently structured, transfers enormous wealth to plaintiffs’ law firms and threatens the financial solvency of the very public agencies tasked with protecting and serving our vulnerable community members. The longer the Legislature waits, the more public services will be cut, the more agencies will face insolvency.

The Path Forward. We urge the Legislature to advance a comprehensive tort reform package for civil actions against public entities that, at minimum, includes the following:

- **Defined benefits** including caps on damages in civil actions against public entities, ensuring survivors and other injured parties are made whole while preserving the capacity to deliver essential public services.
- **Proportional (several) liability for economic damages** in civil actions against public entities, so that taxpayers pay only for the share of harm actually attributable to the public agency. This way the perpetrators bear the cost of their own conduct and not taxpayers.
- **Heightened evidentiary and procedural standards** for claims where witnesses, records, and evidence archives are absent or insufficient to assign culpability.

Why are Billions of Taxpayer Dollars Being Diverted from Essential Services? AB 218 (Gonzalez, Chapter 861, Statutes of 2019) related to childhood sexual assault is one stark driver, but it is not the only one. Across the spectrum of civil litigation against public entities — from premises liability to dangerous conditions — plaintiffs' firms are increasingly targeting governmental defendants precisely because they are perceived as having the deepest pockets. The result is an unreasonable transfer of public resources to private wealth that the Legislature has both the power and the responsibility to address.

How Are Claims Against Public Entities Funded? Most cities, counties, special districts, and school districts in California do not purchase liability coverage from traditional commercial insurance carriers because it is either too expensive, does not provide sufficient coverage, or is simply not offered. Instead, they self-fund their liability coverage or they collectively pool risk through Joint Powers Authorities (JPAs), which are *not* insurance companies with large capital reserves. Every self-funded claim, including those paid out of a JPA, comes from taxpayer-funded member contributions paid by cities, counties, schools, and other public agencies from the same general fund dollars that pay for police officers, firefighters, teachers, road crews, and homelessness response.

When a JPA pays out claims of magnitude, every member agency in that pool feels it through higher premiums, the potential need for special assessments, reduced coverage limits, and/or increasingly, the inability to obtain coverage at all. Public agencies that have never had a single AB 218 claim filed against them are facing double-digit premium increases. For schools, this means Proposition 98 education dollars intended to support today's students are paying for decades-old liabilities. Even for cities and counties that have few claims filed against them it means delaying critical infrastructure maintenance and reducing local government's ability to provide social-safety-net services to the most vulnerable Californians.

Plaintiffs' Attorneys Are on Track to Profit Over Half a Billion Taxpayer Dollars Every Year. In civil actions against public entities, plaintiffs' counsel commonly recover contingency fees of 40 percent or more of the gross judgment or settlement. Even using a conservative 30 percent contingency assumption, **estimated plaintiff attorney fees in actions against California public entities have climbed to over \$500 million annually.** In many individual cases, **attorney fees approach 50 percent of the taxpayer-funded settlement or award.** That means that for every \$10 million paid by a city, county, JPA, or school district, as much as \$4 to \$5 million is paid to a private law firm. It does not go to the survivor, nor does it go to mental health services, prevention or victim assistance, or back to the taxpayers who funded the payment. Plaintiffs' firms are, in many cases, the single largest beneficiaries of the current system.

Caps on Damages Are Essential to Preserve Public Services and Solvency. Support for meaningful tort reform must include caps on damages in actions against public entities. Without such caps, the cascading effects of recent legislation will only worsen, and the very real threat of insolvency among California's public agencies, already materializing in some regions, will only accelerate. California already imposes reasonable limits in medical malpractice cases under MICRA, recognizing the public interest in such restrictions. The same principle should apply when taxpayer dollars are the source of the payment.

Public Entities Should Pay in Proportion to Their Actual Fault — Not for the Crimes of Others. Under California's current liability structure, a public entity found just **one percent at fault** can be ordered to pay the entirety of a plaintiff's economic damages — even when the overwhelming majority of fault lies with a criminal actor who has no assets to satisfy a judgment.

The result is morally indefensible: perpetrators escape financial accountability for their conduct, while taxpayers — through their cities, counties, transit agencies, and school districts — are forced to pay for

the harm that resulted. It allows perpetrators to walk away while public services are gutted to satisfy awards for conduct the public entity did not commit. The **Legislature must restore proportional (several) liability for economic damages in actions against public entities, so that they are responsible only for the share of harm attributable to the public agency's own conduct.**

Survivors Deserve Their Day in Court, and Public Entities Deserve a Meaningful Opportunity to Defend. Restoring balance to AB 218 claims involving decades-old conduct does not require closing the courthouse door to survivors. Rather, it requires recognizing that, after decades have passed, the records and witnesses needed to fairly adjudicate a claim are often incomplete or simply gone. For claims involving conduct that occurred decades ago, we urge the Legislature to restore balance by reinstating a prior-knowledge requirement, paired with a clear-and-convincing-evidence standard. Prior to AB 218, California law permitted survivors to bring claims against public entities outside the statute of limitations, when a plaintiff could show the entity "knew or had reason to know, or was otherwise on notice, of any unlawful sexual conduct" by the perpetrator and failed to implement reasonable safeguards. That framework provided a meaningful path to justice for survivors with evidence of institutional culpability while also protecting taxpayers from liability for conduct the public entity had no realistic means to anticipate, prevent, or now defend against.

Our coalition stands ready to work with the Legislature, the Administration, and the survivor community to craft a balanced, durable solution so that necessary action can be taken now. Detailed findings and supporting data are available in CAJPA's recent report, [Protecting Public Funds: The Rising Cost of Claims Against California Public Entities](#). Please do not hesitate to contact us with questions or to discuss specific legislative vehicles.

Sincerely,



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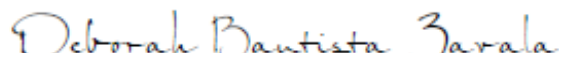
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