

The New Overtime Regulations Are on Hold

Legal Alert
November 22, 2016

On Tuesday November 22nd, a United States District judge in Texas issued a preliminary injunction that blocks the U.S. Department of Labor (DOL) from implementing a controversial rule that would have expanded overtime protections from going into effect, at least for now. The pending regulations were scheduled to go into effect on December 1, 2016 and would have more than doubled the salary level required for employees classified as exempt under the “White Collar” exemptions. The Department of Labor estimated if the new regulations went in to effect more than 4 million workers would now be eligible for overtime. The salary level is currently \$455 per week or \$23,660 per year. The new regulations would have increased that amount to \$913 per week or \$47,476 per year.

The lawsuit was filed by 21 states and a coalition of business groups. The judge found the state plaintiffs have established a prima facie case that DOL’s salary level under the final rule and the automatic updating mechanism are without statutory authority. The judge then granted a nationwide preliminary injunction that prevents the regulations from going into effect pending further decisions from the court.

The timing of this decision provides some relief for employers scrambling to make sure they were in compliance with the new regulations. However, since you were in the midst of looking at your exempt positions, it is a good idea to continue the analysis to make sure the employees you classify as exempt truly meet not only the salary level test, but the duties test as well. If you have questions as to how this decision may affect your business, please contact one of our labor and employment attorneys.