



## **TWO RECENT CASES IMPACTING EMPLOYEE COMPENSATION**

By Tana S. VanGoethem

### *In This Issue*

- ◆ Two Recent Cases Impacting Employee Compensation
- ◆ Employee Handbook
- ◆ Lawfax Update

### ***United States Supreme Court Expands Compensable Workday to Include Time Spent Donning & Doffing Protective Safety Gear***

The Supreme Court of the United States has ruled that employees must be paid for time spent walking to their work stations after putting on (donning) required specialized protective gear and for time spent walking from work stations to remove the gear (doffing). The Court also distinguished between time spent waiting to put on gear and time spent waiting to take off gear, holding employees must only be paid for the time spent waiting to remove their gear.

In *IBP v. Alvarez*, the Court considered this issue in the context of two cases where employees of meat and chicken processing plants were required to dress in protective safety gear. Employees were required to don their gear in a company locker room and then walk to their posts, when their paid work day began. Similarly, the paid work day ended when the employees left their posts, even though employees were then required to return to the locker room to remove the gear.

In ruling as it did, the Court expanded the “continuous workday” for hourly employees under the Fair Labor Standards Act to include all time spent after putting on safety equipment and prior to removing the equipment. The Supreme Court affirmed the analysis of the Ninth Circuit Court of Appeals, holding employees are entitled to be paid for all activities “integral and indispensable” to the principal activities of their job. This analysis allowed the Court to distinguish the donning and doffing of hardhats and safety goggles, which were determined not integral and indispensable to the principal activities of these employees.

This case is of special significance to employers who require their employees to engage in any activity prior to or after performance of their job duties. This decision will likely cause concern for employers in defining when the paid workday begins and ends. If you have any concern about the compensability of similar pre- and post-employment activities of employees, or about time spent on travel, training, on-call status and the like, we recommend that you consult with experienced labor and employment counsel. Risks in this area can be managed and minimized with careful planning and documentation.

For more information regarding these issues and their impact on your business, please contact the law firm of Seaton, Beck, & Peters, P.A. at (952) 896-1700 and ask for any available attorney. We would be happy to assist you.



Alec J. Beck  
Megan M. Cooper  
Robin N. Kelleher  
Shareen R. Luze  
Gregory L. Peters  
Thomas R. Revnew  
Douglas P. Seaton  
Sara G. Sidwell  
Tana S. VanGoethem  
Robert Grossman,  
of counsel

7300 Metro Blvd, #500  
Minneapolis, MN 55439  
Tel 952-896-1700  
Fax 952-896-1704  
www.seatonlaw.com

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employment law firm.*

***Minnesota Court of Appeals Includes Bonuses Within Definition of “Wages” Under Minnesota Statute***

Employers often overlook Minnesota’s law governing the payment of wages to a discharged employee. Minnesota Statute § 181.13 provides “[w]hen any employer employing labor within this state discharges an employee, the wages or commissions actually earned and unpaid at the time of the discharge are immediately due and payable upon demand of the employee.” An employer who does not pay wages or commissions earned within 24 hours of an employee’s demand is in default, and subject to additional statutory penalties. However, the statute does not specifically define “wages.”

A recent Minnesota Court of Appeals decision broadened the definition of wages under Minnesota Statute § 181.13(a) to include bonuses that vest prior to an employee’s discharge. In *Kvidera v. Rotation Engineering & Manufacturing*, the employer refused to pay the employee’s bonus upon demand. The employee argued the bonus was owed because the bonus was already earned, even though the employee had volunteered to defer distribution. The court concluded that the bonus was due upon demand by the employee because the bonus was part of an employment contract bargained for in exchange for services and was part of the employee’s overall compensation package. By doing so, the court distinguished this employee’s bonus from gratuitous bonuses given by employers solely at the employer’s discretion. The court held that because the employee’s right to the bonus vested prior to the employee’s discharge, the employer was subject to statutory penalties for failing to pay the bonus within twenty-four hours of the employee’s demand.

Employers must now pay immediately, upon employee demand, the employee’s bonus if the employee had earned the bonus prior to discharge.

Employers can manage their exposure under this statute and the *Kvidera* decision, however, by careful drafting of employment contracts, offer letters, bonus plans and handbook policies and by providing for employee authorization of deductions from pay for unearned income and expenses, costs, losses and money due.

For more information regarding these issues and their impact on your business, please contact the law firm of Seaton, Beck, & Peters, P.A. at (952) 896-1700 and ask for any available attorney. We would be happy to assist you.

**Are Your Employee Handbook And Employment Documents Protecting Your Firm Or Putting You At Risk?**

If your Company’s employee policy handbook, hiring and discipline materials, drug and alcohol testing policies, or other critical labor or employment documents or policies are more than 2 years old (or non-existent), your Company is at risk. Call us at 952.896.1700 or fax 952.896.1704 if you are interested in a complimentary review of your materials and information on our cost-effective “fixed fee” program to customize and update these materials for your Company. The cost is \$775.00 for handbook and employment materials (with 2 hours customizing time included) and \$375.00 for drug and alcohol testing policy and materials (with 1 hour customizing time included).

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