

Employer Improperly Delayed Pay To Employees Terminated After Onset Of COVID-19

Article By:

Anthony J Oncidi

***Hartstein v. Hyatt Corp.*, 82 F.4th 825 (9th Cir. 2023)**

Karen Hartstein represents a certified class of former Hyatt employees who were laid off after the onset of the COVID-19 pandemic in March 2020. The class alleged that Hyatt violated California law by failing to pay them immediately for their accrued vacation time and by failing to compensate them for the value of the free hotel rooms employees received each year. Hyatt, however, argued that it was not required to pay its employees their accrued vacation pay until June 2020, when the employees' employment was terminated. The Ninth Circuit reversed the district court's earlier summary judgment ruling in favor of Hyatt on the issue of prompt payments. The panel held that the prompt payment provisions of the California Labor Code required Hyatt to pay plaintiffs their accrued vacation pay in March 2020, because a temporary layoff with no specific return date within the normal pay period is a "discharge" for purposes of the statute.

However, the panel affirmed the district court's ruling that the complimentary hotel rooms Hyatt provided to employees were excludable from the calculation of employees' regular rate of pay under the federal Fair Labor Standards Act ("FLSA").

The FLSA excludes "other similar payments" not made as compensation for an employee's hours of employment from the regular rate of pay calculation, and the free hotel rooms fell into this exception.

© 2024 Proskauer Rose LLP.

National Law Review, Volumess XIII, Number 339

Source URL: <https://natlawreview.com/article/employer-improperly-delayed-pay-employees-terminated-after-onset-covid-19>