

COURT STRIKES DOWN THE US DEPARTMENT OF LABOR OVERTIME RULE TO PREVENT RAISING THE SALARY THRESHOLDS FOR EXECUTIVE, ADMINISTRATIVE, PROFESSIONS AND HIGHLY COMPENSATED EMPLOYEES

On November 15, 2024, the U.S. District Court for the Eastern District of Texas vacated and set aside in its entirety the U.S. Department of Labor's Final Rule on a national basis the DOL's attempt to raise the minimum salary thresholds for the Fair Labor Standard Act's (FLSA) white-collar overtime exemption.

The DOL Rule raised the minimum salary level on July 1, 2024 to the equivalent of \$43,888 per year and it was set to increase to \$58,656 per year on January 1, 2025.

The Court determined that "The Department's changes to the minimum salary level in the 2024 Rule exceeds its statutory jurisdiction." The DOL's January 1, 2025 salary increase was to impact roughly 4.8 million workers (or 38% of the 12.7 million salaried white-collar workers in the United States).

This ruling vacates the DOL's Rule in its entirety nationwide, including the increase that went into effect on July 1, 2024. This results in the salary threshold exempt status reverts back to the DOL's 2019 Rule which requires the executive, administrative and professional (EAP) employee overtime exemption at \$684 per week or \$35,568 annually, and the "highly compensated employee" (HCF) exemption at \$107,432 per year.

This decision could be appealed by the DOL to the Fifth Circuit Court of Appeals, yet with the new Trump Administration about to take over, it may not be likely.



By Frank C. Botta, Esq.

Chair of Transportation and Employment Practice Groups



The Lynch Law Group, LLC

(724) 776-8000

375 Southpointe Blvd.,

Suite 100, Canonsburg, PA 15317