Date of Hearing: July 15, 2025

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
SB 577 (Laird) – As Amended July 9, 2025

SENATE VOTE: 35-0

SUBJECT: STATE GOVERNMENT

KEY ISSUE: SHOULD VARIOUS CHANGES TO EXISTING LAW RELATED TO CHILDHOOD SEXUAL ASSAULT CLAIMS, INCLUDING LIMITING THE FILING OF SPECIFIED CLAIMS, BE ADOPTED IN ORDER TO MITIGATE THE FISCAL IMPACT OF CHILDHOOD SEXUAL ASSAULT CLAIMS AGAINST PUBLIC ENTITIES?

SYNOPSIS

As a result of the unique nature of childhood sexual abuse and the difficulty that many younger victims have in fully understanding that abuse, coming to terms with what has occurred, and then coming forward in a timely fashion, many states have special, extended statutes of limitations for childhood sexual abuse, including California. In 2018, the Legislature significantly expanded the time period for filing these claims with the passage of AB 218 (Gonzalez) Chap. 861, Stats. 2018. In 2023, the Legislature went one step further and eliminated the statute of limitation for most of these claims entirely with the adoption of AB 452 (Addis) Chap. 655, Stats. 2023. Unfortunately, teachers and other public servants committed many of the cases of sexual abuse perpetrated against children, despite these persons being entrusted to keep California's children safe. As a result, many public entities now face significant liability for their culpability in covering up, or generally not preventing, these heinous acts. Indeed, Los Angeles County just agreed to a record setting four billion *dollar settlement to address its liability for childhood sexual assaults committed by county staff at its juvenile detention facilities. Accordingly, Los Angeles County and many other public entities are now pleading for the Legislature to provide them relief from their massive liabilities resulting from their negligence.*

This compromise bill seeks to provide some modicum of relief to public agencies while also trying to protect the rights of victims of these horrible acts. This bill has two primary features. First, it modifies several legal standards and case filing timelines for childhood sexual abuse cases. The bill adopts its strictest restrictions on the prosecution of these cases for plaintiffs over the age of 40 on the premise that the evidentiary record in these cases is the most unreliable as a result of the passage of time. Secondly, this bill adopts many of the recommendations of the County Office Fiscal Crisis and Management Assistance Team's report to the Legislature regarding how to address the financial situation faced by public entities as a result of their massive liability.

This measure is the result of discussions between a broad array of stakeholders including local governments, school districts, victim advocates, plaintiff's attorneys, and the joint power authorities that provide insurance to local agencies. Due to the nature of the compromises adopted in this bill many of the stakeholders do not have a formal position on the measure as they appreciate some aspects of the bill and have significant consternation with others. Nonetheless, all parties are committed to ongoing discussions and express a genuine desire to solve the issue of liability for childhood sexual assault in a balanced and fair manner. This bill is

formally supported by a local government and some children and family service providers. Some victim advocates and local agencies oppose the measure as not being sufficiently balanced. The author is committed to continuing discussions and adding any additional areas of consensus to the bill should it advance out of this Committee.

SUMMARY: Revises several provisions of existing law related to the civil procedures governing claims for childhood sexual assault claims against public entities, and modifies the procedures for local agencies that issue public debt obligations. Specifically, **this bill**:

1) Eliminates a plaintiff's ability to recover treble damages in a civil action related to child sexual assault if the defendant is a public entity.

2) Prohibits, upon a dismissal without prejudice, the refiling of the following actions if 5 years or more have passed from the original filing date of such action:

    a) An action for liability against any person or entity who owed a duty of care to the plaintiff, if a wrongful or negligent act by that person or entity was a legal cause of the childhood sexual assault that resulted in the injury to the plaintiff; or

    b) An action for liability against any person or entity if an intentional act by that person or entity was a legal cause of the childhood sexual assault that resulted in the injury to the plaintiff.

3) Provides that in an action for recovery of damages suffered as a result of childhood sexual assault that occurred before January 1, 2024, the time for commencement of the action must be within 22 years of the date the plaintiff attains the age of majority or within three years of the date the plaintiff discovers or reasonably should have discovered that psychological injury or illness occurring after the age of majority was caused by the sexual assault, whichever period expires later.

4) Requires, if a certificate of merit is required to be filed in order to proceed with a claim for childhood sexual assault, that the certificate be filed concurrently with the complaint, and prohibits the clerk of the court from accepting such a complaint without the certificate of merit.

5) Requires a plaintiff who files an action related to childhood sexual assault at 40 years of age or older against a public entity or one of its employees or agents to prove that the public entity or its employee or agent acted with gross negligence to establish liability.

6) Requires a court hearing in an action against a public entity or one of its employees or agents for childhood sexual assault, upon a motion for remitter, to consider the following:

    a) The mission of the public entity to provide public services and how the damages may impact that entity's mission given its economic status;

    b) Whether the amount awarded is compensatory for the plaintiff's harm;

    c) Whether the amount awarded is acting as a substitute for or functional equivalent of punitive damages;

    d) The severity of the harm to the plaintiff; and

e) The egregiousness of the defendant's conduct.

