



WORLD WIDE
Specialty Programs

Expanding Scope of Wage Lawsuits

An ever-growing number of wage-hour lawsuits allege that workers were wrongly denied minimum wage (especially in tip credit lawsuits or claims by low-wage workers, often in the hospitality and agricultural industries) or overtime pay (usually the result of misclassification of workers as exempt or due to off-the-clock work by non-exempt staff). The scope of wage-hour lawsuits continues to expand. Class action lawsuits increasingly allege denial of wage supplements or wage benefits claims under state or local laws that mandate paid sick days or other paid time off. As local jurisdictions become concerned about the lack of movement in the federal level, expect more states and cities to enact wage supplement laws - employers who do not comply likely will face class action lawsuits. For example, in September 2017, a major car rental company entered into a \$2 million settlement agreement to settle a class action suit brought by rental car workers at the Seattle-Tacoma International Airport, who alleged failure to comply with the SeaTac minimum wage ordinance. In January 2017, Menzies Aviation agreed to a settlement of \$8.18 million to resolve a class action suit brought by employees who claimed they were paid less than the SeaTac minimum wage. The ordinance requires a minimum wage of \$15 hour for workers at the Seattle airport. This lawsuit is part of a wave of class actions brought beginning in February 2016, immediately after the ordinance was upheld following legal challenges. The City of Chicago recently enacted a similar ordinance, requiring airline subcontractors at O'Hare International and Midway International airports to pay employees a minimum hourly wage of \$13.45, with annual increases in proportion with the Consumer Price Index. More recently, wage and hour settlements have grown to a combined value of \$1.2 billion within the past two years. According to Seyfarth Shaw, these settlements are the "number one exposure for corporations" and HR professionals as well as business executives should focus their efforts on prevention. Prevalence of litigation and public criticism of subminimum wage payments have led some restaurants to eliminate the use of tip credits. Since few restaurants have done so, the number of claims experience in the hospitality sector continues to grow.