

High Court Says No More Narrow Construction Standard for FLSA Exemptions

Labor & Employment Law Update

By Michael Hughes and Sara Zorich on April 13, 2018

On April 2, 2018 in the matter of *Encino Motorcars, LLC v. Navarro*, No. 16-1362, 2018 WL 1568025 (U.S. Apr. 2, 2018), the Supreme Court rejected the long held principle that exemptions to the Fair Labor Standards Act (FLSA) should be construed narrowly and found that car dealership service advisors are exempt from the FLSA's overtime-pay requirement. In a 5-4 decision, the Court held there was no reason or basis under the FLSA to narrowly interpret FLSA exemptions and that exemptions should be read equally as any other provision of the Act.

Impact – Car dealerships can confidently rely on *Encino Motorcars* to support their classification of service advisors as exempt from federal overtime. While this decision doesn't impact service advisors working outside of a car dealership, the 7(i) exemption is still in play.

However, this decision is much more far reaching in its overall impact on FLSA exemptions. *Encino Motorcars* is a WIN for employers who for decades have had to overcome court and DOL-imposed heightened standards when applying the FLSA overtime exemptions. This decision should make it easier for employers to establish the applicability of an FLSA exemption if challenged by an employee.