7) Authorizes a court in a childhood sexual assault action against a public entity or one of its employees or agents to issue a remittitur that conditions affirmance of the judgment on the plaintiff's consent to a reduction to the judgment and to structure the damages to be paid over time.

8) Requires that, notwithstanding any other provision of law, any civil action filed against the County of Los Angeles, arising out of conduct that would constitute childhood sexual assault and that allegedly occurred at, by, or under the supervision of the MacLaren Children's Center in Los Angeles County or any juvenile probation facility or detention center operated by the Los Angeles County Probation Department that was closed on or before January 1, 2020, to be commenced on or before January 1, 2026.

9) Bars all claims specified in 8) from proceeding if an action is not filed on or before January 1, 2026.

10) Provides that the provisions of 8) and 9) do not apply to claims for which a final settlement agreement has been reached prior to the effective date of this bill.

11) Prohibits the disbursement of settlement funds to any claims brought in accordance with 8) by a claimant 40 years of age or older, unless and until the claimant has complied with the certificate of merit requirements in existing law.

12) Deems each tort action judgment or settlement agreement and the related bonds, bond related documents, credit reimbursement, or other agreement to be in existence as of the date of adoption by a public agency's governing body of such resolution or ordinance, without regard to any of the following:

    a) When a party files a tort action or the court enters a final judgment therein;

    b) When the public agency enters into a settlement agreement; and

    c) Whether the effectiveness of a settlement agreement entered into by the public agency is contingent on any condition precedent, including, but not limited to, a determination on the validity of bonds, as specified.

13) Provides that the provisions of 12) apply when determining either of the following:

    a) The validity of any issuance or proposed issuance of refunding bonds issued in accordance with specified provisions of the Government Code, or any other law, to finance or refinance one or more tort action judgment or settlement; or

    b) The validity of any proceeding taken or proposed to be taken in a resolution or ordinance adopted by a public agency's governing body for the authorization, issuance, sale, and delivery of the bonds, including any contracts or agreements providing for the issuance, security or payment of the bonds, or the use of proceeds of the bonds, and any credit reimbursement or other agreement entered into or to be entered into in connection therewith.

14) Provides that, notwithstanding 12) bond proceeds validated in accordance with existing law are not be used to fund a judgment or settlement agreement before the court orders the judgment against the public agency or the public agency enters into the settlement agreement and it is effective, as applicable.

15) Provides that the provisions of 12) through 14) apply to actions brought to determine the validity of any issuance or proposed issuance of bonds to finance or refinance any of the following:

    a) One or more tort judgments that have not yet been entered against the public agency by the applicable court;

    b) One or more tort settlement agreements that have not yet been entered into by the public agency; or

    c) One or more tort settlement agreements entered into by the public agency whose effectiveness is contingent on any condition precedent.

16) Defines for the purpose of 15) "tort action judgment or settlement" to include a judgment entered against a public agency by one or more state or federal courts, or a tort action settlement agreement entered into by a public agency.

17) Adds to the list of depository actions that may entitle a defendant in a claim brought pursuant to the Government Claims Act all reasonable and necessary defense costs if the court determines that the underlying proceeding was not brought in good faith and without reasonable cause the following:

    a) Objection by demurrer; and

    b) Judgments on the pleadings.

18) Authorizes a participating party, in connection with securing financing, refinancing, or refunding of a public debt obligation to elect to provide for funding, in whole or in part, payments on the public debt obligation.

19) Provides that in order to participate in the financing arrangement provided in 18), a participating party must do the following:

    a) Elect to participate in a state intercept or local intercept, or both, by an action of its governing board taken in compliance with the rules of that governing board, as specified; and

    b) Provide a specified written notice to the Controller and the Superintendent, with respect to a state intercept, or to the county treasurer or other appropriate county fiscal officer, with respect to a local intercept, no later than the date of the issuance of the public debt obligation or 60 days before the next payment, whichever is later.

20) Authorizes a participating party to amend, supplement, or restate the notice required by 19) for any reason, including, but not necessarily limited to, providing for new or increased payments, as specified.

21) Requires the State Controller and Superintendent of Public Instruction, upon receipt of the notice specified in 19), to make an apportionment to the indicated recipient on the date, or during the period, shown in the schedule in accordance with all of the following:

    a) If the participating party requests transfers in full as scheduled, in the amount of the scheduled transfer or whatever lesser amount is available from the sources described in 22);

    b) If the participating party does not request transfers in full as scheduled, in the amount of the anticipated deficiency for the purpose of making the required payment indicated in a written request of the participating party to the Controller and in the amount of the actual shortfall in payment indicated in a written request of the recipient or the participating party to the Controller or whatever lesser amount is available from the sources described in 22);

    c) To the extent funds available for an apportionment are insufficient to pay the amount set forth in a schedule in any period, the Controller shall, if and as requested in the notice, reschedule the payment of all or a portion of the deficiency to a subsequent period; and

    d) In making apportionments, the Controller may rely conclusively and without liability on any notice or request delivered pursuant to 19.)

