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California New Agreement on Private Attorneys General Act (PAGA) Reform



On June 18, 2024, California Governor Gavin Newsom [announced an agreement](#) to reform PAGA.

[As background](#), the California Fair Pay and Employer Accountability Act sought to make changes to PAGA through a November 2024 ballot initiative. Currently, PAGA allows allegedly aggrieved employees to file lawsuits to recover civil penalties on behalf of themselves, other employees, and the State of California for California Labor Code violations. If the legislation reflecting the agreement is passed and signed into law, the proponents of the ballot initiative have agreed to withdraw the ballot measure from the November ballot.

While the legislation's language has not been released, the California Governor's Office summarized the agreed-upon reforms as follows:

Reform penalty structure

- Encourages compliance with labor laws by capping penalties on employers who quickly take steps to fix policies and practices, and make workers whole, after receiving a PAGA notice, as well as on employers that act responsibly to take steps proactively to comply with the labor code before even receiving a PAGA notice.
- Creates new, higher penalties on employers who act maliciously, fraudulently or oppressively in violating labor laws.
- Ensures that more of the penalty money goes to employees by increasing the amount allocated to employees from 25% to 35%.

Reducing and streamlining litigation

- Expands which Labor Code sections can be cured to reduce the need for litigation and make employees whole quickly.
- Protects small employers by providing a more robust right to cure process through the Labor and Workforce Development Agency (LWDA) to reduce litigation and costs.
- Codifies that a court may limit both the scope of claims presented at trial to ensure cases can be managed effectively.

Improving measures for injunctive relief and standing

- Allows courts to provide injunctive relief to compel businesses to implement changes in the workplace to remedy labor law violations.
- Requires the employee to personally experience the alleged violations brought in a claim.

Strengthening state enforcement

- Give the Department of Industrial Relations (DIR) the ability to expedite hiring and fill vacancies to ensure effective and timely enforcement of employee labor claims.

Given the potential changes to PAGA, California businesses and employers should monitor developments and contact experienced counsel with questions on this topic.

Authors

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