



Employment Law Update

Update Regarding U.S. Department of Labor's OT Rule

On November 22, 2016, a federal district court in Texas issued an injunction that halts the implementation of the U.S. Department of Labor's (DOL) new rule increasing the minimum salary threshold to qualify for an exemption from the overtime requirements of the Fair Labor Standards Act (FLSA). The court's order states that it applies nationwide, even though the lawsuit challenging the DOL rule was filed by 22 states (including Utah). Prior to the order, the DOL's rule was set to take effect on December 1, 2016. It would have increased the salary threshold for white-collar exempt employees from at least \$455 per week (\$23,660 per year) to \$913 per week (\$47,476 per year).



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The Texas court order is temporary - it preserves the current salary threshold until the lawsuit challenging the DOL rule can be fully adjudicated. The court's decision could be reversed or upheld on appeal. In addition to uncertainty caused by the ruling, it is not clear what strategy the Trump administration will adopt when it takes office in January.

After months of preparation for the new DOL rule, many employers in Utah and around the country are now in a quandary. Their response to the recent district court order should depend on many factors. For example, if anticipated compensation changes have already been communicated to employees, it may harm employee morale to now revoke or delay those changes. For those employers who used the DOL rule as an opportunity to review and reclassify certain positions, the rationale for such reclassifications may remain regardless of the outcome of the lawsuit in Texas. Finally, employers should keep in mind that the DOL rule could be reinstated. If that

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happens, employers who do not comply with the rule after December 1 could potentially face liability for noncompliance, even during the period the rule was effectively stayed by the Texas district court. These are important issues each employer should consider.

Please contact any of the lawyers in RQ&N's Employment Section with any questions about the status of the DOL rule and the Texas court decision.

If you have any employment-related questions, please contact a member of our firm's Labor and Employment Section.

The Employment Law Update features selected developments in the law. It should not be relied upon for substantive employment law advice. Contact your attorney to resolve any legal questions.