Supreme Courts Deliver a Mixed Bag for Employers

January 29, 2015

Employment Law Monthly - January 2015

By Thomas O. Johnston, Kerri A. Wright and Deborah H. Share

The United States Supreme Court and the New Jersey Supreme Court recently decided important wage and hour decisions - one good for employers - the other bad.

Hargrove

First the bad employer decision: the New Jersey Supreme Court raised the bar for companies in New Jersey to classify persons as independent contractors rather than employees under the New Jersey Wage and Hour Law ("WHL") and Wage Payment Law ("WPL"). An employer who misclassifies a worker is subject to statutory penalties and litigation exposure for not providing workers wage rights commensurate with an employment relationship, such as overtime pay and regular pay intervals. Historically, many companies in New Jersey followed the federal test under the Fair Labor Standards Act ("FLSA"), for determining whether an individual is an employee.