

AB 218

ANNUAL
REPORT
2021-2022



SELF

Schools Excess Liability Fund

AB 218

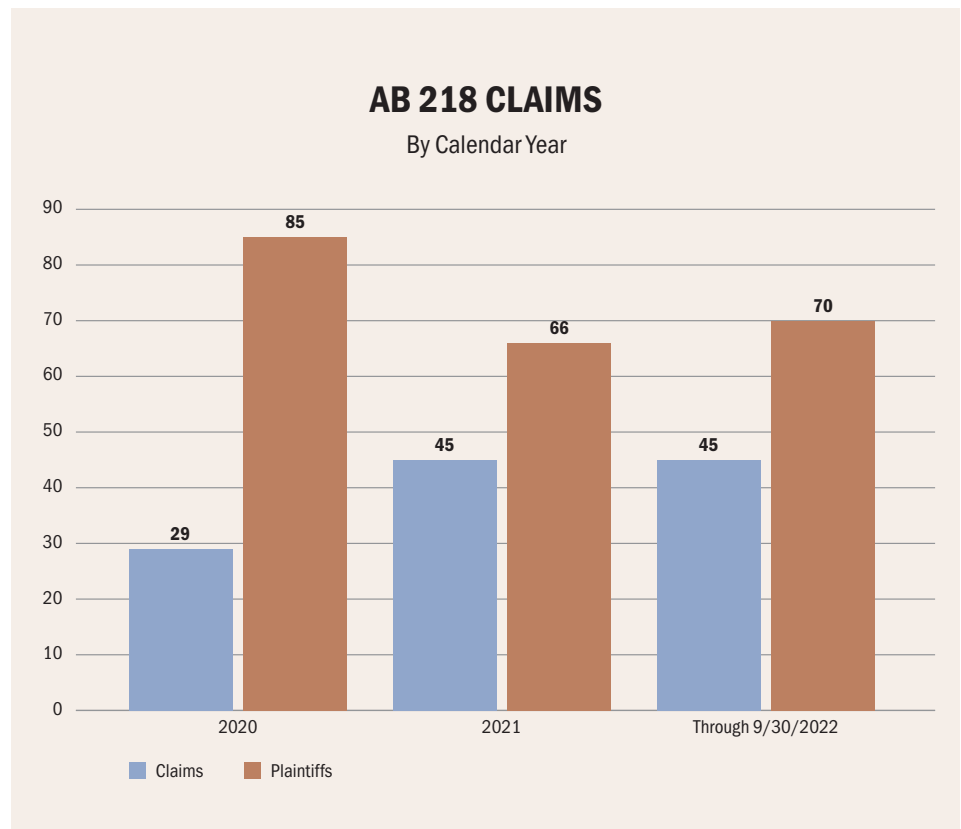
ANNUAL
REPORT
2021-2022

We have developed this annual report to keep you apprised of the evolving impact of AB218. With this, our second annual report, we would like to update you on the status of district liabilities as related to this retroactive law. The liability climate generally in California is challenging and this will remain a substantial part of that.

As we near the end of the three-year revival period on December 31, we are aware that the repercussions of The California Child Victim's Act (AB 218) will not end with it. Even with the closure of this window that removed any statute of limitations, the data tells us that the majority of claims will not be time-barred based on the extension of the statute of limitations from age 26 to age 40.

SELF has received a total of 119 claims, with 221 plaintiffs, from January 1, 2020 to September 30, 2022. Currently, the fiscal impact of these claims largely falls between 1986 and 2008, because participation in SELF's Excess Liability Program included a significant portion of all public educational entities in California.

While the legislature passed this bill and its author presented it as having



no fiscal impact, SELF and others in the school risk pool community knew that it would have an immediate fiscal impact on school budgets statewide. Unfunded mandates are not new to education and we are working closely with actuaries to forecast and fund this liability over time.

SELF'S AB 218 REVIVED LIABILITY FUNDING PLAN

Following the implementation of the first funding initiative under SELF's AB 218 Revived Liability Funding Plan, the Board continued to closely monitor the claim development. By the spring of 2022 it became clear that the ongoing claim development and the financial exposure faced by school districts statewide warranted further assessment to provide sufficient funding to the program. You can see the trends in the claim volume, especially in fiscal 2021/2022, which

are then reflected in the increasing actuarial forecast.

