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Brewed for Trouble: Starbucks' $39M NYC Settlement Puts Predictive Scheduling Laws in the Spotlight

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In a landmark agreement, Starbucks Corporation has agreed to pay nearly $39 million to resolve allegations that it violated New York City's Fair Workweek Law, sending a powerful message to employers nationwide about the risks of ignoring local predictive scheduling requirements. The settlement, announced by the city's Department of Consumer and Worker Protection (DCWP) on December 1, 2025, is one of the largest of its kind and underscores the growing importance and complexity of compliance with scheduling ordinances.

The Investigation and Settlement Terms

New York City's Fair Workweek Law, in effect since 2017, requires fast food employers and other retail establishments to provide workers with regular, predictable schedules that remain consistent week to week. Employers must give employees their schedules at least 14 days in advance and pay a premium for any changes made without sufficient notice. The law also prohibits last-minute scheduling changes unless the employee consents, and mandates premium pay for such changes. Additionally, employers cannot fire or reduce a worker's hours by more than 15% without just cause,

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and they must offer additional hours to existing employees before hiring new staff.

The DCWP's investigation found that Starbucks failed to comply with certain requirements mandated by the NYC Fair Workweek Law, including posting shift availability, electronically transmitting shift notices, and making scheduling changes with proper notice to, and consent from, employees. To resolve the matter, Starbucks agreed to pay a total of $38,929,900, which includes civil penalties and payments to affected employees. The settlement also establishes a process for distributing payments to eligible employees and sets up a reserve fund for individual claims arising from violations between July 8, 2024, and the execution date of the consent order.

Coverage Under the NYC Fair Workweek Law

Fast Food Businesses: The NYC Fair Workweek Law applies to private-sector fast food employers that are part of a chain with 30 or more locations nationwide, regardless of whether the locations are owned by the same entity or operated as franchises. A "fast food establishment" is defined as a limited-service business where customers order and pay for food and drink before eating, whether consumed on the premises, taken out, or delivered. If the employer's business is part of a national chain meeting the 30-location threshold, the law applies to all fast food locations in New York City, regardless of the number of employees at a particular site. Fast food employees who are hourly, non-exempt, and perform specific job duties, such as customer service, cooking, and cleaning, are covered; however, salaried workers are not.

Retail Businesses: The law also applies to private-sector retail businesses with 20 or more employees in New York City. "Retail" is defined as businesses primarily engaged in the sale of consumer goods at one or more stores within the city. For employers with multiple locations, the employee count is

aggregated across all New York City stores. Only employees working in the retail stores themselves are covered, not corporate office staff, and such coverage is not dependent upon the retail store worker's exempt or non-exempt status.

Why This Matters for Employers

The Starbucks settlement is a wake-up call for employers, especially those operating in multiple jurisdictions. This case highlights both the rights of workers and the obligations of employers under predictive scheduling laws. Predictive scheduling laws are not unique to New York City; Los Angeles, San Francisco, Chicago, Philadelphia, Seattle, Berkeley (California), and Oregon (statewide) have similar laws. More cities and states are considering such measures, with a New York state bill (Senate Bill S7515) currently pending. At the federal level, proposals like the Part-Time Worker Bill of Rights Act and the Schedules That Work Act have been introduced, though not yet enacted.

Compliance Challenges: More Than Just Overtime

Compliance with predictive scheduling laws can be far more complicated than traditional wage and hour laws because even minor disruptions, such as an employee calling out sick, can trigger significant compliance obligations. In addition, official guidance can be overwhelming. One of the most common pitfalls for employers is inadequate recordkeeping. Predictive scheduling claims are often added to lawsuits alleging unpaid overtime or minimum wage violations, because few employers have the appropriate recordkeeping necessary to comply with their obligations. The Starbucks consent order specifically requires the company to maintain and produce detailed, machine-readable records of scheduling and compliance activities.

Action Items for Covered Employers

Employers who are covered by the NYC Fair Workweek Law should:

- Review their scheduling and recordkeeping practices regularly;
- Train managers on local predictive scheduling requirements; and
- Use technology to track schedule changes and employee consent.

The Bottom Line

The Starbucks settlement is a clear signal that cities like New York are serious about enforcing predictive scheduling laws and that the financial consequences for noncompliance can be severe. As more jurisdictions adopt similar laws, employers must stay vigilant, monitor local requirements, and invest in systems to ensure compliance. Otherwise, they risk facing penalties and reputational harm. Employers needing assistance understanding their legal obligations under predictive scheduling laws or related employment regulations should reach out to the Akerman Labor and Employment Group to help navigate compliance requirements and minimize risk.
