



Federal Judge Blocks Department of Labor's Overtime Rule

On Tuesday, November 22, a federal judge in the U.S. District Court for the Eastern District of Texas issued a nationwide preliminary injunction against enforcement of the Department of Labor's final rule that would have expanded overtime protections to certain executive, administrative, and professional employees who previously were exempt from overtime requirements. Specifically, the DOL's rule, which was scheduled to go into effect on December 1, would have raised the required salary level for the exemption from \$23,660 per year to \$47,476 per year, with an index for future increases.

In issuing the preliminary injunction, the judge held that the DOL's rule exceeded the agency's authority because it effectively created a salary test for determining which "white collar" workers are entitled to the overtime exemption. According to the court, this was contrary to the intent of Congress as expressed in the Fair Labor Standards Act, which defines the overtime exemption in relation to the "duties" performed by the employee, which do not include a minimum salary level.

Accordingly, federal law now remains unchanged and provides that an employee will qualify for an exemption as an executive, administrative, or professional employee if he or she earns a salary of at least \$23,660 per year and satisfies the duties test. Keep in mind, however, that California employers must also comply with California law, which requires California employees to earn a salary of at least \$41,600 per year (which will increase to a minimum salary of \$43,680 per year on January 1, 2017) and satisfy a somewhat different duties test in order to qualify for an overtime exemption as an executive, administrative or professional employee.

If you have questions about this Client Alert, please contact Paul Bressan or the Buchalter lawyer with whom you normally consult.



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