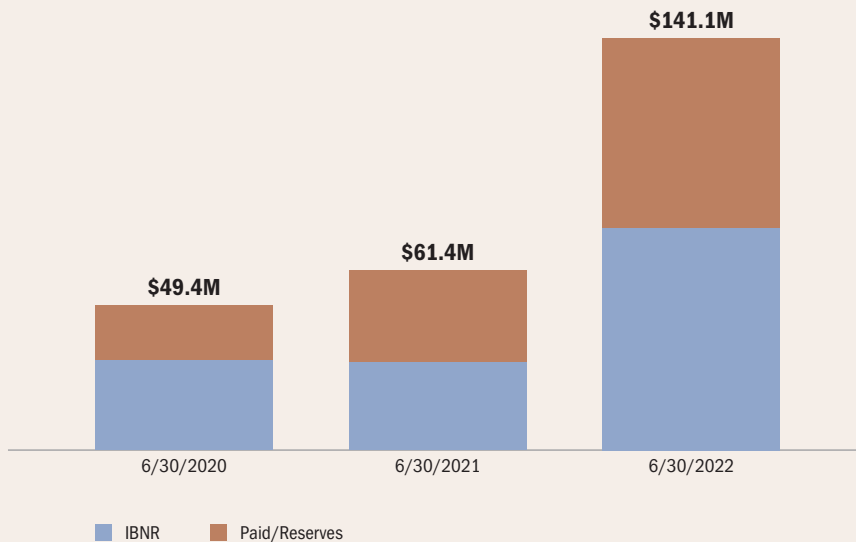
The Board declared this assessment at its June 3, 2022 meeting and notification was sent to all current and former members along with preliminary budget indicators.

Invoices will be issued in early 2023 and full payment is optional within the 2022/23 fiscal year (with an early payment incentive). For those preferring to pay over time, your invoice will be spread evenly between the 23/24 and 24/25 fiscal years.

Over the last 35 years, SELF's membership has included nearly every school and community college district in California. Our unique position required we take a leadership role statewide in developing a plan to address these new unfunded liabilities and become a vocal advocate

ACTUARIAL FORECAST

By Fiscal Year



for schools at the Capitol to keep legislators and policy makers abreast of the fiscal impact this law has had on public schools.

WHAT'S NEXT

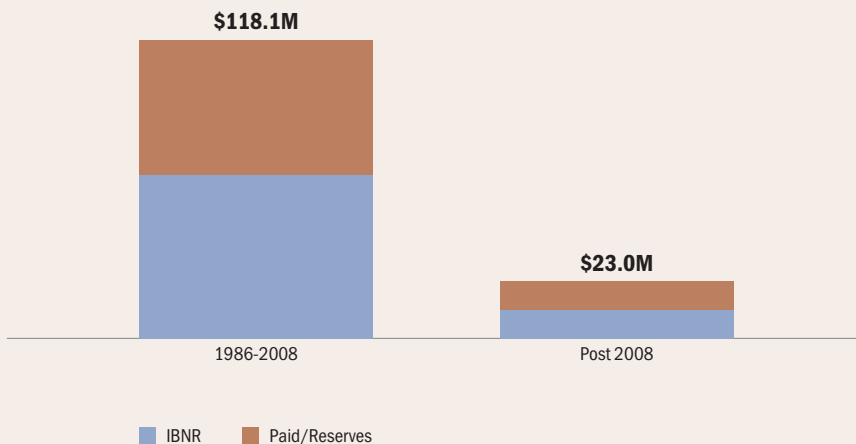
The SELF board, comprised of your fellow school fiscal and risk executives, are monitoring the claims and associated costs closely and will use that information to make future, informed, funding decisions. We cannot predict the future, but it is the Board's goal to communicate any decision for further funding well in advance so that SELF members can appropriately plan and budget for any additional AB 218-related costs.

SELF maintains contact with the California Department of Finance and both houses of the legislature to keep them apprised of the financial impact that AB 218 has had on our public schools and colleges. We continue to work through your professional organizations as well to educate and promote training and risk management efforts aimed at reducing these claims in the future.

We are committed to providing California schools protection from the significant financial impacts of these claims and will continue to provide these annual report updates to our membership to keep you informed. You can find additional resources on the background of AB218 at <https://www.selfjpa.org/ab218res>.

ACTUARIAL FORECAST

By Year of Loss





AB 218

BACKGROUND

Enacted effective January 1, 2020, AB 218 has multiple implications for California's schools:

- Allows for a three-year "revival period", effective January 1, 2020, with no statute of limitations for claims to be filed alleging improper sexual conduct against a minor from any time in the past, not just against the perpetrator, but against employers based on claims of negligent supervision or hiring.
- Broadens the type of misconduct it covers by changing the term "abuse" to "assault", significantly increasing the risk exposure of educational agencies.
- Permanently extends the statute of limitations on child sexual assault claims to age 40 from age 26, and potentially even longer in repressed memory cases.
- Deletes entirely the requirement of filing a government claim.

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