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New Overtime Rules Will NOT Go Into Effect on December 1

A Texas court has ruled that the federal Department of Labor (DOL) exceeded its authority in promulgating its new overtime rules, and has told the DOL that it may not implement the rules pending a further hearing on whether the temporary injunction should become permanent.

Although the judge is in Texas, the injunction applies nationwide. So far, no date has been set for the hearing on the permanent injunction.

This means that, for now and until further notice, the federal salary threshold for exemption from overtime will remain at \$455/week (\$23,660).

Employers who have started down the road to compliance may want to consider the following options:

-If plans to reclassify exempt employees to non-exempt status have not been communicated to employees yet, hold off on doing so for now.

-If reclassification plans were communicated but not yet implemented, communicate that implementation is postponed in light of legal developments.

-Rescinding reclassifications that have already been implemented is possible but creates serious legal and employee relations issues, and should only be undertaken after consultation with an employment attorney.

Keep in mind that the New York State salary threshold, which is unaffected by the court's decision, will probably increase to \$825/week (\$42,900/year) on December 31 of this year. This increase is in a rule "proposed" by the New York State Department of Labor, but is likely to be implemented. An announcement is expected in early December.

This alert is meant to provide general information only, not legal advice. If you have any questions about this alert please contact Judith Moldover at (212) 219-1800 ext. 250 or visit our website at www.lawyersalliance.org for further information.

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