22) Requires the State Controller to make an apportionment pursuant to 21) from one or more of the following sources:

    a) Any funding apportioned by the state for purposes of the local control funding formula, or state categorical or grant programs, to a school district without regard to the specific funding source of the apportionment;

    b) Any funding apportioned by the state for purposes of the local control funding formula, or state categorical or grant programs, to a county superintendent of schools without regard to the specific funding source of the apportionment;

    c) Any funding apportioned by the state for purposes of community college apportionments, or state categorical or grant programs, to a community college district without regard to the specific funding source of the apportionment; or

    d) Any funding apportioned by the state to an educational joint powers authority without regard to the specific funding source of the apportionment.

23) Requires, upon receipt of the notice specified in 19) a county treasurer or other appropriate county fiscal officer to make an apportionment or revenue transfer to the indicated recipient on the date, or during the period, as specified.

24) Requires that the amount apportioned for a participating party pursuant 18) though 23) be deemed to be an allocation to the participating party, and be included in the computation of allocation, limit, entitlement, or apportionment for the participating party.

25) Provides that nothing in the bill makes the State of California liable for any payments, as defined, and does not obligate the State of California or any county to make available the

sources of apportionment in any amount or at any time or, except as provided by the terms of 18) through 23), to fund any payment described those sections.

26) Clarifies various provisions related to school district lease financing and repayment terms.

EXISTING LAW:

1) Authorizes a person to commence any of the following actions for recovery of damages suffered as a result of childhood sexual assault at any time, regardless of when a claim accrued:

   a) An action against any person for committing an act of childhood sexual assault;

   b) An action for liability against any person or entity who owed a duty of care to the plaintiff, if a wrongful or negligent act by that person or entity was a legal cause of the childhood sexual assault that resulted in the injury to the plaintiff; and

   c) An action for liability against any person or entity if an intentional act by that person or entity was a legal cause of the childhood sexual assault that resulted in the injury to the plaintiff. (Code of Civil Procedure Section 340.1 (a).)

2) Authorizes, in any action specified in 1), a person who is sexually assaulted and proves it was as the result of a cover up may recover up to treble damages against a defendant who is found to have covered up the sexual assault of a minor, unless prohibited by another law. (Code of Civil Procedure section 340.1 (b).)

3) Provides that the provisions of 1) and 2) only apply to claims in which the childhood sexual assault occurred on and after January 1, 2024. (Code of Civil Procedure Section 340.1 (p).)

4) Provides that, notwithstanding any other law, a claim for damages based on the specified conduct in which the childhood sexual assault occurred on or before December 31, 2023 may only be commenced pursuant to the applicable statute of limitations set forth in existing law as it read on December 31, 2023. (*Ibid.*)

5) Revived, on a temporary basis and notwithstanding any other provision of law, any claim for damages related to childhood sexual assault that had not been litigated to finality and that would otherwise be barred as of January 1, 2020, because the applicable statute of limitations, claim presentation deadline, or any other time limit had expired, and permits these claims to be commenced within three years of January 1, 2020. (*prior* Code of Civil Procedure Section 340.1 (q).)

6) Provides that, notwithstanding 1) through 5), in an action for recovery of damages suffered as a result of childhood sexual assault that occurred before January 1, 2024, the time for commencement of the action shall be within 22 years of the date the plaintiff attains the age of majority or within five years of the date the plaintiff discovers or reasonably should have discovered that psychological injury or illness occurring after the age of majority was caused by the sexual assault, whichever period expires later, for any of the following actions:

   a) An action against any person for committing an act of childhood sexual assault;

b) An action for liability against any person or entity who owed a duty of care to the plaintiff, if a wrongful or negligent act by that person or entity was a legal cause of the childhood sexual assault that resulted in the injury to the plaintiff; and

c) An action for liability against any person or entity if an intentional act by that person or entity was a legal cause of the childhood sexual assault that resulted in the injury to the plaintiff. (Code of Civil Procedure Section 340.11.)

7) Defines the following for the purpose of 1) though 6):

a) "Childhood sexual assault" includes any act committed against the plaintiff that occurred when the plaintiff was under the age of 18 years and that would have been proscribed by specified sections of the Penal Code; or any prior laws of this state of similar effect at the time the act was committed, as specified; and

b) "Cover up" is a concerted effort to hide evidence relating to childhood sexual assault. (Code of Civil Procedure Section 340.1 (b)-(c).)

8) Requires every plaintiff seeking to recover for child sexual assault who is 40 years of age or older at the time the action is filed to file a certificate of merit as specified in 9).

