Large Loss Report 2021

The Large Loss Report 2021 summarizes major damage awards and settlements of more than $500,000 that affected K-12 schools, colleges, and universities in 2020.

When United Educators (UE) initially started reporting these sizable settlements 26 years ago, we considered any six-figure settlement as “large” — outsized compared to typical settlements at that time. This year, for the first time, we are reporting losses over a threshold of $500,000, with many of these reaching the multimillions. Moreover, of the 38 damage awards and settlements reported below, 31 exceeded $1 million. This offers a grim reminder of the ways that social inflation impacts education claims, with high escalation of not only settlements, but defense costs as well.
These summaries are drawn solely from published accounts. While most don’t involve UE members and some wouldn’t be subject to UE coverage, the summaries do reflect trends UE has seen among education claims. Notwithstanding the COVID-19 pandemic, liability claims in education marched on and continued to be resolved in response to claims of discrimination, bullying, negligence, and sexual abuse and assault.

Some of the outcomes outlined here may have changed due to the progress of legal proceedings since they were reported. However, these cases demonstrate that losses, in terms of financial and reputational impact, can be significant.

Accidents or Crimes Resulting in Death

Central Oregon Community College in Bend, Ore., agreed to pay $2 million to the family of a student who was kidnapped and murdered by a campus safety officer. The student’s family had filed a federal lawsuit against the college, contending she accepted a ride because she believed he was a police officer — but that instead she became trapped in a car equipped with a cage and doors that wouldn’t open from the inside. The lawsuit argued the college had failed to conduct an adequate background check and had allowed its safety vehicles to closely resemble police cars.

Riverside Community School District in Carson, Iowa, will pay a $4.8 million settlement to the family of a 16-year-old girl who died in a 2017 school bus fire. In the incident, the bus got stuck in a ditch; this caused a fire in the engine compartment that spread to the passenger compartment, according to reports. The driver also died in the fire. The girl’s family sued the district for negligence and wrongful death, contending the district knew the driver had been in poor health but still let him drive. In 2019, the National Transportation Safety Board found 18 probable causes for the fire and blamed the school district for letting the driver drive even though it was known he had trouble walking due to chronic back pain. In the settlement, the district didn’t admit liability.

Trends From 2016-21

An analysis of Large Loss Reports from 2016 through 2021 shows troubling trends for K-12 schools and higher education institutions.

Damage Awards and Settlement Trends

The number of publicly reported awards or settlements of at least $250,000 has risen each year, from 19 in 2016 to 46 in 2021.

When compiling this year’s report, UE identified 31 awards or settlements of at least $1 million. That’s far more major damage awards and settlements than in prior years.

Of the 31 awards or settlements reported in 2021:

- 11 involved sexual abuse and molestation, with awards and settlements ranging from $1.49 million to $73 million
- Four involved retirement plans ($5.8 million to $117.5 million)
- Four involved accidents or crimes resulting in death ($2 million to $8 million)
- Four involved false claims or grant-related issues ($1 million to $4.8 million)
- Two involved discrimination ($1 million to $1.46 million)

This demonstrates that higher awards and settlements are becoming increasingly common.
The Orange Unified School District in Orange, Calif., will pay a $7.5 million settlement to the family of an autistic 15-year-old boy who died in a golf cart crash at a high school. The boy was in the campus electric golf cart in 2019 when it accelerated and crashed into a railing. In a lawsuit, his family argued he and the vehicle had been left unsupervised. The district had denied this accusation, saying the boy had two aides assigned to supervise him and that they tried stopping the cart and persuading him out of it. Police investigating the crash didn't find criminal actions had occurred. In addition to the settlement agreement, the district agreed to evaluate campus golf carts to enhance safety and to conduct driver training, according to reports.

San Ramon Valley Unified School District in Danville, Calif., reportedly reached an $8 million settlement in a lawsuit involving the drowning of a 15-year-old boy during his high school’s swim class. The boy drowned in May 2018 after he and classmates were told to tread water for three minutes at the end of their gym class. According to the lawsuit, the teacher warned students that if they touched the line, he would extend the treading time by 30 seconds; the teacher did, and during the extended time the student got exhausted and slipped underwater. At the time this occurred, the teacher was looking at his cell phone, the lawsuit states. While police and coroner’s officials said the student died from accidental drowning, the lawsuit argued school officials allowed a rumor to linger that the student might have killed himself. The district has since barred use of swimming pools during gym classes and requires the presence of dedicated, certified lifeguards when pools are used for sports or other activities.

