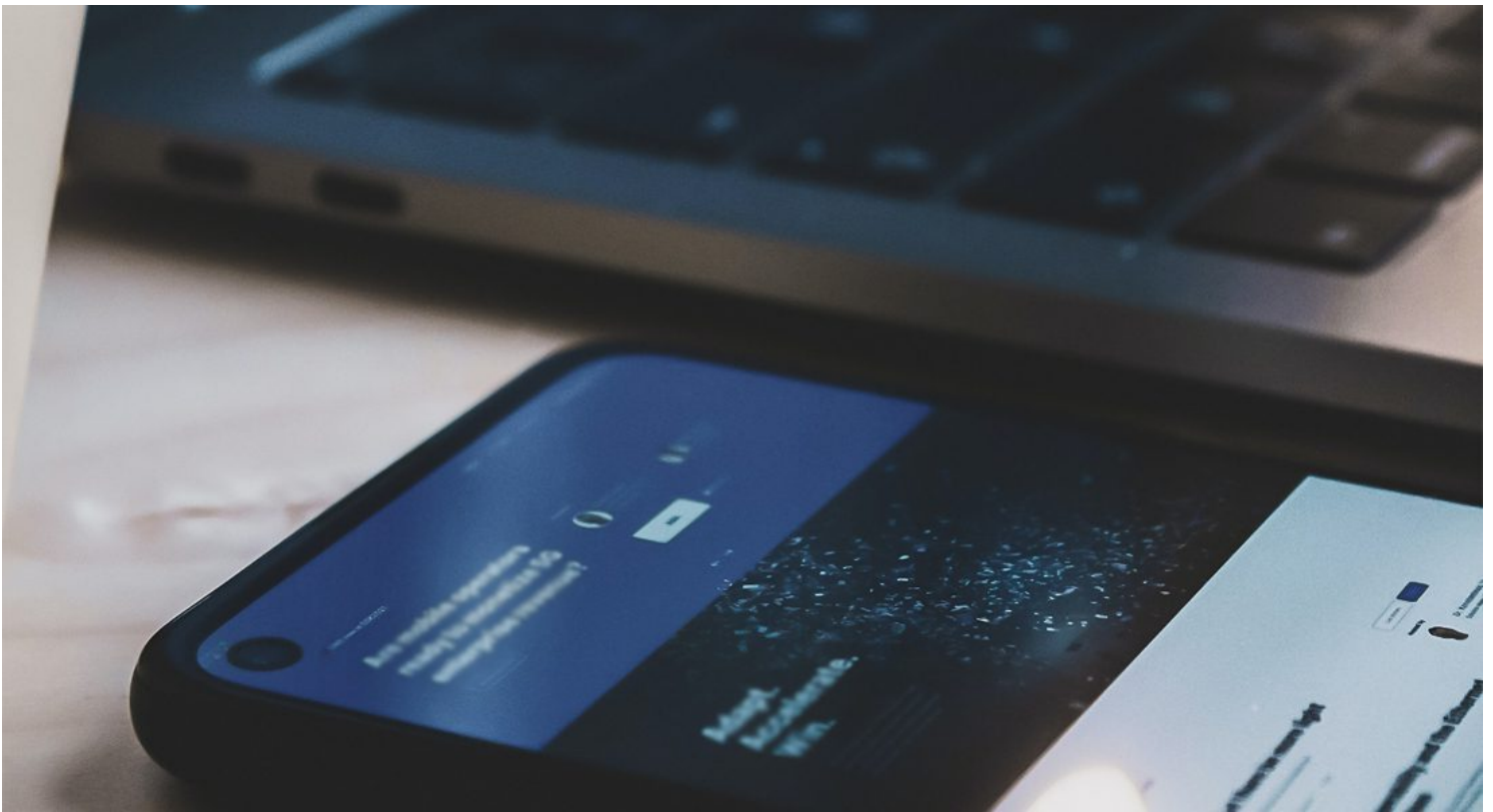


NEWS & INSIGHTS

Obama-Era Overtime Rule Struck Down

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A Texas judge issued an opinion Thursday that ended the controversy surrounding an Obama-era overtime rule change which sought to raise the executive exemption salary threshold. Pursuant to the Fair Labor Standards Act (“FLSA”), employers need not pay overtime wages to employees deemed to be exempt. Exempt employees include executive, administrative, and professional employees who are compensated at a rate higher than a threshold salary amount. The new rule, issued by the Department of Labor (“DOL”) at the insistence of the Obama administration, more than doubled the executive exemption threshold to \$47,476.00 per year and would have increased the salary threshold every 3 years. It was estimated that the new rule would make more than 4 million additional employees eligible for overtime pay.

The U.S. District Court for the Eastern District of Texas put the saga to rest with its summary judgment ruling.

Obama-appointee, Amos L. Mazzant, who had previously entered an injunction halting implementation of the rule, rendered his written opinion on Thursday. Judge Mazzant granted summary judgment in favor of the more than 55 business groups that had challenged the new DOL rule. Judge Mazzant determined that the DOL had essentially subverted Congress' intent to make bona-fide executive, administrative, and professional employees exempt from FLSA overtime requirements by doubling the salary exemption threshold. Industry groups praised the decision.

With the ruling in place, DOL may seek to implement new rules, with a less dramatic salary threshold increase. Although it is unclear how the Trump administration will deal with the ruling, the DOL issued an official request for information on overtime rules in June. Labor Secretary Alexander Acosta has previously stated his support for an increase in the executive-exemption salary threshold. As it stands, DOL's Bush-era regulations and the salary threshold of \$23,660.00 remain in place.

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