

FYI[®] Alert

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Overtime Rule on Hold

On May 23, the DOL issued a new overtime rule that would more than double the minimum salary threshold for a white-collar exemption from federal minimum wage and overtime pay requirements on December 1. Twenty-one states and a more than 55-member business coalition filed legal challenges aimed at preventing or delaying implementation of the new rule. On November 22, a Texas judge temporarily blocked this controversial overtime rule, preventing it from taking effect on December 1.

Background

The Fair Labor Standards Act (FLSA) establishes federal minimum wage and overtime pay requirements for both public and private sector employers. Regulations enforced by the DOL's Wage and Hour Division provide exemptions from the requirements for salaried "executive, administrative, and professional" (EAP) employees (so-called "white-collar" workers) who satisfy certain minimum earnings and job duties tests. On May 23, the DOL issued a new overtime rule that would more than double the minimum salary threshold for an EAP exemption on December 1, and automatically adjust the threshold every three years beginning in 2020. (See our [FYI Alert](#) from [May 18, 2016](#).)

On September 20, the attorneys general from 21 states and a more than 55-member business coalition filed separate suits in the Eastern District of Texas challenging the new rule. The states argued that the DOL overstepped its constitutional authority and infringed on state sovereignty by promulgating it. The business groups alleged the rule's new salary test and automatic indexing provisions exceeded the agency's statutory authority. (See our [September 21, 2016 FYI Alert](#).) Both cases were assigned to Judge Amos Mazzant.



Last month, both the states and the business coalition asked Judge Mazzant for expedited relief. The states sought a nationwide preliminary injunction blocking the DOL's final overtime rule from taking effect on December 1. The business coalition moved for expedited summary judgment, asking the judge to vacate the overtime rule immediately. The cases were consolidated, and hearing was set for November 16. (See our [October 20, 2016 For Your Information](#).)

The Ruling

On November 16, Judge Mazzant heard oral argument on the plaintiffs' motion for a preliminary injunction blocking the implementation of the new overtime rule nationwide. At the end of the hearing, he took the matter under advisement, and indicated that he would rule on it by November 22.

In yesterday's much anticipated ruling, Judge Mazzant temporarily blocked the DOL's controversial overtime rule, preventing it from taking effect on December 1. Finding that the plaintiffs would likely succeed on the merits of their claims and would be irreparably harmed if the rule became effective prior to a full hearing on the merits and any review by higher courts, the court decided to temporarily maintain the *status quo*.

In Closing

As a result of yesterday's decision, the new rule that would dramatically expand overtime eligibility under the FLSA to millions of currently exempt white-collar workers will not go into effect on December 1. While the preliminary injunction provides temporary relief for employers, it does not invalidate the rule. But for now, the rule, its implementation and enforcement are on hold. However, both public and private employers will want to continue to monitor developments.

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