

The Evolving PAGA Landscape: 2024 Reforms, "Headless" Claims, and What's Next for Employers

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California's employment law landscape is changing fast — and this time, it's simply not a minor revision to the Private Attorneys General Act of 2004 (PAGA). The 2024 legislative reforms and the growing split among appellate courts over so-called "headless" PAGA claims reveal a widening gap between statutory reform and judicial practice.

First, "headless claims" arise when an employee dismisses their individual PAGA claim—often because the Federal Arbitration Act (FAA) mandates enforcement of an arbitration agreement—but seeks to continue only the representative claims on behalf of other allegedly aggrieved employees. This strategy, increasingly used by plaintiffs' counsel to bypass arbitration, has divided California's appellate courts on a critical question: does a plaintiff retain standing to pursue representative PAGA claims once their individual claims are dismissed?

Second, the 2024 amendments to PAGA – effective June 19, 2024 – create tools for employers to defend against PAGA actions. The reforms redefine who qualifies as an "aggrieved employee," expand employers' opportunities to cure alleged violations, and reduce penalties where reasonable compliance efforts are shown. Most notably, the reforms impose a personal standing requirement: employees may only pursue penalties for Labor Code violations they personally experienced. This change curtails the "kitchen-sink" approach to PAGA pleadings and limits who may serve as a proxy for the state under the Labor and Workforce Development Agency (LWDA).

Together, these developments mark a pivotal moment for one of California's most powerful wage-and-hour enforcement tools. At the center lies a collision between California's public enforcement model under the LWDA and the FAA's mandate to enforce arbitration agreements – a collision that could fundamentally reshape how, and by whom, California labor laws are enforced.

I. The LWDA's Role — and Its Limits, Particularly with the Result on Headless Claims

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The LWDA's position as the "real party in interest" in every PAGA case defines what these actions are, and what they are not. PAGA suits are not private disputes between an employer and an employee; they are enforcement actions brought on behalf of the state. In *Rose v. Hobby Lobby Stores, Inc.*, the First District reaffirmed that while the LWDA owns the substantive rights being enforced, it is not financially responsible for litigation costs when it does not intervene. The LWDA holds the substantive right being enforced, but delegates its prosecution, permitting private plaintiffs act as its proxies. That balance worked under the former PAGA structure, but the LWDA's ability to act through private enforcement may be curtailed in practice, should "headless" claims be disavowed. In effect, the state will still own the claims, but those claims will live or die based on the private employee's arbitration.

II. The "Headless Claims" Conundrum: A Circuit Split in Action

If the California Supreme Court sides with the Second District and rejects headless claims, plaintiffs will be required to arbitrate their entire individual case before representing anyone else. On paper, that's a win for employers — reinforcing arbitration programs and narrowing sprawling PAGA exposure. But beneath that surface lies a fundamental limitation on the LWDA's ability to act through private plaintiffs. Here's how the appellate landscape currently breaks down:

Appellate District	Position	Key Case(s)	Reasoning
Second Appellate District	Rejected headless claims entirely	<i>Leeper v. Shipt, Inc.</i> (Dec. 2024) (pending review) <i>Williams v. Alacrity Solutions Group, LLC</i> (April 2025)	PAGA includes individual and non-individual claims, regardless of how the complaint is framed, so purely headless claims cannot avoid arbitration.
Fourth Appellate District	Permitted headless claims on purely procedural grounds	<i>Rodriguez v. Packers Sanitation Services LTD., LLC</i> (Feb. 2025) (pending review)	There is no individual PAGA claim to compel to arbitration in a purely headless claim, but this leaves open the potential for other pleading challenges, such as demurrer or motion

			to strike.
Fifth Appellate District	Permitted headless claims pre-2024 bill reforms	<i>CRST Expedited, Inc. v. Superior Court</i> (July 2025) <i>Galarsa v. Dolgen California, LLC</i> (Oct. 2025)	PAGA's representative structure provides three choices: (1) to pursue only their individual violations; (2) to pursue only non-individual violations; or (3) to pursue both.

Although the outcome of these cases will impact litigation strategy, all involve pre-reform PAGA claims, and have yet to address the implications of the post-2024 statutory standing requirement, which adds yet another layer of complexity moving forward.

III. The Federal Constraints to PAGA – And What Remains Constant

Despite the uncertainty surrounding headless claims, two federal pillars remain constant: the FAA and the Labor Management Relations Act (LMRA). Both impose preemption doctrines that define where federal law overrides state law — but they do so in very different ways.

The FAA governs arbitration agreements, ensuring valid agreements are enforced unless a specific exemption applies. For example, in *Villalobos v. Maersk, Inc.* (October 2025), there was no individual claim subject to arbitration because the plaintiff was a transportation worker exempt from the FAA. Simply, as made clear by the court in *Villalobos*, case authority related to headless claims cannot be used to bootstrap FAA coverage where none exists.

Meanwhile, under the LMRA, preemption arises only when resolution of a PAGA claim requires interpretation of a collective bargaining agreement (CBA). In *Renteria-Hinojosa v. Sunsweet Growers, Inc.* (9th Cir. Aug. 2025), the court held that PAGA claims are not preempted if they merely reference, rather than interpret, a CBA. However, when an employee's claim depends on exhausting a CBA's grievance process, LMRA preemption applies.

These federal anchors – FAA enforceability and LMRA preemption – remain stable amid California's shifting state-law terrain and thus serve as guideposts in assessing arbitration risk and preemption defenses.

IV. A New PAGA for a New Era

With the California Supreme Court poised to decide *Leeper* and *Rodriguez*, and the 2024 reforms already in effect, PAGA is entering a defining chapter. The unanswered question is whether the LWDA can still meaningfully enforce labor laws through deputized private plaintiffs if every case must begin (and possibly end) in individual arbitration. For employers, that paradox is striking: a ruling requiring arbitration of individual claims first in all instances could mark the quiet sunset of PAGA's broadest enforcement powers. Either way, the coming year will reshape the balance between state enforcement and federal arbitration mandates — and that balance will define the next decade of California wage-and-hour litigation.