

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF
CALIFORNIA

Williams v. Enterprise Resource Planning International, LLC

Williams · No. 25-cv-234-BTM-AHG · Decided June 26, 2025

SUMMARY

The United States District Court for the Southern District of California denied defendants’ motion to dismiss a Fair Labor Standards Act overtime claim. The court held that, under the Service Contract Act, fringe-benefit payments are excluded from the FLSA regular rate only to the extent they are excluded under FLSA § 207(e), and that defendants had not shown that the health and wellness payments qualified for exclusion. The court concluded that cash payments to employees in lieu of health benefits were not excluded under the applicable statutory language.

CASE DETAILS

COURT	United States District Court for the Southern District of California
WRITING FOR THE COURT	Barry Ted Moskowitz
JURISDICTION	United States District Court for the Southern District of California
DECIDED	June 26, 2025
DOCKET	25-cv-234-BTM-AHG
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss Plaintiff's First Amended Complaint asserting an FLSA overtime claim.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true but does not accept legal conclusions as true, and asks whether the complaint states a claim for relief that is plausible on its face.
PRECEDENTIAL VALUE	unpublished, nonprecedential district court order; precedential status unknown
PARTIES	Enterprise Resource Planning International, LLC, ERP International, LLC v. Jasmine Williams

TOPICS

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QUESTIONS PRESENTED

1. Whether the Service Contract Act, 41 U.S.C. § 6707(e), excludes health and wellness or cash-in-lieu-of-benefits payments from the FLSA regular rate of pay when those payments are not excluded under 29 U.S.C. § 207(e).
2. Whether the First Amended Complaint plausibly stated an FLSA claim for unpaid overtime.

HOLDINGS

1. Section 6707(e) excludes SCA fringe-benefit payments from the FLSA regular rate only to the extent that the payments are excluded under FLSA § 207(e). Because the disputed health and wellness payments were not shown to fall within a § 207(e) exclusion, defendants did not establish that the payments were exempt from the regular rate.
2. The First Amended Complaint plausibly stated a claim for unpaid FLSA overtime, and defendants' motion to dismiss was denied.

KEY QUOTATIONS

“This Court agrees. Under Section 6707(e)’s plain language, fringe benefits payments are excludable from the regular rate of pay only if they are excluded under Section 207(e).” (at 2)

“The plain language of Section 6707(e) governs and precludes Defendants’ argument.” (at 3)

FACTUAL BACKGROUND

Williams alleged that defendants failed to include health and wellness payments in the regular rate of pay used to calculate overtime wages. The parties agreed that Williams's employment was governed by the Service Contract Act. Defendants argued that the SCA and implementing regulations exempted the payments from the FLSA overtime calculation, while Williams maintained that the payments had to be included.

PROCEDURAL HISTORY

Jasmine Williams filed a First Amended Complaint alleging that defendants failed to include health and wellness payments in the regular rate used to calculate overtime under the FLSA. Defendants moved to dismiss, arguing that the Service Contract Act and Department of Labor regulations excluded those payments from the FLSA overtime calculation. The district court denied the motion.

DISPOSITION

other

CASES CITED

- Flores v. City of San Gabriel, 824 F.3d 890, 898 (9th Cir. 2016)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Menlo Service Corp. v. United States, 765 F.2d 805, 807 (9th Cir. 1985)
- Oliverio-Still v. AVMAC LLC, No. 24-cv-0870-L-DEB, 2025 U.S. Dist. LEXIS 37731, *12-13 (S.D. Cal. Mar. 3, 2025)
- Bonner v. Metro. Sec. Servs., No. SA-10-CV-937-XR, 2011 U.S. Dist. LEXIS 26251, *10-12 (W.D. Tex. Mar. 15, 2011)
- Barnes v. Akal Sec., Inc., No. 04-1350-WEB, 2005 U.S. Dist. LEXIS 12268, *10-17 (D. Kan. June 20, 2005)
- Wheeler v. City of Santa Clara, 894 F.3d 1046, 1054 (9th Cir. 2018)

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