



**There's a Better, Fairer Way for Workers**

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## **Historic PAGA Reform Approved by Legislature**

### **Agreement Between Business, Community and Labor Groups Will Create a Better, Fairer System for Workers and Employers**

**Sacramento** – Today, the [Fix PAGA coalition](#), representing non-profits, social justice advocates, family farmers, health care providers and businesses, applauded final legislative passage of SB 92 (Umberg) and AB 2288 (Kalra) to reform California's broken Private Attorneys General Act (PAGA).

"This package of reforms will have a tremendous positive impact on California employers while preserving strong labor protections for employees," **said Jennifer Barrera, President & CEO, California Chamber of Commerce.** "We are proud to help deliver this meaningful reform to minimize egregious shakedown lawsuits against employers. We thank Governor Newsom, Senate President pro Tempore McGuire, Assembly Speaker Rivas and all legislators for passing this historic agreement."

Taken together, the two bills reform PAGA to ensure workers retain a strong tool to resolve labor claims and receive fair compensation, while limiting the shakedown lawsuits that hurt employers and employees.

"PAGA has been broken for decades," **said Brian Maas, President, California New Car Dealers Association and proponent of the PAGA reform initiative that is eligible for the November ballot.** "This reform package addresses the major problems in the law while also protecting workers. We applaud the legislature for passing these reforms and Governor Newsom for getting the agreement over the finish line. We will now uphold our agreement to withdraw our ballot measure."

A [recent report](#) found that since 2013 there have been nearly \$10 billion in PAGA court case awards, but due to significant attorney fees, workers receive only a small portion of these awards. PAGA hurts virtually every industry and employer in California, including non-profits, local governments, family-run businesses and others.

The core elements of the reform package are:

- **Employee Share of Penalty**
  - Increases share employees receive from any penalty from 25% to 35%.
- **Standing**
  - Requires the employee (plaintiff) to personally experience the alleged violations brought in a claim.
  - Alleged violations must have occurred within the last year (presently, there is no time limitation).
- **Penalty**
  - Caps Penalties: For employers who proactively take steps to comply with the Labor Code before receiving a notice, the maximum penalty that can be awarded is 15 percent of the applicable penalty amount.
  - Caps Penalties: For employers who take steps to fix policies and practices after receiving a PAGA notice, the maximum penalty that can be awarded is 30 percent of the applicable penalty amount.
  - Reduces the maximum penalty where the alleged violation was brief or where it is a wage statement violation that did not cause confusion or economic harm to the employee (i.e. misspelling of company name or forgetting to add "Inc." on the pay statement).
  - Levels the playing field for employers who pay weekly by ensuring a penalty is adjusted. Presently, such employers are penalized at twice the amount because the penalty accrues on a per pay period basis.
  - Addresses derivative claims.
  - Creates a new penalty (\$200 per pay period) if an employer acted maliciously, fraudulently, or oppressively.
- **Employer Right to Cure**
  - Expands which Labor Code sections can be cured, so employees are made whole quickly.
  - Protects small employers by providing a more robust right to cure process through the state labor department (Labor and Workforce Development Agency) to reduce litigation and costs.
  - Provides an opportunity for early resolution in court for employers.
- **Strengthening Enforcement Agency**
  - The Administration will pursue a trailer bill to give the California Department of Industrial Relations (DIR) the ability to expedite hiring and filling vacancies to improve and expedite enforcement of employee labor claims.
- **Judicial Discretion (Manageability)**

- Codifies that a court may limit both the scope of claims and evidence presented at trial.
- **Injunctive Relief**
  - Allows for injunctive relief.

“Our members are frequent targets of exploitative PAGA lawsuits that jeopardize the services we provide to Californians with disabilities,” **said Barry Jardini, Executive Director, California Disability Services Association.** “With these reforms our members will be better able to focus on the services we provide rather than spending money defending themselves in court.”

“Small businesses throughout the state have been targeted by frivolous PAGA lawsuits for decades, even forcing some restaurants to shut down,” **said Jot Condie, President & CEO, California Restaurant Association.** “This is strong reform that will help small businesses and we are proud to help make it happen.”

“The abusive litigation that PAGA has allowed has contributed to the loss of small family farms and the movement of agricultural production away from California. We applaud Governor Newsom for shepherding this important reform effort and the legislature for passing it,” **said Dave Puglia, President & CEO, Western Growers Association.**