

Implementation Of New Overtime Regulation On Pause

On the eve of implementation, a federal judge in Texas granted a preliminary injunction, temporarily halting the Department of Labor's new overtime rule. That rule would have doubled – from \$23,660 per year to \$47,476 per year – the salary an individual would have to earn annually to be exempt from overtime eligibility. The overtime rule was expected to take effect on December 1, 2016, and would have also required automatic adjustments to the threshold every three years. It would be the first update to the threshold in over a decade and was expected to extend overtime eligibility to approximately 4.2 million workers.

Our May 2016 Client Advisory discussed how the new rule only changed the salary requirements to be exempt from overtime and not the duties test. States and businesses disputed the salary component of the rule, arguing the Department of Labor exceeded its authority in raising the salary threshold to a level they argued essentially superseded the duties test. Two lawsuits were filed against

the overtime rule by a group of states and a group of businesses, and they were consolidated in October.

Advocates for the new rule hailed it as a major victory for millions of workers and a means to close the widening gap between classes. Supporters of the rule strongly disagree with the injunction and remain confident in the legality of all of its aspects.

The preliminary injunction is not permanent; it simply keeps the status quo in effect until a final decision on the merits of the case.

What does this mean for employers? For now, employers may continue to abide by the existing overtime rule, but should be aware that the new overtime rule could well be implemented in the future. The future of an overhaul to overtime laws is uncertain in the current political landscape and with the upcoming change of administration in January 2017, so vigilance is appropriate.

This advisory is for information purposes only, and does not constitute legal advice. Gesmer Updegrove has a team of attorneys who are prepared to help you address wage issues such as these. Feel free to contact Joe Laferrera (joe.laferrera@gesmer.com), Christine Lee (christine.lee@gesmer.com) or anyone from our employment team at (617) 350-6800 with any questions or concerns you may have.

