

Publication

07/30/2018

Client Alert: DOL Enjoined From Implementing New Minimum Salary Level Regulations on December 1, 2016

Yesterday afternoon, the U.S. District Court for the Eastern District of Texas entered an order enjoining the implementation and enforcement of U.S. Department of Labor (DOL) regulations which change the minimum annual salary level required for overtime exemption to \$47,476.

As we previously reported, the new regulations (set to take effect next week, on December 1, 2016) more than double the minimum annual salary level required from the current level of \$23,660, for nearly all employers. Twenty-one states filed suit (in *State of Nevada et al. v. U.S. Department of Labor*, No. 4:16-cv-00731-ALM) and sought an Emergency Motion for Preliminary Injunction, arguing that DOL lacked statutory authority for the new salary level and the automatic updating mechanism. The court agreed and ordered a nationwide injunction.

What does this mean? Pending further action by the court, the December 1, 2016 implementation date is postponed, which means that your business is not obligated to comply with the new salary level requirement on December 1, 2016. What will follow is uncertain, so it would be prudent to monitor any further developments in this case closely.

If your business already has implemented changes in anticipation of the December 1 deadline, you will need to

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evaluate carefully whether it makes business sense to undo the changes, particularly if that calls for taking back salary increases, which may present challenging employee morale issues.