

California Supreme Court Expands Penalties for Meal and Rest Period Violations

This week, in *Naranjo v. Spectrum Security Services, Inc.*, the California Supreme Court resolved a long-standing wage and hour question in California by holding that, because the premium pay owed for meal and rest period violations is itself a wage, the failure to make timely payments of such premium pay can trigger waiting time and wage statement penalties.

In *Naranjo*, the court reversed a Court of Appeal decision from three years ago, which employers have relied upon to argue for the reduction of potential penalties in wage and hour class action cases. The Appellate Court held that the premium pay owed to employees for meal and rest break violations was merely a legal remedy and not wages provided for employee labor, so a failure to record or pay premium pay for missed meal or break periods could never entitle an employee to waiting time penalties or inaccurate wage statement penalties.

In rejecting that conclusion, the court leaned heavily on its prior decision in *Murphy v. Kenneth Cole Productions, Inc.* (2007) 40 Cal.4th 1094, in which the court held that the premium pay for meal and rest periods did constitute wages for purposes of the statute of limitations. As these are “wages” under *Murphy*, the court reasoned, they are subject to the same timing and reporting rules as other forms of compensation for work. While the extra pay was designed to compensate for the unlawful deprivation of a guaranteed break, the court noted that it also served as extra compensation for the work the employee performed during what should have been a break period, irrespective of the fact that there is no direct correlation between the hour’s pay for a meal or rest period premium and the time actually worked during missed or late meal or rest breaks. An employee is therefore entitled to premium pay for missed or non-compliant meal and rest breaks “precisely because she was required to work when she should have been relieved of duty: required to work too long into a shift without a meal break; or required in whole or part to work through a break.”¹

The court was careful to point out that its holding does not affect any of the underlying requirements for establishing meal or rest period, waiting time, or wage statement violations and penalties. For example, waiting time penalties are still subject to a willfulness standard. Instead, the decision was limited to a very clear rejection of a rule that meal and rest period violations could never trigger waiting time or wage statement penalties.

Today’s decision serves as a good reminder that the California Supreme Court takes an employer’s obligation to provide compliant meal and rest periods to non-exempt employees seriously and that purely technical defenses may not be well-received. Employers must ensure that employees are provided with full, timely, and uninterrupted meal and rest periods and pay the penalty for any non-compliant meal or rest periods. The penalty is one extra hour of pay — to be paid at the employee’s regular rate of pay and not the base hourly rate. When an employee is entitled to a penalty, it should also appear as a separate line item on a pay stub.

Action Items for Employers:

- Ensure that all policies and practices comply with the law for meal, rest, and recovery periods.
- Require employees to sign an attestation that they have read and understand those policies and that they will promptly report any violations of the policies.
- Ensure that premium pay is paid at one hour of the employee’s regular rate of pay for any missing, late, or short meal, rest, or recovery periods in a workday.
- Indicate any penalties paid as a separate line item on employee wage statements (the number of penalties being paid and the applicable rate of pay).
- Consider whether to have departing employees affirmatively acknowledge that they have



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received full, timely, and uninterrupted meal and rest breaks or, if they contend otherwise, to identify any non-compliant or missed breaks so that proper premium compensation can be paid to avoid waiting time penalties.

¹ *Naranjo v. Spectrum Security Services, Inc.*, No. S258966, slip op. at 9 (C.A. Sup. Ct. May 23, 2022), <https://www.courts.ca.gov/opinions/documents/S258966.PDF>