9) Requires, in accordance with 8), certificates of merit setting forth the facts that support the declaration to be executed by the attorney for the plaintiff and by a licensed mental health practitioner selected by the plaintiff declaring, respectively, as follows:

a) That the attorney has reviewed the facts of the case, consulted with at least one mental health practitioner who the attorney reasonably believes is knowledgeable of the relevant facts and issues involved in the particular action, and concluded on the basis of that review and consultation that there is reasonable and meritorious cause for the filing of the action; and

b) That the mental health practitioner consulted is licensed to practice and practices in this state and is not a party to the action, that the practitioner is not treating and has not treated the plaintiff, and that the practitioner has interviewed the plaintiff and is knowledgeable of the relevant facts and issues involved in the particular action, and has concluded, on the basis of the practitioner's knowledge of the facts and issues, that in the practitioner's professional opinion there is a reasonable basis to believe that the plaintiff had been subject to childhood sexual abuse. (Code of Civil Procedure Section 340.1 (f).)

10) Prohibits, in any action that requires a certificate of merit pursuant to 8), a defendant from being served, and the duty to serve a defendant with process does not attach, until the court has reviewed the certificates of merit with respect to that defendant, and has found, in camera, based solely on those certificates of merit, that there is reasonable and meritorious cause for the filing of the action against that defendant. (Code of Civil Procedure Section 340.1 (h).)

11) Provides that a violation of 8) through 10) by an attorney constitutes unprofessional conduct and may be the grounds for discipline against the attorney. (Code of Civil Procedure Section 340.1 (i).)

12) Permits a defendant or a cross-defendant in a civil proceeding governed by the Government Claims Act, or in any civil action for indemnity or contribution, to seek from the court, at the time of the granting of a motion for summary judgment, directed verdict, motion for judgment in a nonjury trial, or nonsuit dismissing the moving party other than the plaintiff, petitioner, cross-complainant, or intervenor, a determination as to whether the plaintiff, petitioner, cross-complainant, or intervenor brought their proceeding in good faith and with reasonable cause, and that if the court finds the action was not brought in good faith or with reasonable cause, it must determine and award the reasonable and necessary defense costs incurred by the party opposing the proceeding and to render judgment in favor of that party. (Code of Civil Procedure Section 1038.)

13) Defines "defense costs" for purposes of 12) to include reasonable attorney's fees, expert witness fees, the expense of services of experts, advisers, and consultants in defense of the proceeding, and where reasonably and necessarily incurred in defending the proceeding. (Code of Civil Procedure Section 1038 (b).)

14) Requires that specified bonds, warrants, contracts, obligations, and evidences of indebtedness are to be deemed to be in existence upon their authorization, and that such bonds and warrants are deemed authorized as of the date of adoption by the governing body of the public agency of a resolution or ordinance authorizing their issuance, and contracts are to be deemed authorized as of the date of adoption by the governing body of the public agency of a resolution or ordinance approving the contract and authorizing its execution. (Code of Civil Procedure Section 864.)

15) Requires on or before July 1 of each year, the governing board of each school district to accomplish the following:

    a) Hold a public hearing on the budget to be adopted for the subsequent fiscal year;

    b) Adopt a budget; and

    c) File the budget with the applicable county superintendent of schools, as specified. (Education Code section 42127 (a).)

16) Requires a county superintendent of schools, upon receipt of a budget submitted in accordance with 15) to do the following:

    a) Examine the adopted budget to determine whether it complies with the standards and criteria adopted by the state board of education for application to final local educational agency budgets, as specified;

    b) Determine whether the adopted budget will allow the school district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments, as specified;

    c) Determine whether the adopted budget includes the expenditures necessary to implement the local control and accountability plan or annual update to the local control and accountability plan approved by the county superintendent of schools; and

d) Determine whether the adopted budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties. (Education Code Section 14217 (b).)

17) Establishes a 25-member governing body known as the County Office Fiscal Crisis and Management Assistance Team and charges it with, among other things, providing fiscal management assistance and training to local education agencies. (Education Code Section 42127.8.)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: A significant body of evidence notes that persons who experience traumatic events as children, including sexual assault, often repress these memories only to rediscover the root of their trauma as adults. As a result of repressed memories, many survivors of childhood sexual assault only acknowledge their abuse long after any applicable statute of limitations has expired. Recognizing these realities, in 2018, the Legislature greatly extended the statute of limitations for civil actions seeking civil redress for this abuse. (AB 218 (Gonzalez) Chap. 861, Stats. 2018.) AB 218 also authorized treble damages against entities that were determined to have covered up abuses. The statute of limitations was wholly eliminated in 2023 with the passage of AB 452 (Addis) Chap. 655, Stats. 2023. Despite the overwhelming culpability that some local agencies, including school districts, had in permitting this abuse to occur and subsequently seeking to cover it up, these entities are now arguing that AB 218 and AB 452 are putting them in precarious financial circumstances. This bill seeks to provide some semblance of financial security to taxpayer-funded public entities, while not entirely denying victims their day in court. The bill in print is the product of significant compromise between stakeholders. In support of this bill, the author states:

