

UPDATE: Federal Judge Halts New FLSA Overtime Rule

On November 22, 2016, a federal court in the Eastern District of Texas halted implementation of the Department of Labor's rule that amended the salary basis test for overtime exemptions in the Fair Labor Standards Act ("FLSA") that was scheduled to take effect December 1, 2016. A preliminary injunction was granted by the court which preserves the status quo and temporarily delays the implementation of the new rule while the court determines the department's authority to make the final rule as well as the final rule's validity.

What does this mean for my business?

At this point, the new overtime rule will not take effect on December 1, 2016 as planned so employers may continue to follow the existing overtime regulations.

Is this a final decision that permanently puts an end to this rule?

No. The FLSA Overtime Rule could still be implemented at some point in the future. The preliminary injunction simply puts everything on hold until the court has time to review the merits of the case.

Does this ruling apply to all business nationwide, or just those in Texas where the case is being heard?

The judge ruled that the injunction would be applied nationwide to avoid any confusion amongst employers that have locations in multiple states in order to avoid different exemptions and rules based on location.

What should I do if my company has already notified employees of either a raise in salary or a reclassification to nonexempt status?

Employers will likely want to leave decisions in place if they have already provided salary increases to employees in order to maintain their exempt status because it would be difficult to take that back. If there are exempt employees who were going to be reclassified but the changes have not been made just yet, employers may want to postpone those decisions to see how things play out.

If you have any questions or concerns, please contact your Support team at 909-946-2032 or support@sdppayroll.com.