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## New Overtime Regulations Blocked By Texas Federal Court

A Texas federal court has issued a nationwide injunction blocking the U.S. Department of Labor (DOL) from implementing its new overtime regulations, which were set to begin on December 1, 2016. The new regulations, issued in May of this year, would have made more than 4 million private sector workers eligible for overtime pay. They would have required employers to double the minimum salary for executive, administrative, or professional employees to be exempt from overtime pay under the so-called "white-collar exemption" of the Fair Labor Standards Act (FLSA) come December 1st.

In September 2016, 21 states, the U.S. Chamber of Commerce, and other business groups sued to block the new regulations from going into effect, questioning the DOL's authority to raise the salary threshold. The court agreed with the plaintiffs, finding that the DOL exceeded its authority and ignored congressional intent by redefining the white-collar exemption strictly based on how much workers made and disregarding their job duties and responsibilities. The FLSA has traditionally required that employees meet both a duties and a salary level test to be exempt from overtime.

The injunction comes late for employers who have already complied with the new overtime regulation changes. While such employers may be tempted to undo the

changes, doing so is not without risk. Employers who have not yet implemented the changes may also not be in the clear. The injunction is temporary and it remains to be seen if and how the upcoming administration will impact the DOL and any potential appeal of this ruling. Even if appealed and reversed, employers could be ordered to comply in short order. And the injunction has no effect on state wage and hour laws regulating overtime exemptions. Employers should therefore weigh these risks in line with their business needs. Franchisors that desire to communicate to franchisees about these issues should consider the extent of their involvement so as to not be deemed a joint employer.

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