

Judge Issues Nationwide Injunction in DOL Overtime Case

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On November 22, 2016, a Texas federal judge issued a nationwide injunction blocking the Department of Labor (DOL) from implementing its new overtime [Final Rule](#). The injunction comes just nine days before the Final Rule was scheduled to take effect on December 1, 2016.

The Final Rule

Back in May, the DOL published its Final Rule to update the Fair Labor Standards Act (FLSA) regulations that define and limit the exemptions for “white collar” employees. By nearly doubling the salary threshold needed to qualify for the FLSA’s “white collar” exemptions, the long-anticipated Final Rule was set to extend the FLSA’s minimum wage and overtime protections to 4.2 million workers. For more details on the Final Rule, [view our briefing here](#).

The Lawsuit

In September, 21 states and more than 50 business groups filed a lawsuit in the U.S. District Court for the Eastern District of Texas to block the rule. *State of Nevada et al. v. U.S. Department of Labor et al.*, Case No. [4:16-cv-00731](#). The plaintiffs requested an emergency preliminary injunction to stop the rule from taking effect. The plaintiffs argued that the DOL overstepped its authority to establish a federal minimum salary level for white collar workers.

The Nationwide Injunction

In a decision that surprised many legal observers, U.S. District Judge Amos Mazzant, a President Obama appointee, ruled in favor of the plaintiffs and issued the injunction. Judge Mazzant reasoned that the Final Rule was not based on a permissible construction of 29 U.S.C. § 213(a)(1), the governing statute for the “white collar” exemptions, because the Final Rule’s increase in salary level created a “de facto salary-alone test.” Moreover, the court found that Congress unambiguously intended for the “white collar” exemptions to depend on an employee’s duties, noting that, “[i]f Congress intended the salary requirement to supplant the duties test, then Congress, not the Department, should make that change.”

Although the parties had disputed the scope of the injunction, the court adopted the plaintiffs' position and ordered national application. The defendants had argued that the injunction should be limited only to states showing evidence of irreparable harm. The order specifically enjoins the DOL from implementing and enforcing the following regulations as amended by 81 Fed. Reg. 32,391; 29 C.F.R. §§ 541.100, 541.200, 541.204, 541.300, 541.400, 541.600, 541.602, 541.604, 541.605, and 541.607, pending further order of the court.

What's Next?

As a result of the injunction, any effective date for the DOL's Final Rule is yet to be determined. It is currently unclear when, or even if, the Final Rule will take effect. Although unlikely, the district court could amend or lift its injunction. And if appealed, a U.S. Court of Appeals could overrule the district court's order. Further, President-elect Donald Trump may consider revising the regulations through the rulemaking process or future legislation. In any event, employers who have made efforts to comply with the Final Rule may consider postponing implementation of those changes until further notice.

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