Accidents Resulting in Injury

The Palo Alto Unified School District in Palo Alto, Calif., agreed to a $1.5 million settlement with a former student who suffered an eye injury during a potato gun science experiment when he was 13. According to a 2018 claim filed in Santa Clara County Superior Court, the student’s parents believed teachers and the district failed to conduct the experiment with reasonable care and failed to protect the student from foreseeable dangers. The parents also argued that the two teachers and volunteer in the classroom hadn’t provided proper supervision or adequate training. The experiment itself involved firing homemade potato guns. The student turned a valve to release pressurized air. While nothing happened at first, after several seconds the gun suddenly discharged and the student was struck in the face, causing permanent injuries, according to the claim.

Asbestos

The School District of Philadelphia will pay $850,000 to a teacher diagnosed with asbestos-linked cancer. The teacher spent about 30 years working in schools now known to have had asbestos. The school board signed off on the settlement. According to reports, the former teacher had routinely swept up particles that flaked off asbestos-wrapped heating pipes in the classroom of her 90-year-old school building. The former teacher claimed the school district never told her material around the pipes was carcinogenic. The teacher was diagnosed with mesothelioma in August 2019.

Bullying

The family of a 13-year-old Michigan boy who committed suicide after he said he was bullied in school has reached a $500,000 settlement with the Lansing School District in Lansing, Mich., according to reports. The boy’s mother told the media that he had been bullied for months and that she had asked multiple times for school staff and the company that provided bus services for the district to help address bullying on the bus and at school. The mother maintained that she never received help. The district didn’t admit liability.
Defamation

The Oak Ridge school system in Oak Ridge, Tenn., reached a $1.75 million settlement in June 2020 with a former teacher who accused officials of defaming him. The former track coach and longtime teacher contended he had been wrongfully terminated, defamed, and received lack of due process. He won a roughly $1.7 million verdict after a federal trial in 2019, but the school system appealed.

Discrimination

A federal jury awarded more than $800,000 to a former assistant professor of elementary education at Newman University who alleged she had been discriminated and retaliated against because she is a woman. The verdict also allowed her to seek reinstatement at the private Catholic university in Wichita, Kan. The lawsuit contended that her supervisor had a hostile attitude toward women and harassment and treated her differently than her coworkers due to her sex. A week after she complained to Newman's Human Resources department, her supervisor gave her a performance improvement plan, the lawsuit stated. She contended Newman failed to investigate her concerns, didn't remove the performance improvement plan from her file, and ended her employment as a punishment for speaking out. Her lawsuit is one of five filed by former employees alleging unfair termination. A statement from the university indicates the institution is disappointed in the jury's decision and is considering appealing.

False Claims, Grant-Related Issues

The University of Virginia agreed to pay $1 million to settle claims that it didn't properly account for certain credits and rebates on purchases made related to federal awards and grants. Some discounts and rebates from 2009 to 2017 weren't accounted for in reducing charges against awarded funds, according to reports about the settlement.

Harvard University agreed to a nearly $1.4 million settlement with the federal government involving allegations that a research team overcharged grants funded by the National Institutes of Health (NIH) and the Health Resources & Services Administration (HRSA). In 2016, the university disclosed the potential overcharges to the government, according to Department of Justice.

The University of San Francisco (USF) agreed to pay nearly $2.6 million to resolve allegations under the False Claims Act that it knowingly presented fraudulent and false claims to the Corporation for National and Community Service — an independent federal agency — so it could secure federal grant funds under the AmeriCorps State and National Program. USF received AmeriCorps funding to support a teacher residency program that allowed students, who were working toward...
teaching degrees, to serve as teacher apprentices in high-need schools in the San Francisco Unified School District and earn living allowances and money for tuition. A United States investigation contended that USF falsified more than 1,500 timesheets and falsely certified more than 60 education awards so it could qualify its program and students for receipt of more than $1.7 million in federal grant money. The United States contacted senior USF management, and the university voluntarily relinquished the grant and actively cooperated during an investigation.

