



Overtime Changes Temporarily Stayed

by Christina O. Alabi

On Tuesday, November 22, 2016, a Texas federal court temporarily blocked the U.S. Department of Labor's new overtime rule nationwide, scheduled to take effect next week on Thursday, December 1.

The new overtime rule (called the Final Rule) would make about 4.2 million workers across the country newly eligible for overtime. The Final Rule increases the salary threshold for exempt employees from \$23,660 per year to \$47,476 per year, among other changes. Notably, the Final Rule also establishes an automatic updating mechanism that adjusts the threshold every three years.

On September 20, 2016, 21 states sued the Department of Labor on the grounds that it exceeded its authority by focusing on the salary of a worker instead of the duties performed. The Plaintiff States contended that the Final Rule "may lead to disastrous consequence for the economy."

The court granted a **preliminary** injunction, finding the Plaintiff States had a likelihood of success on the merits and would suffer irreparable harm without the injunction. The court also found the Defendants did not show they would suffer from delaying an implementation of the Final Rule. The Department of Labor issued a statement shortly after the ruling stating it disagrees with the court's decisions and is currently considering all legal options.

The injunction is temporary (preliminary not permanent), meaning it simply preserves the status quo until the court determines the department's authority to make the Final Rule as well as the Final Rule's validity. For now, the Final Rule will not go into effect on December 1.

Since this ruling comes so close to the Final Rule's effective date, some employers may have already implemented such changes. Employers should consult with their Human Resources attorneys for more guidance regarding any changes they may seek to make in light of Tuesday's ruling. The Human Resources and Employment Group at Gould & Ratner continues to monitor the case closely.

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