

# What should I do about the July 15th, 2021 California Meal Penalty ruling?

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## CALIFORNIA MEAL PENALTY RULING

On July 15, the California Supreme Court in *Ferra v. Loews Hollywood Hotel, LLC* issued a decision determining that an employee's meal and rest period premium pay should be paid at the employee's regular rate of pay used for the calculation of overtime, rather than the employee's base rate of pay. The Court further decided that this will apply retroactively.

IDI is actively working with our HCM vendor partners to assess any impact it may have on joint solutions we provide to our mutual clients.

## NOTE TO IDI CLIENTS

If you believe you may be affected by this ruling, you should first contact your labor attorney to discuss whether you are impacted. If you are, you will want to get clear requirements from your labor attorney specifying what changes need to be made to how you compensate your employees.

IDI clients affected by this law will likely fall into one of two scenarios. The two scenarios, with appropriate next steps, are outlined below:

### **IDI CLIENT SCENARIO #1**

If you already have an FLSA overtime solution using our Time Bank or Contractor Central software (whether retro with lookbacks or current period), you may need an adjustment to your configuration. We do not currently have a solution with a four-year lookback to apply the new overtime calculations requirements to historical data, but we can be part of your "Go Forward" plan.

### **IDI CLIENT SCENARIO #2**

If you have an existing IDI solution, but FLSA overtime rates are being managed in payroll, and your payroll vendor cannot accommodate the new California requirements based on your setup, we can evaluate adding additional logic to your existing Time Bank or Contractor Central software to help you stay in compliance with this law.

### **NEXT STEPS FOR BOTH SCENARIOS:**

When you are ready to start the evaluation process, contact our sales department by

emailing [sales@idesign.com](mailto:sales@idesign.com).

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