**Caldwell University** agreed to pay the United States more than **$4.8 million** to resolve claims that it violated the False Claims Act, the Department of Justice announced. From Jan. 1, 2011, through Aug. 8, 2013, the university in Caldwell, N.J., submitted false claims for payment to the Department of Veterans Affairs so it could get education funds and benefits pursuant to the Post-9/11 Veterans Education Assistance Act (Post 9/11 GI Bill). According to a Department of Justice release, the university wasn't entitled to those funds and benefits. Unbeknownst to the university's board and cabinet, a then-employee and a contracted company that provided online training courses to veterans engaged in a scheme to defraud the government, according to the university. The $4.8 million agreement represents the funds that Caldwell received under the contract with the other company. With this scheme, three people — including the university's former associate dean of the Office of External Partnership — previously pleaded guilty to charges of conspiracy to commit wire fraud. One of those people was sentenced to five years in prison, while the others were sentenced to three years of probation. A Justice Department release states that all three defendants were ordered to pay $24 million in restitution.

**Free Speech**

The **University of North Carolina Wilmington (UNCW)** reached a nearly **$505,000** settlement with an embattled professor. The professor had been controversial due to a history of social media posts that many considered sexist, racist, or homophobic. Many faculty, students, alumni, and others signed petitions for his removal. The university's Chancellor told the community that when deciding what to do with the professor, the university had been left with three choices — keep employing him and accept the fact that he was disrupting the school's educational mission, causing hurt and anger; fire him and face litigation that the school might not win; or negotiate a settlement. The professor previously had been victorious against the university in a First Amendment retaliation lawsuit in which the university had spent about $700,000.

**San Ramon Valley Unified School District** in Danville, Calif., agreed to provide a **$665,000** settlement and issue an apology to a former junior class president involved in a first-amendment lawsuit. In 2017, the then-student posted a video on Twitter that some people said was lewd, insensitive, and depicted armed students as “Muslim terrorists.” The former student's legal team contended the video was a “James Bond-style parody.” According to reports about the lawsuit, the video was removed within hours of when students began casting ballots for the election; he was initially disqualified from being president and removed from the school's leadership class, but district officials later reinstated him as president. He didn't drop the lawsuit even after his title was reinstated. He said district employees had retaliated against him and publicly disparaged him.

**Heat and Athletics**

**Hillsborough County Public Schools** in Tampa, Fla., will pay a **$1 million** settlement to the family of a high school student who, in 2019, collapsed during football conditioning drills and died. The Superintendent at the time of the student's death said an internal investigation found incomplete records and athlete clearance forms for the student. As a result, two administrators were removed from the school. The student's family said they had alerted coaches that the student hadn't participated in rigorous physical training before and would need instruction, guidance, and supervision. No certified Athletic Trainer was on staff when the student collapsed and died. The district now has one in all 27 high schools.
Retirement Plans

Princeton University agreed to pay a $5.8 million settlement following a complaint involving the Employee Retirement Income Security Act of 1974 (ERISA). The complaint was filed by a participant in two university 403(b) plans. The university admitted no wrongdoing but agreed to regularly meet with its independent investment consultant for the next five years so it could “evaluate expense and performance of each investment option in the plans, to review and consider changes to the investment option line-up,” as well as evaluate costs and expenses.

Johns Hopkins University received final court approval for a $14 million settlement to a class of current and former employees who sued for alleged breach of fiduciary duties in mismanaging employee retirement funds. The university — which denied allegations in the case — previously announced it would make a series of changes in plan management and administration to address alleged ERISA violations.

Emory University agreed to pay $16.75 million to settle an ERISA complaint, according to a preliminary settlement agreement. The complaint alleged Emory caused plan participants to pay excessive fees for administrative and investment services. Emory denied liability.

The DeKalb County School District in Stone Mountain, Ga., agreed to let employees recoup lost retirement contributions after a supplemental plan was halted. District officials had cited revenue shortfalls as the reason for ending the plan. The settlement was reported by a DeKalb County Board of Education member and by a law group representing the plaintiffs. According to the board member, the district will pay $117.5 million over five years. The original lawsuit contended the district breached an agreement that district officials would give employees two years’ notice before reducing contributions to the Georgia Tax Shelter Annuity Plan. The Georgia Supreme Court issued an opinion in October 2019 upholding a Georgia Court of Appeals ruling that the district should have given employees two years’ notice before changing the annuity.