> Incidents of sexual assault on children should never happen. The adults in these cases have failed these children – some of whom are now adults. These cases can leave lifelong impacts and scars that no amount of compensation can erase. Judgements and settlements arising from childhood sexual assault cases are having fiscal impacts on schools and public agencies, even risking fiscal insolvency in some instances. As we consider legislative proposals aimed at ensuring the fiscal solvency of public agencies, it's crucial we prioritize justice for victims.
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> By providing additional legal and fiscal mechanisms for public agencies, Senate Bill 577 carefully balances the need to uphold victims' rights and ensure they are able to seek justice under the law and receive fair compensation for the harm they have endured, while also safeguarding the fiscal stability of public agencies—such as school districts, cities, and counties—so they can continue delivering essential services to the communities they serve.

Prior legislative efforts to provide justice to victims of childhood sexual assault. Childhood sexual abuse continues to ruin children's lives and shock the nation because, unfortunately, perpetrators continue to abuse, often with impunity, and sometimes with the help of third parties who either choose not to get involved or actively cover-up the abuse. Whether the abuse occurs through sports, school, extra-curricular activities, a religious institution, or because a young person is involved in the dependency system, too many children have been victims of abuse and their lives have been forever impacted as a result. Recognizing that many children repress memories of the abuse only to "rediscover" the abuse later in life, typically as a result of seeking therapy or other mental health treatment, beginning in 2002, the Legislature has grappled with how best to permit victims to recover for their harm.

The first legislative effort to contend with the complexities of litigating childhood sexual assault cases provided that an action for recovery of damages suffered as a result of childhood sexual abuse may be commenced on or after the plaintiff's 26th birthday if the third party defendant person or entity knew, had reason to know, or was otherwise on notice, of any unlawful sexual conduct by an employee, volunteer, representative, or agent, and failed to take reasonable steps and implement reasonable safeguards to avoid future acts of unlawful sexual conduct. (SB 1779 (Burton) Chap. 149, Stats. 2002.) Following the California Supreme Court's ruling that SB 1779 did not waive the Government Claims Act for suits against public entities (*Shirk v. Vista Unified School District* (2007) 42 Cal.4th 201.), the Legislature enacted SB 640 (Simitian) Chap. 383, Stats. 2008, to exempt childhood sexual assault claims from the presentation requirement of the Government Claims Act, thus applying the extended statute of limitations to public entities. When local agencies attempted to use their own specific claim presentation rules to continue to defeat these claims, the Legislature acted again and passed SB 1053 (Beall) Chap. 153, Stats. 2018 to explicitly clarify in law that local agencies could be held liable for childhood sexual assault.

As stated above, in 2018, the Legislature also extended the statute of limitations for childhood sexual assault claims with the passage of AB 218. That bill extended the time for commencement of actions for childhood sexual assault to 40 years of age or five years from discovery of the injury. That measure applied only in cases brought against the person alleged to have committed the assault, any person or entity who owed the child a duty of care and the failure to meet that duty was a legal cause of the assault, and any person or entity where an intentional act by that person or entity was a legal cause of the assault. In 2023, the Legislature enacted AB 452 to completely eliminate statute of limitations for childhood sexual assault claims against any of the above mentioned parties subject to AB 218.

Many of the cases authorized to advance by AB 218 and AB 452 were aimed at local agencies and most notably, schools and youth detention facilities. These agencies began to complain to the Legislature regarding the significant financial exposure created by these bills. In response, the Legislature directed the County Office Fiscal Crisis and Management Assistance Team to consult with experts to provide recommendations on how best to support victims without collapsing the budgets of local agencies. (SB 153 (Committee on Budget and Fiscal Review) Chap. 38, Stats. 2024.) In January of this year, the Team released its findings and 22 policy recommendations. The recommendations suggested that the state mandate the reporting of claims to a statewide repository, update procedures to assist local agencies to finance legal obligations, examine how to provide emergency funds to school, study the creation of a victim's compensation fund, and improve future preventative measures. (*Childhood Sexual Assault: Fiscal Implications for California Public Agencies* (January 31, 2025) FCMAT, https://www.fcmat.org/PublicationsReports/child-sexual-assault-fiscal-implications-report.pdf.)

Although this bill seeks to implement some of the report's general suggestions, some local agencies have already been forced to deal with the financial impact of sexual assault claims. For example, Los Angeles County agreed to a $4 billion settlement to resolve 6,800 sexual abuse claims. These claims, which date back to 1959, largely arose from the rampant abuse of juveniles detained at the MacLaren Children's Center, operated by the Los Angeles County Probation Department. (*LA County Reaches $4 Billion Tentative Settlement in Thousands of Sexual Abuse Cases*, LA County Office of Public Information (Apr. 4, 2025) available at: https://lacounty.gov/2025/04/04/la-county-reaches-4-billion-tentative-settlement-in-thousands-of-sexual-abuse-cases/.) While the $4 billion settlement total is unprecedented, so was the

decades long failure of Los Angeles County to police its own staff and protect children placed in the county's care.

