

Texas Court Invalidates 2016 Federal Overtime Rule; DOL Seeks to Withdraw Appeal of Injunction

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On August 31, 2017, the Texas federal district court that had issued a [preliminary injunction in November 2016](#) blocking implementation of the Obama Administration's revised overtime rule granted the plaintiffs' motion for summary judgment, declaring the rule invalid and ending the case at the district court. The DOL had [appealed](#) the injunction with the Fifth Circuit Court of Appeals, but on September 5, 2017, the agency filed an unopposed motion to withdraw the appeal as moot.

The district court's reasoning was similar to its reasoning in the order granting the injunction. Judge Amos Mazzant noted that in enacting the "white collar" overtime exemptions of the Fair Labor Standard Act (FLSA), Congress made clear that an employee's duties should determine whether or not the exemptions apply. In the 2016 overtime rule, by more than doubling the previous minimum salary level for exemption, the Department of Labor (DOL) set the threshold at a level that was so high as to "effectively eliminate the duties test" required by the FLSA. As the Court explained:

This significant increase would essentially make an employee's duties, functions, or tasks irrelevant if the employee's salary falls below the new minimum salary level. As a result, entire categories of previously exempt employees who perform "bona fide executive, administrative, or professional capacity" duties would now qualify for ... exemption based on salary alone.... This is not what Congress intended [The] Final Rule ... makes overtime status depend predominately on a minimum salary level, thereby supplanting an analysis of an employee's job duties.

Judge Mazzant also concluded that the 2016 rule's provision that would automatically increase the minimum threshold for exemption every three years also exceeds its authority under the FLSA and therefore is unlawful.

It remains to be seen whether the DOL will take a plenary appeal of the summary judgment order.

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