



On March 13, 2014, President Barack Obama issued a presidential memorandum directing the Secretary of Labor to “modernize and streamline the existing overtime regulations”. The Department of Labor (DOL) took action and, in new rules set to become effective Dec. 1, 2016, raised the minimum salary threshold for exempt workers in many categories. Since then, employers have been gearing up for the change — modifying pay rates, altering job responsibilities, switching formerly exempt employees to hourly and restructuring their workforce.

In response to the new regulations, 21 states and a coalition of business groups filed a federal lawsuit in Texas seeking to prevent the regulations from going into effect. On Tuesday, **their wish was granted**. The judge (an Obama appointee) issued a **nationwide** preliminary injunction halting the implementation of the new overtime regulations.

What does this mean for business owners and HR professionals? It means you can hold off on implementing any changes you planned for compliance **for the moment**. Though the DOL could file an emergency appeal, the states were smart by suing in Texas. The appeal must go before the conservative judges of the 5th Circuit Court of Appeals who we expect will be unlikely to disturb the District Court’s ruling in the short run.

President-elect Trump is vehemently against these regulations and, with a Republican Congress that largely agrees, he has promised to repeal them. Assuming an emergency appeal is unsuccessful, the preliminary injunction then affords Congress and President-elect (then President) Trump a window of opportunity to stop the new regulations from ever taking effect.

Is this outcome guaranteed? Not at all, but it is likely given the views expressed by the incoming administration. If for some reason the new administration does not act and the 5th Circuit chooses to reinstate the regulations they would only go into effect after the decision is made. If the 5th Circuit does not take on the emergency appeal, the decision will be left to the District Court at a trial some time from now.

For more information on the now halted overtime regulations, please visit: <http://www.grayreed.com/portalresource/lookup/wosid/cp-base-4-79504/media.name=/KelsheimerArticle.pdf>

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