This bill provides some procedural safeguards to local agencies to defend against factually deficient claims of childhood sexual assault. The first series of reforms proposed by this bill aim to lessen the impact of some of the most significant penalties levied against local agencies in childhood sexual assault claims, and to deter attorneys from bringing claims that lack sufficient evidentiary detail. First, this bill exempts public entities from the treble damage provisions of AB 218. The bill also prohibits any claim against a public entity that is dismissed without prejudice from being refiled if five years or more have passed from the original filing date. This provision is designed to deter the filing, and subsequent refiling, of cases lacking sufficient evidence to proceed. Given how many childhood sexual assault cases depend on historic records, a surprisingly large quantity of cases may not have sufficient evidence even five years after a claim is filed. The bill also modifies the timeline for filing claims for conduct occurring before 2024 to three years after discovery. Finally, this portion of the bill expands the scope of motions that dismiss cases that may trigger a plaintiff's attorney being forced to pay defense costs for actions that were not brought in good faith and without reasonable cause.

This bill enhances the procedural requirements for childhood sexual assault claims filed by persons over 40 years of age. A particular area of focus of this measure is reforming how cases involving plaintiffs over the age of 40 are handled. As noted above, many childhood sexual assault cases are heavily dependent on government records. The quality and accuracy of these records degrades significantly over time; thus, records for litigants over 40 years of age are, at times, plagued by gaps and omissions. To that end, existing law already requires a plaintiff 40 years of age or older at the time when the action is filed to submit a certificate of merit signed by both an attorney and licensed mental health profession, contending the case is reasonable and meritorious. The existing law requires the certificate to be filed within 60 days of filing the complaint. Seeking to cut down on the number of aging cases without complete records and not supported by the findings of a mental health professional, this bill requires the certificate to be filed at the time the case is filed with the court. The bill prohibits the clerk of the court from accepting a filing without the certificate, even if the statute of limitations is about to expire.

This provision is one of the strictest reforms for survivors that is being adopted at the behest of local agencies. The existing law was designed to permit cases to be filed close to the expiration of the statute of limitations, even if the certificate of merit was not complete at the time the case was filed. However, local agencies contend that courts are rarely enforcing the 60-day timeline for submitting the certificate in existing law. The local agencies contend the strict new rules are necessary. Nonetheless, *the stakeholders are encouraged to continue discussions on this topic, and include the Judicial Council, if necessary, to create a process that ensures victims do not lose opportunities to file claims as a result of the strict filing rules set forth in the bill in print.*

Additionally, this bill enhances the burden of proof on plaintiffs over the age of 40. While childhood sexual assault cases are currently judged by a negligence standard, this bill would require plaintiffs over 40 to prove that the public entity or its employee or agent acted with *gross negligence* to establish liability. This requires older plaintiffs to prove that the public entity acted with a reckless disregard for the plaintiff's safety. Again, the public entities contend the enhanced standard is necessary to account for the gaps in official records that typically accompany the evidentiary record for older plaintiffs.

This bill provides new authority to the court to review jury verdicts on a motion for remittitur filed by a public agency. Another critical reform adopted at the behest of the public entities impacted by childhood sexual assault litigation changes the remittitur process after a jury awards a verdict to a plaintiff. A remittitur motion is typically brought by a defendant and seeks judicial approval to force the plaintiff to accept a reduced damage award or to vacate the verdict and order a new trial. The public agencies contend that too many juries are awarding excessive damages to punish the local agency, rather than to simply compensate the plaintiff for the harm they suffered. This behavior on the part of juries is certainly understandable in light of the rampant failures of local agencies to protect the children in their care.

Nonetheless, absence of an award for punitive damages, juries are not supposed to award plaintiffs extra recovery simply to punish a defendant. To address this concern, this bill adopts a five-part test that a judge must utilize when evaluating a motion for remittitur. The court must now consider the mission of the public entity defendant, the degree to which the award is actually compensatory, whether or not the award is a proxy for punitive damages, the severity of the harm to the plaintiff, and the egregiousness of the defendant's conduct. While most of these factors are largely in keeping with the purpose of a motion for remittitur, the first test is troubling. While it is understandable that public entities, notably schools, want the court to consider the agency's good work, public mission, and the impact of a huge payout on that mission, such considerations have no bearing on the harm suffered by the plaintiff. While the Committee understands that this language is the product of stakeholder negotiations, *the author may wish to consider revising the remittitur provisions to focus exclusively on the harm to the plaintiff, the conduct of the defendant, and the underlying nature of the award, and remove considerations of the defendant's public service mission.*

