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IBA Newsletter

September 2017 ISSUE: **Proposed FLSA Ruling Overturned**

Fair Labor Standards
Act



By now many of us have forgotten the proposed increase in the salary threshold for the Fair Labor Standards Act (FLSA) that was supposed to take effect on December 1, 2016. It was put on hold as business groups and certain states challenged the final overtime rule because they felt it put too much of a burden on employers. On August 31, 2017, a Federal judge in Texas struck down an Obama-era federal overtime rule that would have made more than 4 million currently exempt employees eligible for overtime pay.

The Obama administration's 2016 rule would have more than doubled—from \$23,660 to \$47,476—the minimum annual salary required to qualify for the FLSA "white collar" exemptions. The good news is that employers don't have to do anything as a result of this ruling. If employers made changes to their employees FLSA status in 2016, it is recommended that they keep them in place as switching them back may cause confusion and decrease morale.

Looking forward, employers can expect further discussions from the Department of Labor (DOL) as it is working on a new rule. As most of the concerns were that the new threshold was too high, the DOL is working on a new salary test that will comply with the Federal court's request by lowering the salary threshold.

Many thanks to SHRM and other publications for providing the resources used in this article.

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