



INJUNCTION BLOCKS NEW FEDERAL OVERTIME CHANGES

In a surprise ruling, a Texas federal court has issued an injunction blocking, at least temporarily, implementation of the United States Department of Labor's ("DOL") new overtime rules. The new rules – which would have increased the threshold salary for exempt executive, administrative, and professional employees to \$47,476.00 per year (\$913.00 per week) – were set to become effective on December 1, 2016.

The legal challenges to the new rules originated in two separate lawsuits, one by a group of twenty-one (21) states and the other by a coalition of more than fifty (50) business groups, which were consolidated. The plaintiffs argued that the DOL had exceeded its authority in enacting the new rules. Among other things, the plaintiffs alleged that a mechanism in the new rules that would have automatically adjusted the threshold salary every three (3) years without going through a rule-making process was contrary to the law.

On Tuesday, November 22, 2016, Judge Amos Mazzant granted an injunction preventing the new rules from going into effect. Judge Mazzant stated that the plaintiffs had made a sufficient case "that the Department's salary level under the Final Rule and the automatic updating mechanism are without statutory authority."

It remains to be seen what will happen from here. For the moment, however, employers who had planned to increase the salaries of exempt workers or otherwise make adjustments to their workforces to comply with the new rules need not do so. The current overtime rules will remain in effect until the court has the opportunity to consider the merits of the case. Employers who have already raised the salaries of exempt employees to meet the new salary threshold may be hard pressed to revoke those raises. However, employers who had intended to reclassify formerly exempt employees as non-exempt commencing December 1st may wish to postpone those reclassification decisions until the litigation is finally resolved. For the now, the status quo will be maintained, which is the purpose of the injunction.

Even without court action, the ultimate fate of the new rules was in question. President-elect

Trump has voiced opposition to the new rules and indicated that his administration would seek to overturn them.

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