Sexual Abuse, Molestation, and Misconduct

A woman who accused several University of Minnesota football players of sexually assaulting her in 2016 accepted a $500,000 settlement from the university. While the settlement details that the university provided to the media by were sparse, it was reported that the incidents at issue resulted in the expulsion of four football players. The claimant contended that while the university’s Equal Opportunity and Affirmative Action office, Office for Community Standards, and Student Sexual Misconduct Subcommittee, appropriately conducted the disciplinary process following her report of sexual misconduct, the university violated her rights relating to events occurring prior to the incident in the Fall of 2016 and, as a result, she suffered physical injuries. In the settlement agreement, the university denied that events prior to fall 2016 “give rise to any legal responsibilities of the university to claimant for the incident.” The woman doesn’t appear to have filed a lawsuit related to the incident.

The Big Sky School District in Gallatin Gateway, Mont., agreed to a $1.49 million settlement with a former high school student who alleged she had been sexually abused by a basketball coach at her school. The lawsuit alleged that the district gave the coach unfettered and inappropriate access to teenage girls and that those who suspected the abuse either didn’t report it or looked the other way. In addition to the financial settlement, the district agreed to take additional steps to “enhance” its processes and procedures, according to the district.
A police officer at Central Connecticut State University (CCSU) received a $1.75 million settlement against the university, her lawyers say. The lawyers contended the university fostered an environment where at the police department “sexual harassment and even sexual assault was the norm, emboldening a fellow officer to rape her on three separate occasions.” A lawsuit she filed claimed police department members “sexually harassed female undergraduate students,” and one officer, later promoted to sergeant, “openly pursued a sexual relationship with an undergraduate student.” In a statement, the university’s president said the university had previously terminated the male officer and that the President “has worked to transform the campus culture while sending a loud and clear message that sexual misconduct and bullying are not tolerated at CCSU.”

The Marion Independent School District in Marion, Iowa, reached a $2 million settlement involving the sexual abuse of a then-5-year-old girl. The girl was abused in 2015 by a classroom volunteer who was 15 at the time. Five prior lawsuits, brought by parents of children who allegedly were also abused by the former volunteer, already had been settled for $3.3 million total. The former volunteer was convicted in January 2017 on three counts of second-degree sexual abuse; he was released from Iowa State Training School for Boys in April 2019, when he turned 18.

The Los Angeles Unified School District reached — and a Los Angeles Superior Court judge approved — a $2.1 million settlement with a 17-year-old girl who said she had been abused by her third-grade teacher during the 2010-11 school year. The district previously had reached settlements with other students who alleged abuse involving that teacher, including a dozen who agreed to a $30 million combined settlement in 2016. In 2012, the teacher pleaded no contest to committing lewd acts on 13 former students; he was sentenced to 25 years in prison.

A $2.5 million settlement was reportedly reached in a case between the Elko County School District in Elko, Nev., and victims of a teacher who was convicted of sexual contact with four high school students. The teacher, Tennille Whitaker, had been sentenced to serve two to five years for each count of sexual conduct between a school employee or volunteer and a pupil. The lawsuit contended officials should have acted sooner to protect the students and fire the teacher.

A jury awarded $3 million to a 21-year-old woman who said her former elementary school principal molested her in his office when she was in the second, third, and fourth grade, according to reports. The public school is part of the Gresham-Barlow School District in Gresham, Ore., which is responsible for the payment. Meanwhile, a different female student — now in her late teens — who also alleged the then-principal had abused her, settled with the school district in January 2020 for $425,000, according to reports.

