

Donohue v. AMN Services, LLC (No. S253677)

The California Supreme Court struck down an employer's policy of rounding meal period punches. The Court further held noncompliant meal periods results in a rebuttable presumption of liability against the employer at the summary judgment stage.

FACTS/PROCEDURE

Kennedy Donohue was a nurse recruiter at AMN Services, LLC, a healthcare services and staffing company. Donohue filed a class action lawsuit against AMN alleging wage and hour violations and meal period violations. Per Labor Code section 512, employers must provide employees with one 30-minute meal period that begins no later than the fifth hour of work and a second 30-minute meal period that begins no later than the end of the tenth hour of work. If an employer does not provide an uninterrupted 30-minute meal period, then the employee is entitled to a meal premium equal to one hour of pay.

The time entry system AMN used, Team Time, rounded all entries to the nearest tenth. For example, if an employee clocked out for lunch at 11:02 a.m. and clocked back in at 11:25 a.m., the system would record the time punches as 11:00 a.m. and 11:30 a.m. – even though the actual time taken was 23 minutes. Another example is if an employee clocked in for work at 6:59 a.m. and clocked out for lunch at 12:04 p.m., the system would record those time punches as 7:00 a.m. and 12:00 a.m. In this example, the employee would have begun their meal period after five hours and five minutes of work.

To support her motion for summary adjudication, Donohue testified that AMN had an office culture that discouraged employees from taking timely and full meal breaks. Donohue submitted expert testimony that the use of Team Time and the rounding policy resulted in 40,110 short lunches and 6,651 delayed lunches over the five-year class period. AMN filed a motion for summary judgment and argued that AMN did not have a uniform policy or practice of denying employees compliant meal periods. The trial court denied Donohue's summary adjudication and granted AMN's summary judgment. The trial court conclude there was insufficient evidence that AMN had a policy or practice of preventing employees from taking compliant meal periods. The Fourth Appellate District affirmed the trial court's holding and rejected Donohue's argument that the missing, short, and delayed meal periods gave rise to a rebuttable presumption of meal periods at the summary judgment stage.

HOLDING/DISCUSSION

The California Supreme Court reversed the Court of Appeal's holdings and remanded the matter to allow the parties to bring a new summary adjudication motion in light of the Supreme Court's holding.

The Court reasoned that the calculation of meal periods requires precise measurements and rounding practices discourages precision. The Court found that relatively minor infringements on meal periods can end up being a burden on an employee in the form of extra work, or negative impacts to the employee's health, safety, and well-being. The purpose of the meal premium is to compensate employees for their injuries and to incentivize employers to comply with labor standards. By implementing a meal premium for any intrusion on a meal period, no matter how small, the law clearly underscores the importance of an uninterrupted, duty free meal period. The Court held that a meal premium law that deters employers from encroaching on meal periods by even a few minutes cannot be harmonized with a policy that counts those minutes as inconsequential rounding errors.

The Court further held that a rebuttable presumption of liability arises when records show shortened or delayed meal periods. The employer has a duty to maintain accurate records of meal periods. Thus, it is appropriate to place the burden on employers to demonstrate that it relieved employees from duty during meal periods. The Court reiterated that it is not the employer's duty to police meal periods. The law remains that it is the employer's duty to ensure the employee is relieved from duty for a 30-minute meal period and that it is accurately reflected in the employer's time records. Noncompliant meal periods in time records will result in a rebuttable presumption of liability at the summary judgment stage and not just at the class certification stage.