



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

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## **Historic Agreement Reached to Reform Private Attorneys General Act (PAGA) to Create a Better, Fairer System for Workers and Employers**

The [Fix PAGA coalition](#), representing small businesses, non-profits, social justice advocates, family farmers, health care providers and businesses, supports a recently announced agreement to reform California's Private Attorneys General Act (PAGA). The agreement comes after months of discussions between the Newsom Administration, legislative leaders, labor advocates and the coalition.

If passed by the Legislature, it would reform PAGA to ensure workers retain a strong tool to bring forth labor claims and receive fair compensation, while limiting the shakedown lawsuits that hurt employers and employees. The deadline for initiatives to be withdrawn from the November 2024 ballot is June 27, 2024.

The following are the core elements of the reform package:

- **Employee Share of Penalties**
  - Increases share employees receive from any penalties 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).
- **Penalties**
  - 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 penalties are adjusted. Presently, such employers are penalized at twice the amount because penalties accrue 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 larger 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.