The University of Michigan reached a $9.25 million settlement with eight women — current or former employees — who said a former Provost emotionally and sexually abused them. According to a law firm hired by the university, the Provost committed sexual misconduct during his career, harassing staff and graduate students. The university said in a statement that it had “failed on many levels as this individual advanced through the administrative ranks.”
The University of Rochester reached a $9.4 million settlement with current and former faculty and students who accused it of discrimination and retaliation associated with sexual misconduct allegations. The settlement was neither an admission of guilt nor gag order for plaintiffs, according to reports. Several plaintiffs from the university’s Brain and Cognitive Sciences Department initially sued the university in federal court in 2017; the lawsuit was connected to a professor’s alleged misdeeds and the university’s response. The lawsuit accused senior administrators at the university of covering up complaints and retaliating against those who brought them.

A federal judge gave final approval to a $14 million settlement in a class action lawsuit against Dartmouth College. Nine women accused Dartmouth of failing to protect them once they alleged sexual misconduct against three tenured professors within the department of Psychological and Brain Sciences. Their complaint contended the three professors leered at, groped, sexted, and intoxicated students; one former student contended one of the professors raped her, and a current student contended a different professor raped her.

The Ohio State University (OSU) released details of a $40.9 million settlement with 162 survivors in a dozen lawsuits connected to sexual abuse by Dr. Richard Strauss. Months later, OSU announced that it had agreed pay an additional $5.8 million to settle lawsuits by another 23 people alleging sexual misconduct. The alleged abuse involved Dr. Strauss, who served as a university-employed physician from 1978 to 1998. The university launched an independent investigation after one survivor came forward in 2018. The investigator released a 180-page report last year, which detailed acts of sexual abuse against at least 177 former students. The report also concluded university personnel at the time had “failed to respond adequately to respond to or prevent” the doctor’s abuse.

The University of California system reached a proposed $73 million settlement with seven women who alleged that a former UCLA gynecologist had abused them. Patients accused Dr. James Heaps of sexual assault and sexual misconduct between 1983 and 2018 in a class-action lawsuit. According to the settlement documents, more than 6,600 patients of the former gynecologist could receive compensation from the settlement fund — even if they hadn't accused him of abuse. UCLA reportedly began investigating the gynecologist in December 2017, but officials didn't alert the campus community about allegations against Heaps until last year. Heaps retired when UCLA didn't renew his contract in 2018. UCLA is also changing its process for investigating allegations of sexual misconduct, assault, and harassment, and plans to have a formal chaperone policy, according to reports.

Sick Leave Termination

The Douglas County School District in Castle Rock, Colo., and the Douglas County Federation Teachers Union agreed to settle a lawsuit after the district terminated a sick leave bank program. Terminating the program eliminated thousands of days of sick leave donated by teachers for colleagues to use amid illness, an accident, or maternity leave. Under the agreement, the district agreed to pay $2.56 million but not admit fault. Affected teachers and their lawyers — not the union — reportedly will receive the payment.
Termination Without Cause

Kansas University reached a $2.55 million settlement with a former football coach who had sued the university’s Athletics department in federal court in 2019. The coach was owed $3 million when the university fired him; the coach’s teams were 6-42 in four seasons. The former coach argued school officials launched an NCAA inquiry to avoid paying him the buyout he was owed. In a statement, Kansas officials stood by their actions but said they were willing to move forward and put the matter behind them “during a time of uncertainty in college athletics.”

Title IX

The Nebraska State College System will pay $900,000 to settle lawsuits alleging Chadron State College failed to prevent dating violence that led to a softball player’s suicide. As part of the settlement, Chadron State will hold annual suicide training for staff, faculty, and students over the next decade. It also will ask a third-party consultant to review its Title IX procedures and policies each year for the next three years. According to a complaint, the college failed to respond to reports of possible abuse and help the student, failing to offer her mental health counseling or a victim’s advocate.

The University of Utah reached a $13.5 million settlement with the parents of student and track athlete Lauren McCluskey, who was slain on campus, allegedly by her ex-boyfriend, in 2018. The university acknowledged that it hadn’t properly handed her case. McCluskey and her friends had contacted campus officials more than 20 times to report the ex-boyfriend’s stalking, abuse, and intimidation, according to reports. She broke up with him after learning he had lied about his name, age, and status as a sex offender. In October 2018, McCluskey was found fatally shot in a car near on-campus student housing. Her ex-boyfriend took his own life hours later, shooting himself with the same gun used to kill McCluskey. An independent review commissioned by the university determined there were several missed warning signs before McCluskey was killed.