

California PAGA Preparedness: A Guide To Reducing Penalties

Are you PAGA reform ready?

The July 2024 PAGA reforms create an opportunity for California restaurants to reduce their liability. The reform rewards proactive compliance and offers significant penalty reductions for demonstrating reasonable efforts to comply with the wage and hour requirements.

Key Penalty Reductions

85% Reduction If:

- Demonstrate compliance efforts before receiving PAGA notice
- Must show proactive monitoring & correction

70% Reduction If:

- Take corrective action within 60 days of PAGA notice
- Document all remediation steps

Additional Protections

- 50% reduction for isolated violations, lasting under 30 days
- No more penalty stacking for single violations
- Weekly pay cycles no longer double penalties

Recommended Systems

1. Automated compliance monitoring
2. Real-time violation alerts
3. Systematic audit procedures
4. Training tracking platform
5. Documentation management

Reasonable Efforts Checklist

Regular Audits

- Regular payroll reviews
- Timekeeping system audits
- Meal/rest break compliance checks
- Wage statement verifications

Documentation System

- Track all compliance efforts
- Record correction timestamps
- Log manager training completion
- Maintain audit histories

Policy Management

- Update employee handbook regularly
- Review compliance policies
- Document policy distributions
- Track acknowledgments

Quick Action Steps

1. Implement compliance monitoring system
2. Establish regular audit schedule
3. Create documentation procedures
4. Train managers on corrective actions
5. Set up violation response protocols

Important:

This reform only applies to cases filed after June 19, 2024. Earlier cases follow original PAGA rules.