

## Supreme Court Rejects Argument that FLSA Exemptions Should Be Narrowly Construed

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In a 5-4 decision, the Supreme Court held that automobile service advisors are exempt from overtime rules under the Fair Labor Standards Act. While the opinion, which was issued on April 2, 2018, will certainly impact car dealerships and repair shops, it could have far-reaching implications on other classes of employees.

The Supreme Court rejected the longstanding principle that exemptions under the Fair Labor Standards Act (FLSA) should be narrowly construed. In *Encino Motorcars, LLC v Navarro*, Justice Clarence Thomas, joined by Chief Justice John Roberts and Justices Samuel Alito, Neil Gorsuch and Anthony Kennedy, wrote that “service advisers” fall under an exemption from overtime pay for “any salesman, partsman, or mechanic primarily engaged in selling or servicing automobiles” at a covered dealership. Significantly, the majority departed from established precedent holding that FLSA exemptions should be construed narrowly.

The Ninth Circuit had found persuasive decades of jurisprudence which opined that exemptions under the FLSA should be construed narrowly to further the statute’s remedial purpose. Rejecting this line of reasoning, the Supreme Court held that “[b]ecause the FLSA gives no ‘textual indication’ that its exemptions should be construed narrowly, ‘there is no reason to give [them] anything other than a fair (rather than a ‘narrow’) interpretation.’” The dissent, penned by Justice Ruth Bader Ginsburg and joined by Justices Stephen Breyer, Sonia Sotomayor and Elena Kagan, briefly addressed the majority’s refusal to interpret the exemption narrowly: “This Court once recognized that the ‘particularity’ of FLSA exemptions ‘preclude[s] their enlargement by implication’...The Court today, in adding an exemption of its own creation, veers away from that comprehension of the FLSA’s mission.”

### **What does this case mean for employers?**

Future cases involving FLSA exemptions will likely focus on the Supreme Court’s ruling that there is no textual support to construe the exemptions narrowly. Employers should be aware of the impact this case may have on pending and future litigation involving the scope of all FLSA exemptions. If you have any questions about this case, the FLSA, or its exemptions, please contact your Miller Canfield Employment and Labor Attorney.