



Insights: Alerts

Court Strikes Down Department of Labor Rule Regarding Overtime Eligibility

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Today as millions of employers within the United States strategized and prepared for complying with the January 1, 2025, increased salary threshold for determining the overtime eligibility of its workforce, the Eastern District of Texas in *State of Texas, et al. v. DOL, et al.*, Case No. 24-0049 (E.D. Tex.) [struck down](#) the Department of Labor's ("DOL") 2024 rule setting increased salary thresholds for overtime exemption.

We previously reported on this [rule](#), emphasizing that the rule laid out significant increases to the salary threshold required for employees to be properly classified as exempt from overtime eligibility under the Fair Labor Standards Act's ("FLSA") executive, administrative, and professional exemptions. The 2024 rule also significantly increased the salary thresholds for the highly compensated employee exemption. Under the 2024 salary threshold rule, the salary threshold for executive, administrative, and professional exemptions ("EAP") increased first on July 1, 2024, to \$844.00 per week (equivalent to \$43,888.00 per year) and employees needed to meet this salary threshold for EAP exemption under the FLSA. The threshold was set to change again on January 1, 2025, and employees whose standard salary level was \$1,128.00 per week (equivalent to \$58,656.00 per year) would meet the salary threshold for EAP exemption under the FLSA. The rule made similar, staggered increases for the highly compensated employees' exemption.

The Court's 62-page opinion ultimately held that the DOL "plainly exceed[ed] its authority under the FLSA" and vacated the rule. Importantly, this applies to both the July 1, 2024, and January 1, 2025, increases for these exemptions. **Put another way, it is as if this rule never existed in the first place.**

While the DOL will likely appeal this ruling to the Fifth Circuit, at this time, employers should feel comfortable pausing efforts to comply with the 2024 rule. Our team will continue to monitor any additional updates or material published from the Department of Labor and update this Legal Alert accordingly. If you have any questions about the new rule or this alert, please feel free to contact the member of our Labor and Employment team with whom you are regularly in contact.

Related People



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