

## Publications

### California Supreme Court Rules that Meal- and Rest-Period Premiums Constitute Wages

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Earlier this week, in the latest of a line of cases expanding the scope of potential liability for California employers in wage-and-hour litigation, the California Supreme Court ruled that premiums owed to employees for violations of the meal and rest break requirements constitute wages under California law. The import of the Court's holding in *Naranjo v. Spectrum Security Services, Inc.*, is that employers may be liable for *additional* – and significant – derivative penalties if there are underlying meal and/or rest break violations.

As California employers know, employees are entitled to an unpaid, uninterrupted, duty-free thirty-minute meal period for all shifts over five hours and ten-minute paid rest periods every four hours of work (or major fraction thereof). If an employer does not permit these meal and rest breaks, it owes the affected employee a penalty in the amount of one hour's pay at the employee's regular rate of pay (the calculation of which has itself been the subject of debate, as we report [here](#)). The question before the Court in *Naranjo* was whether that penalty is considered a wage for purposes of the Labor Code's requirements that employers timely pay wages and provide accurate wage statements. The Court concluded that they were.

This determination should concern employers due to the remedies available for violations of the timely-pay and wage-statement laws. Failure to pay any wages owed during employment can entitle a former employee to recover waiting-time penalties of up to thirty days' wages after employment ends. Under *Naranjo*, then, a single missed meal or break premium could expose the employer to liability for significant waiting-time penalties at the end of employment. Similarly, California law entitles an employee to up to \$4,000 in penalties for receiving inaccurate wage statements. Under *Naranjo*, wage statements that do not accurately reflect the meal and break penalties owed may be subject to those penalties.

Employers must continue to be vigilant in meal- and rest-period compliance. Especially after the *Naranjo* decision, failure to comply with those mandates exposes employers to expensive class action and

PAGA litigation. Contact your Vorys attorney with questions about this decision and its impact on your operations.

