



News & Types: Litigation Update

PAGA 3.0: LWDA Formalizes Procedural Standards Amid Ongoing Regulatory Debate

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Practices: Litigation

The California Private Attorneys General Act (“PAGA”) of 2004, allows employees to ultimately sue their employer to collect a raft of statutory penalties in the place of the government, on behalf of the individual employee and all similarly-situated employees. The statute allows a single employee to leverage astronomical amounts of penalties against an employer, in addition to the employee’s actual damages. The statute then designates a split of penalties to the state (65%) and aggrieved employee (35%). However, since its enactment it has been criticized as a vehicle for vexatious litigation against employers calling for major reform.

Following significant overhauls in 2024, the California Labor and Workforce Development Agency (LWDA) recently moved again to introduce additional reforms. In February 2026, the LWDA issued a Notice of Proposed Rulemaking designed to implement stricter administrative controls over the filing, curing, and settling of PAGA claims.

Employees initiating PAGA litigation routinely provide only vague, boilerplate letters notifying employers (and regulators) of supposed violations, meaning that no meaningful settlement or remediation measures are possible before an employer is faced with full-blown, class action-style litigation. Therefore, the following key reform provisions have been proposed:

1. The implementation of a standardized LWDA filing form designed to replace generalized boilerplate notices with fact-specific allegations;
2. The creation of “high-frequency filer” designations to track attorneys who submit more than 200 notices annually; and
3. Tethering settlement releases strictly to the theories of violation explicitly detailed in the initial PAGA notice, mandating that settling parties notify any other employees who have pending, overlapping PAGA actions against the same defendant.

Despite these proposals, some industry groups have raised questions regarding whether these changes will address the root causes of high-volume litigation. There is concern that without heightened verification standards or lower thresholds for identifying frequent filers, the new standardized forms may simply formalize existing speculative practices rather than discourage them. Additionally, there is concern that prohibiting notice amendments once a compromise is reached could unintentionally discourage employers from settling,

as this inherently prevents global releases of claims and potentially subjects the employer to a persistent cycle of overlapping litigation. While these proposals have not yet been finalized, they reflect a general willingness by the California legislature to address growing frustration with PAGA claims amongst employers.

Our firm continues to monitor these regulatory developments in the employment law landscape.

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