


AUGUST 31, 2017 | REGULATORY &amp; GOVERNMENT OVERSIGHT

## Obama Era Overtime Rule Officially Struck Down

On August 31, 2017, a Texas federal judge invalidated the Obama administration's controversial rule expanding overtime protections to millions of white collar workers, saying the U.S. Department of Labor (DOL) improperly used a salary-level test to determine which workers are exempt from overtime compensation.

As you likely will recall, the Obama administration's "overtime rule" (which we explained in detail [here](#)) raised  the minimum salary threshold required to qualify for the Fair Labor Standards Act's "white collar" exemption to just over \$47,000 per year. In granting summary judgment to the Plano Chamber of Commerce and other business groups who had filed a lawsuit challenging the "overtime rule," U.S. District Judge Amos Mazzant said that the "significant increase" to the overtime threshold amount would essentially render meaningless the duties, functions, or tasks that an employee performs if their salary falls below the new minimum salary level. Judge Mazzant further stated that "[t]he department has exceeded its authority and gone too far with the final rule," and that "[t]he department creates a final rule that makes overtime status depend predominately on a minimum salary level, thereby supplanting an analysis of an employee's job duties. Because the final rule would exclude so many employees who perform exempt duties, the department fails to carry out Congress's unambiguous intent."

As we previously informed you [here](#), the "overtime rule" had been on hold by way of an injunction since late November 2016 as a result of a [legal challenge](#) brought by states and business groups, and as a result, employers have been waiting for clarity since that time. Through his decision, Judge Amos Mazzant has now provided employers with much needed clarity. Based on previous statements made by the current administration's Labor Secretary, Alex Acosta, it is expected that at some point in the future the DOL will propose a new rule, setting the salary threshold somewhere between the current level of \$23,660 and the \$47,476 level set by the Obama administration. However, based on Judge Mazzant's harsh criticism, as well as the tenor of the Trump administration, it is unlikely that a new rule will be promulgated anytime soon. So, for now, employers can continue to abide by the traditional overtime threshold that has been in place for more than a decade.