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# *California Moves to Modify Law Letting Workers Sue Employers*

Gov. Gavin Newsom announced a deal with business and labor leaders heading off a ballot measure to repeal the law, which has cost companies billions.

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Reporting from Los Angeles

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A last-minute political compromise has headed off an effort to repeal a California law allowing workers to sue employers for workplace violations — a legal tool that has cost companies billions of dollars.

The compromise, announced on Tuesday by Gov. Gavin Newsom, followed meetings with business leaders and the powerful California Labor Federation over ways to modify the 2004 law, the Private Attorneys General Act.

The law, known as PAGA, lets employees file civil complaints — on their own behalf and for fellow workers — against businesses, sometimes costing them tens of millions of dollars in settlements.

“We came to the table and hammered out a deal that works for both businesses and workers, and it will bring needed improvements to this system,” Mr. Newsom said in a statement on Tuesday. “This proposal maintains strong protections for workers, provides incentives for businesses to comply with labor laws and reduces litigation.”

A study released in February by a coalition opposing the law found it had cost businesses around $10 billion since 2013. That same report found more than 3,000 proposed settlements under the law in 2022, a tenfold increase from 2016. (In most cases, the state records settlement proposals but not the amount ultimately paid.)

In 2023, Google settled for $27 million after employees used the law as their basis for accusing the tech company of unfair labor practices. And in 2018, Walmart employees won a settlement of $65 million after accusing the retailer of not providing sufficient seating for workers.

Business groups got a measure to repeal the law on the November ballot. They agreed to withdraw the measure once legislation reflecting the compromise is passed and signed into law.

Labor groups have cited the law as a necessary check on corporations.

A recent report from the U.C.L.A. Labor Center found that the prospective ballot measure would effectively eliminate "one of California workers' strongest remaining tools for preventing and correcting wage theft and other workplace abuses," said Tia Koonse, the center's legal and policy research manager.

The compromise calls for, among other things, creating higher penalties on employers that flout labor laws and increasing the amount of penalty money that goes to employees to 35 percent from 25 percent. Moreover, it stipulates that any legal action must be initiated by the employee who experiences the violations described in the suit.

"This package provides meaningful reforms that ensure workers continue to have a strong vehicle to get labor claims resolved, while also limiting the frivolous litigation that has cost employers billions without benefiting workers," Jennifer Barrera, president of the California Chamber of Commerce, said in a statement.

Lorena Gonzalez, the leader of the California Labor Federation, said in a statement that her group was pleased "to have negotiated reforms to PAGA that better ensure abusive practices by employers are cured and that workers are made whole, quicker."

"PAGA is an essential tool to help workers hold corporations accountable for widespread wage theft, safety violations and misclassification," she said.

**Kurtis Lee** is an economics correspondent based in Los Angeles who focuses on the lives and livelihoods of everyday Americans. He has written about income inequality for nearly a decade. More about Kurtis Lee

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