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FLSA Overtime Rule Delayed

A federal judge recently granted an emergency preliminary injunction filed by the State of Nevada, twenty other states, and several businesses, blocking the new Fair Labor Standards Act Overtime Final Rule from taking effect. The Rule was scheduled to take effect on December 1, 2016 and increased the current annual salary threshold from \$23,660 to \$47,476 in order to be exempt from overtime.

Although the injunction is temporary, it isn't clear when a final decision will be reached because many factors could influence the outcome of the legal challenge to the rule. The argument in the courts over the new overtime rules is that the Department of Labor overreached its authority by shifting too far away from the Fair Labor Standards Act's duties test and put too much emphasis on the salary threshold. The district court judge hasn't made a final ruling on the merits of the case, and the Department of Labor could appeal the injunction decision. However, the incoming administration could also decide it won't defend the rule.

For now, this means the existing overtime rules will remain in place and comply with regulations that are currently in effect. Employers are encouraged to monitor the situation and be prepared to implement salary increases to employees to preserve their exempt status should the injunction/ban be lifted. TOIRMA will continue to monitor the status of the overtime legislation and provide updates as they are made available.

Below is a link to the Society for Human Resources Management website with additional resources and information about the ruling.

<https://www.shrm.org/resourcesandtools/legal-and-compliance/employment-law/Pages/FLSA-Overtime-Rule-Resources.aspx>

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