NEW REPORT: Updated Data Shows Significant, Ongoing Impact to Public Entity Budgets Due to Lawsuits, Draining Taxpayer Dollars to Enrich Attorneys

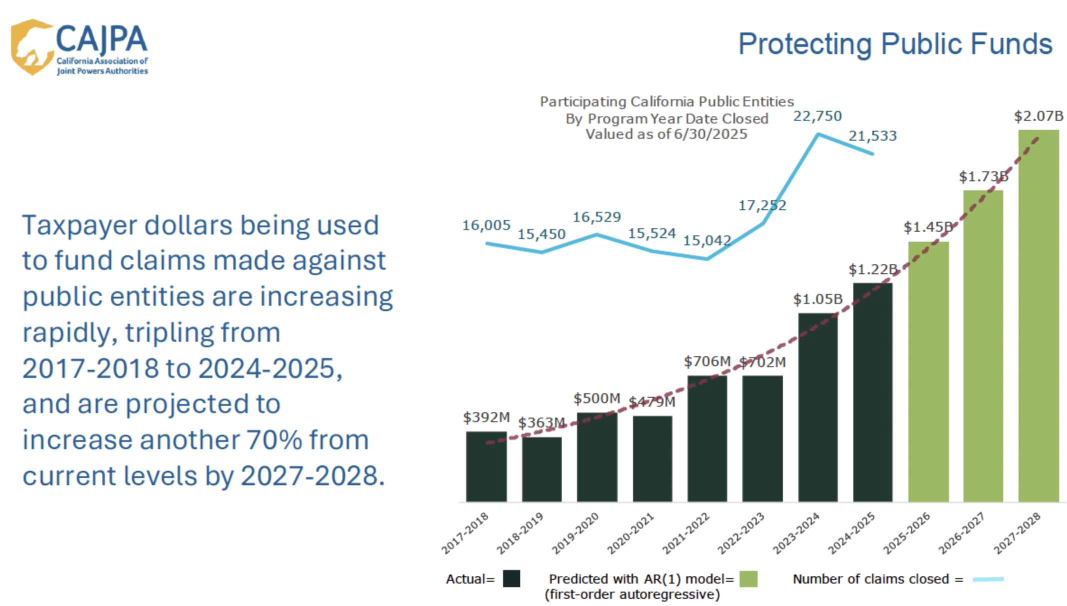
SACRAMENTO – An updated report from the California Association of Joint Powers Authorities (CAJPA) reveals that lawsuits against public entities — including schools, cities, and counties — are skyrocketing in cost, shifting billions in taxpayer dollars away from classrooms, community safety, infrastructure, and other vital services.

The new analysis, covering claims data through June 30, 2025, shows an alarming rise in the frequency, size, and duration of liability claims across California. With conversations currently underway in Sacramento regarding reforms, we present this data and urge the legislature to deliver relief to public entities and restore balance in the insurance market.

Among the key findings:

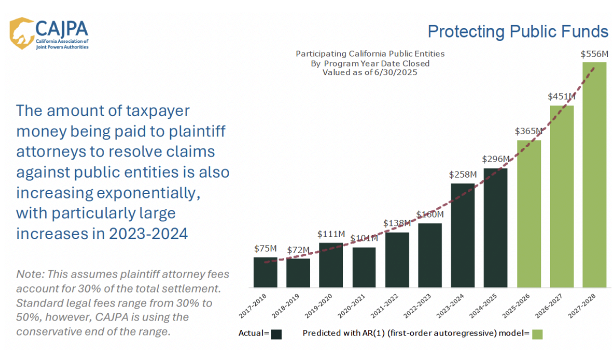
1. BILLIONS OF TAXPAYER DOLLARS ARE GOING TO FUND PUBLIC LIABILITY.