This bill provides specific relief to Los Angeles County as it relates to the MacLaren Children's Center. While most of this bill applies to claims against all public entities, given the massive settlement Los Angeles County reached with survivors of the horrors of the MacLaren Children's Center, this bill provides one provision specific to that case. Given that the overwhelming majority, if not all, cases involving the MacLaren Children's Center with adequate evidence to prove the County's culpability in the matter were resolved in the settlement, the County seeks assurances that the massive settlement fund will resolve its obligations on the matter. Accordingly, this bill bars all claims filed after January 1, 2026 arising from abuse at the MacLaren Children's Center and other facilities operated by the county probation department. In discussions with several law firms that represented plaintiffs in that matter, it appears to the Committee that most legitimate claims are covered by the settlement. However, it is impossible to know with certainty that no valid claims remain. Given that the January deadline for claims is not far off, *the author and stakeholders may wish to consider amendments to provide an additional six months to file claims related to the MacLaren Children's Center* to ensure that all worthy plaintiffs are on notice that future claims will be barred if not filed quickly.

This bill aims to remove burdens on local agencies seeking judgment bond authority. In addition to changing case timelines and other legal standards, a large portion of this measure aims to streamline the process for local agencies to issue bonds to pay for liability costs. Many local governments, school districts, and other special districts self-insure through communal risk pools with other local agencies operated as joint power authorities. Unlike traditional commercial insurance in which the insurer is legally obligated to cover losses, these self-

insurance funds can only cover losses to the extend there is money in the fund. Accordingly, local agencies are authorized to issue bonds to cover legal judgments.

Given that local government financing is largely outside the purview of this Committee, a more in depth discussion of these provisions, especially as they relate to schools, is provided by the Assembly Education Committee, below. As these provisions relate to municipal governments, this bill permits litigation bonds to be validated and issued before a final judgment or settlement is reached. The bill also permits municipal governments to issue bonds covering multiple civil actions at once, as opposed to the piecemeal approach mandated in existing law. These provisions are largely modeled after the recommendations of the County Office Fiscal Crisis and Management Assistance Team in its January 2025 report to the Legislature.

California public school emergency apportionments process. As noted the public finance portions of this measure are largely outside of the expertise of this Committee. Kindly, the staff of the Committee on Education agreed to analyze the education funding portions of the bill. The remainder of this section of the analysis was drafted by that Committee.

If a school district governing board determines during a fiscal year that it has insufficient funds to meet its current obligations, it may request an emergency apportionment (also known as a state emergency loan) from the state, therefore protecting school districts from insolvency and allowing them to continue to educate students. Emergency apportionments are rare, only nine have been issued since 1990, and are necessary in cases of extreme fiscal mismanagement. The Inglewood Unified School District, and the South Monterey County Joint Union High School District have outstanding emergency apportionments. The Oakland Unified School District paid off their loan in June. The recently enacted AB 121 (Committee on Budget), Chap. 8, Stats. 2025, authorized the Plumas Unified School District to request an emergency apportionment.

Existing law specifies legislative intent that emergency apportionments are to be provided only through a legislative appropriation. If an apportionment exceeds 200% of the amount of the district's recommended reserve, the county superintendent of schools is required to assume all the legal rights, duties, and powers of the governing board of the district, and, with concurrence from the Superintendent of Public Instruction and President of the State Board of Education is required to appoint an administrator to act on behalf of the county superintendent. Further, the school district governing board then serves as an advisory only body, and reports to the administrator. The authority of the county superintendent and appointed administrator continues until certain conditions are met, including demonstrating school district fiscal solvency. At that time, a trustee is selected to replace the administrator.

According to the County Office Fiscal Crisis and Management Assistance Team's report, the current structure and intensity of the intervention required by a large emergency apportionment may not be appropriate for a school district that requires a state emergency loan solely due to obligations related to AB 218. It is unlikely that the circumstances surrounding a childhood sexual assault offense from years earlier are related to deficiencies in an agency's current governance, policies, systems and practices. The loss of local control, intense intervention with an administrator, and annual follow-up required in the case of a higher emergency loan amount appear unwarranted for districts that are otherwise governed well and meet the state standards and criteria for fiscal solvency. Among the recommendations in the report, the Team suggests the Legislature should: 1) adopt an alternative receivership statute for school districts requesting emergency apportionments solely due to childhood sexual assault obligations, and 2) extend the

maximum repayment term of 20 years for emergency apportionments when the loan amount is significantly higher than the school district's ability to pay and based on analysis performed and disclosed during the process leading to an emergency apportionment.

Ongoing stakeholder discussions will further refine this bill. As noted above, this bill is the result of intense debate and discussion between a range of stakeholders, including local governments, school districts, victim's advocates, plaintiff's attorneys, and the joint power authorities that provide insurance to local agencies. In fact, the bill in print is largely the product of a compromise adopted in the Senate Judiciary Committee that merged two bills on the topic into this vehicle. Given that this is a compromise measure, a great many of the stakeholders who have negotiated this language are neutral on the bill, essentially having agreed to disagree on a bill that no one finds perfect. Nonetheless, many of the stakeholders have indicated to this Committee that discussions on various topics, including the remittitur language and the certificate of merit requirements, are ongoing. Given that this bill is now the only measure addressing this pressing public policy issue, the Committee is willing to permit the conversations to continue. To that end, the Committee will monitor the discussions and reserves the right to recall the measure to the Committee should any amendments be adopted that undercut the general contours of the agreement reflected in the bill in print.

