

Department of Labor "Overtime Rule" Enjoined by U.S. District Court

11.23.2016

On November 22, 2016, the United States District Court for the Eastern District of Texas entered an order preliminarily enjoining the Department of Labor's "Overtime Rule" on a nationwide basis.

The Overtime Rule, which was to go into effect on December 1, 2016, would have extended overtime pay protections to millions of workers. It increased the threshold standard salary level for employees to be exempt from overtime requirements under the Fair Labor Standards Act, with an automatic updating mechanism that would adjust the minimum salary level every three years.

The Court found that it was likely that the Overtime Rule's elevated salary requirement exceeded the Department of Labor's statutory authority, because the significant salary increase essentially supplanted the pre-existing duties test. Accordingly, the Court enjoined the Overtime Rule from going into effect on December 1, to preserve the status quo while the case is litigated. The Court will likely issue a final ruling on the legality of the Overtime Rule in 2017.

It is still possible for the Overtime Rule to go into effect at the close of the case; however, it is also possible that further challenges or changes could be made as part of the new administration. Brooks Pierce will continue to monitor the case and issue updates as the case progresses.

For employers who have already implemented workplace changes in response to the anticipated December 1 effective date, this ruling does not require those employers to revert back to past practices. Employers who were still in the process of revising their workplace practices will, at a minimum, have additional time to consider those options and to monitor whether the new overtime regulations will ultimately go into effect. All employers should use this as an opportunity to ensure that their employees are properly classified as "exempt" or "non-exempt" under the existing rules and regulations.

Attorneys at Brooks Pierce frequently counsel clients concerning all manner of labor and employment matters. Our attorneys advise companies concerning wage and hour laws, employee discipline, labor unions, nondiscrimination, and employee benefits, among other issues. Our team is also widely experienced in employment litigation, handling discrimination claims, NDAs and non-compete agreements, employment agreements, and whistleblower claims. For more information, please contact any of the attorneys linked below.

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