DOL delays implementation of new overtime rules

In March 2014, President Obama signed a memorandum directing the U.S. Department of Labor (DOL) to update the regulations defining which white-collar workers should no longer be barred from receiving overtime compensation under the DOL regulations. As a result, DOL has undertaken a proposed rule-making process that included receiving numerous comments concerning this proposed rule. The comment period ended on Sept. 4, 2015. Initially, it was anticipated that DOL would issue new rules in early 2016. Many employees who are currently not entitled to receive overtime compensation due to their salary would likely be non-exempt from overtime in the future once the new salary rules are in place.

Recently, the Solicitor of Labor, M. Patricia Smith, revealed at an American Bar Association Labor and Employment Law conference that this rule likely will not be issued until late 2016. As a result, these rules will not be effective until early 2017. It will be very surprising if there are any further delays in these rules, because a new administration will be in place in early 2017. The DOL website does not include any information about this delay.

The delay gives employers an opportunity to review the initial proposed rules and determine which employees may no longer be exempt from the FLSA once the new rule is in place. It is recommended that employers conduct an audit of their exempt employees to determine whether these individuals currently are truly exempt and how the proposed new rules may affect them. (Source: Fishel Hass Kim Albrecht)