ARGUMENTS IN SUPPORT*:* This bill is supported by the California Alliance for Children and Family Services and the County of Monterey. The California Alliance for Children and Family Services state in support of this bill:

> Our members provide behavioral health care, child welfare services, and trauma-informed supports through contracts with public entities such as counties. These partnerships are essential to meeting the needs of vulnerable youth, but they are increasingly at risk due to mounting liability exposure stemming from historical childhood sexual assault cases.
>
> Many of these cases involve incidents from decades ago, where key records are missing and former insurers are nonoperational or untraceable. As a result, public agencies are left to bear the full financial burden, which threatens their ability to fund core services. When those agencies are destabilized, the impact is felt directly by the community-based organizations that work in partnership with them and by the children and families who depend on those services. Without this bill and others like it, rising liability risks could lead to reduced service availability, workforce cuts, or contract terminations.
>
> SB 577 takes an important step toward addressing this issue by placing a five-year limit on the refiling of dismissed claims. This is a practical and narrowly tailored provision that provides legal finality and predictability, while still preserving survivors' access to justice. By establishing a reasonable timeframe for refiling, the bill helps protect essential public services and nonprofit providers from indefinite legal exposure, ensuring they can continue to focus on supporting children and families. The bill also provides mechanisms that enable public agencies to proactively manage risk through cost recovery and validation proceedings, tools that enhance legal clarity and stability without compromising accountability. SB 577 reflects a balanced approach that maintains victims' rights while also protecting the long-term operational capacity of the public agencies and service providers our communities rely on.

ARGUMENTS IN OPPOSITION*:* The Children's Law Center of California opposes this measure along with several other victims rights organizations. These groups believe this bill will deny assault survivors their rightful day in court. In opposition the Children's Law Center writes:

> We have serious concerns about the impact this bill will have on our current and former clients, many of whom experienced abuse while in custodial facilities and are only now beginning to process and understand the trauma they endured. We are particularly concerned by the language in Code of Civil Procedure §341.95, including:
>
> The January 1, 2026 cutoff date for filing claims, which unfairly restricts access to justice for survivors who are still coming to terms with their experiences. Procedurally, SB 577 would not go into effect until January 1, 2026, which would result in possible victims being provided with no notice that their claims would now be barred.
>
> The exclusion of claims arising from any juvenile probation facility or detention center operated by the Los Angeles County Probation Department that was closed on or before January 1, 2020. This provision immunizes institutions from liability based solely on facility closure—denying survivors a path to accountability based on an arbitrary operational status.
>
> While we recognize the fiscal and operational concerns public entities face, true public safety, and healing demand that we center survivors—not institutional liability protection. Shielding counties from accountability because a facility has closed sends a dangerous message: that time and bureaucracy matter more than truth and justice.

This bill is also opposed by the California Association of Joint Powers Authorities. The bill is also opposed unless amended by representatives of school boards and school districts. These opponents contend the bill does not sufficiently shield the budgets of local agencies. In opposition the California Association of Joint Powers Authorities writes:

> Many 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. Consequently, the liabilities created by AB 218 are often being paid directly from public funds that would otherwise support core services such as classroom instruction, fire protection, housing programs, and more.
>
> The consequences of AB 218 continue to ripple across the state. Even agencies without any claims have seen drastic increases in insurance premiums, reduced coverage limits, and more restrictive underwriting. These trends leave public entities increasingly exposed, unable to secure adequate liability protection, and struggling to deliver the services Californians depend on.
>
> We urge this committee to reject SB 577 as in print. It does not address the unchecked diversion of limited public funds into litigation, taking away from programs that directly benefit children and families. Instead, we believe it is possible to advance survivor support and child safety without jeopardizing the financial future of our schools and local governments. We seek an opportunity to collaborate on genuine reforms— ones that include aggressive and elective abuse prevention, accompanied by fair and reasonable victim compensation that recognizes the funding comes from limited public dollars

REGISTERED SUPPORT / OPPOSITION:

Support

California Alliance of Child and Family Services
California Association of School Business Officials (if amended)
County of Los Angeles (if amended)
County of Monterey

Opposition

Association of California School Administrators (unless amended)
California Association of Joint Powers Authorities
California School Boards Association (unless amended)
Children's Law Center of California
Los Angeles Dependency Lawyers, Inc.
Schools Excess Liability Fund (unless amended)
Youth Law Center (unless amended)

Concerns/Other

Consumer Attorneys of California
Victim Policy Institute

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