

FLSA ALERT: Texas Federal District Court Issues Injunction Preventing Implementation of FLSA Salary Increase

By Dave Robinson on November 29, 2016



On May 21, 2016, the US Department of Labor (DOL) issued **new overtime regulations** that increased the salary threshold for certain exempt employees, increasing it from \$455 per week (or \$23,660 per year) to \$913 per week (or \$47,476 per year). These changes were to be effective on December 1, 2016.

However, on November 22, 2016, the U.S. District Court in Sherman, Texas issued an **order** enjoining the DOL from implementing the new regulations until the Court renders a final decision on the DOL's authority to promulgate these regulations.

In October 2016, twenty-one states filed an emergency motion for a preliminary injunction to stop the rule changes. The states argued that the DOL had no authority to create a salary minimum for exempt employees. The states' case was consolidated with another lawsuit filed by the U.S. Chamber of Commerce and other business groups seeking similar relief.

In granting the injunction, the court preliminarily agreed with the states that the DOL did not have the authority to implement rules that would in effect render millions of employees ineligible for an exemption without regard to their duties. The court granted the injunction in order to maintain the status quo until it made a final decision on the issue.

What does this mean to employers?

Until the court issues a final ruling, employers do not currently need to comply with the new overtime regulations. Accordingly, employers who have not yet implemented any changes can continue to delay implementation for now.

However, many employers have already implemented changes in order to comply. If so, employers should strongly consider staying the course with their implementation plans. Otherwise, taking away pay increases and/or reclassifying employees will not only lead to loss of morale, it could also encourage wage and hour complaints.

In any event, employers should use this opportunity to assess whether their pay practices are in compliance with federal and state law, and make changes where necessary to correct any issues that are uncovered.

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