



## **New OT Rules Could Shake Up Bottom Line for Both N.J. Businesses, Employees**

News

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The article, “New OT Rules Could Shake Up Bottom Line for Both N.J. Businesses, Employees,” featured in *NJ Biz*, reported on the release of the U.S. Department of Labor much-anticipated final rules on federal overtime eligibility and how New Jersey companies must now begin the process of assuring they will be in compliance when the new regulations go into effect.

Kathie Caminiti weighed in on the new rules.

She said that, while the threshold in the final rules is “somewhat below the original proposal,” it isn’t really enough to quell the concerns of the wider business community, which fears the new regulations will place another unfair burden on the backs of employers.

“Although the reduction in the threshold certainly is a nod to business and the comments received, the change is not significant, especially since the regulations establish a mechanism for automatic updates, and the first update that will be effective on Jan. 1, 2020,” Kathie said.

On paper, she said that those in entry-level management positions stand to benefit the most from the new rules. But, she added, what looks good on paper isn’t always perfect in practice.

“These same individuals may be negatively impacted because overtime businesses may reclassify workers as nonexempt, which could result in the loss of other benefits to the extent that some benefits, such as vacation pay, are tied to management status,” she said. “Also, employees may view being reclassified from exempt to nonexempt as a demotion or a loss of status.”

Both Kathie and Kochman see the hospitality and retail industry sectors being impacted the most in New Jersey.

Kathie said that while hospitality and retail stand out because they include a “significant number of employees who are paid in the \$25,000 to \$50,000 range,” she thinks “all businesses in New Jersey will be impacted by these changes as they closely review their pay practices and consider whether to reclassify employees for exempt to nonexempt.”

To read the full article, please visit [NJ Biz](#).

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