

Insights

Not So Fast: FLSA Overtime Rule Blocked Weeks Before Another Salary Level Increase

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On Friday, November 15, 2024, the United States District Court for the Eastern District of Texas struck down a 2024 regulation issued by the Department of Labor ("DOL") which raised the minimum salary exemption level for certain executive, administrative, professional, and highly compensated employees under the Fair Labor Standards Act ("FLSA") (hereinafter "the 2024 Rule").¹ The Court, in granting summary judgment to the Plaintiffs, held that striking down a perceived overreach of authority by the DOL was the only option, given that "[t]he 2024 Rule impacts millions of employees in every facet of the economy . . . and will impose billions in costs to employers."² The Court's analysis noted that the new salary exemption levels were so high they nullified the analysis of the workers' job duties—which is necessary to determine whether a worker falls within the executive, administrative, or professional employee exemption—and would amount to a "salary-only test." It is the workers' "duties and not their dollars that really matter."³

This ruling comes only a month and a half before the next increase in salary exemption was to take place on January 1, 2025. The increase in salary exemption to \$58,656 for executive, administrative, and professional employees and \$151,164 for highly-compensated employees, would have impacted approximately three million workers, as explained in our prior alert. Because the 2024 Rule has been struck down nationwide, employers anticipating having to audit and reclassify affected workers by January 1, 2025 will not have to do so.

While the 2024 Rule has been invalidated, the court sent the rule back to the DOL for further consideration, so another rule with a lesser increase may come into effect in the future. Krieg DeVault LLP attorneys will continue to monitor developments related to the salary exemption amounts for executive, administrative, and professional workers, among other DOL updates. If you have questions about how this ruling affects your business or need assistance ensuring your employees are correctly classified under the DOL's guidelines, please contact Shelley M. Jackson, Elizabeth M. Roberson, or any member of Krieg DeVault's Labor and Employment Practice.

Disclaimer: The contents of this article should not be construed as legal advice or a legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only, and you are urged to consult with counsel concerning your situation and specific legal questions you may have.

¹See Texas v. DOL, Civ. No. 24-00499 (E.D. Tex. Nov. 15, 2024).

²Id. at *62.

³Id. at *58.