



CLIENT ALERT

FEDERAL JUDGE BLOCKS IMPLEMENTATION OF U.S. DOL'S OVERTIME FINAL RULE

As we previously advised, on May 18, 2016, the U.S. Department of Labor (“DOL”) published the final rule updating the overtime regulations (the “Final OT Rule”).

It was anticipated that effective December 1, 2016, the Final OT Rule would raise the minimum salary that must be paid for an employee to be exempt from the overtime pay requirements of the Fair Labor Standards Act (“FLSA”) to \$47,476 annually (or \$134,004 for “highly compensated” employees), and accordingly, would result in more employees being entitled to overtime pay for hours worked over 40 in a single workweek.

However, on November 22, 2016, a federal judge in the Eastern District of Texas issued a nationwide injunction barring the DOL from enforcing any part of the Final OT Rule. In his decision, the judge held that the Fair Labor Standards Act does not grant the DOL the authority to utilize a salary-level test in considering whether any employee employed in a bona fide executive, administrative, professional or outside sales capacity is properly considered exempt.

At this point in time, the Final OT Rule will ***not*** take effect on December 1, 2016, and the future of the Final OT Rule is uncertain. The bar to implementation is a temporary one, and it is entirely possible that this judge’s decision will ultimately be overturned. However, for now, employers may maintain the status quo.

If you have questions or would like additional information, please contact Amanda M. Fugazy (afugazy@egsllp.com), Paul P. Rooney (prooney@egsllp.com), Valerie J. Bluth (vbluth@egsllp.com) or the primary EGS attorney with whom you work.

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