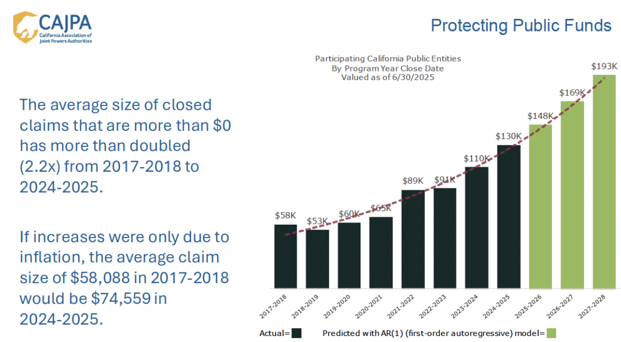
Liability costs are continuing to explode, and billions more are on the table. Total taxpayer dollars used to fund claims **tripled from roughly $392M to over $1.22B** between 2017–18 and 2024–25. The growth curve is steep and still accelerating. Costs, funded by taxpayer dollars, are projected to **increase another ~70% by 2027–28**. The number of large claims is still growing, and many remain unresolved, meaning these numbers will only get higher. This data does not include LAUSD and LA County information, which to date, is upwards of $6B, **bringing the currently known liability costs to well over $7B, and rising.**



2. PUBLIC LIABILITY LITIGATION IS ENRICHING TRIAL ATTORNEYS, WHO ARE PROJECTED TO PROFIT OVER HALF A BILLION DOLLARS NEXT YEAR.

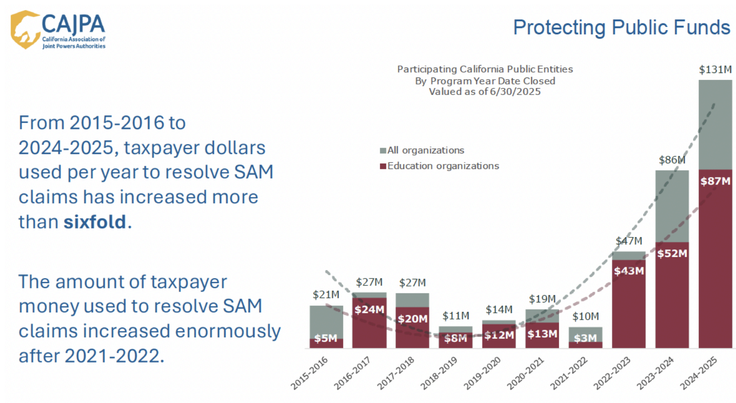
Hundreds of millions of taxpayer dollars are flowing annually to plaintiff attorneys, and public entities are left absorbing the impact. Estimated plaintiff attorney fees (conservatively assuming ~30% contingency) have climbed rapidly, reaching over $500M annually in projected payments. **However, some attorney fees are nearly 50% of taxpayer funded settlements and awards.** These legal costs are rising alongside settlement totals—not separately. Settlement growth is directly increasing legal fee payouts and pressure on public funding streams. The average size of closed claims that are more than $0 has more than **doubled (2.2x) from 2017-18 to 2024-2025.**





3. PUBLICLY FINANCED LIABILITY DRAINS GENERAL FUND DOLLARS, IMPACTING CALIFORNIA'S MOST VULNERABLE COMMUNITIES.

Public entities are being mined for taxpayer dollars, draining much needed resources from the social safety net and classrooms today. From 2015-16 to 2024-25, **taxpayer dollars used per year to resolve Sexual Abuse and Molestation (SAM) claims has increased more than sixfold**. For schools, this means today's Proposition 98 education dollars are paying decades-old liabilities. For cities and counties, it means delaying important infrastructure maintenance and reducing local government's ability to provide social safety net services.



Continuing our advocacy for statewide action to reform the liability system and prevent long-term damage to California's public institutions, CAJPA and its members are calling for urgent reforms.

About CAJPA

The California Association of Joint Powers Authorities represents public risk-sharing pools across the state. Our members work to protect the safety and health of our employees and the public while preserving taxpayer funds and maintaining the delivery of essential public services. Most public agencies manage their liability and risk obligations through joint powers authorities: not-for-profit risk pools funded entirely by local government contributions. These pools are not insurance companies with substantial capital reserves.

For the full new report, click here: Protecting Public Funds: The Rising Cost of Claims against California Public Entities.