



Changes to FLSA Overtime Regulations Halted

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Employers scrambling to prepare for the enactment of the Department of Labor's ("DOL") overtime rule ("Rule") changes may have just been granted a reprieve. The DOL's overtime Rule changes were expected to go into effect on December 1, 2016. However, just one week before the deadline, District Judge Amos Mazzant III (E.D. Texas) granted a preliminary injunction brought by 21 states and numerous business groups halting the changes to the Rule, at least temporarily.

The DOL's Rule arises from one of President Obama's 2014 executive orders, in which the President directed the DOL to revise the regulations defining which white collar workers were protected by the Fair Labor Standards Act's minimum wage and overtime standards ("FLSA"). Among the Rule's controversial provisions is that it significantly increases the minimum salary level for compensating exempt employees from \$23,660 to \$47,892 annually. The Rule also incorporates a provision automatically increasing wages every three years.

The DOL predicted that the changes will make 4.2 million workers who are currently treated as exempt from the overtime requirements automatically eligible under the new Rule. Opponents of the changes argue that it will negatively affect businesses, and additional research should be undertaken to determine the Rule's effects. Others have also argued that the salary increase should be staggered over a longer period rather than the one-time increase more than doubling the current annual wage.

While this injunction does not permanently stop the changes, uncertainty exists as to whether President-Elect Trump may (will) use an executive order to enact his own rules (which could prove to be a long and drawn out process) or if Congress will enact changes to labor laws in its next session.

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