



New OT Rule Not A Hit With Ga. Employers

By Dan Chapman and Michael Kanell

New rules for overtime prompt the expected divide in metro Atlanta: criticism from employers, support among workers and their advocates.

Under the new rules, close to a half-million salaried workers in Georgia could benefit if they work more than 40 hours a week.

The rule lifts the salary ceiling under which employers must pay overtime to \$47,476, or about double what it is now. It is seen as a boost particularly for lower-level retail and restaurant managers who often work longer hours but don't have big salaries.

Retail managers are expected by supporters of a new overtime rule to benefit from the change. Skeptics say employers will cut hours, or even jobs rather than pay higher labor costs. Bloomberg photo by Michael Nagle.

But critics say most employers will not be able or willing to add to their labor costs. And they warn the requirement will have unintended effects – like the loss of status, hours or even jobs.

Rather than a pay hike, the rules will mean a step backward, argued one of Atlanta's best-known business moguls in a statement to the AJC.

"Today's overtime rule is another barrier for employees looking to enter the middle class," said Bernie Marcus, the now-retired co-founder of Home Depot.

Opponents argue that the current, lower threshold is better because it lets employees take on responsibility and prove

themselves more than if they are treated like hourly workers. Forcing employers to pay overtime would undermine that, said Marcus, who founded the Job Creators Network to advocate for employers.

"It will knock hardworking Americans looking to climb the corporate ladder down a rung as employers are forced to reclassify salaried employees as hourly to better account for costs – a great career killer," Marcus said.

Salaried workers now get their full salary even in weeks when they might work fewer hours, but they won't if they are converted to hourly wage-earners as a result of the rule, said Lee Schreter, an Atlanta attorney who specializes in litigation around work issues for the firm of Littler Mendelson.

"You will have some people who get an instant demotions. And they will lose the flexibility of salary employees."

Supporters of the change contend that calling someone a manager shouldn't let an employer force them to perform uncompensated extra work.

The rules changes will force employers to make a choice, said Wesley Tharpe, a senior policy analyst with the Georgia Budget & Policy Institute: either higher pay or fewer hours for thousands of workers.

"It's simple. It's a really major win for Georgia workers and families," he said. "It will help ensure workers get paid the wages they're entitled to and help families better balance life and work by putting in more hu-

mane hours on the job."

Supporters also say that if there is extra work to be done, employers may cut back hours for one worker to avoid paying overtime and then add another job at non-overtime pay.

Karen Bremer, CEO of the Georgia Restaurant Association, said members were glad that employers could use bonuses and incentives to offset some overtime, but they fear the new rules will chill hiring for "managerial middle-class jobs."

Bremer spoke just before a meeting of the association's board. Board members declined to comment.

Any time business owners see a potential hike in their costs, they "really sharpen their pencils and think more carefully about it," said Leslie Kuban, a franchise consultant in Buckhead.

If business is good and employers simply raise pay, it will have other consequences, said Kuban. "The net result will be that businesses will raise their wages all around and raise their prices too, which may mean inflation and a rise in the cost of living. Choose your poison."

Ultimately, employer attitudes may be driven by demand for what they are selling, she said.

"Where mandated wage increases will be felt is if we see another recession or strong dip in a downward direction. Our business owners will start contracting their own employment."