

JUDGE BLOCKS DOL INCREASE TO SALARY THRESHOLDS FOR EXEMPT WORKERS

In April 2024, the Department of Labor announced a final rule, entitled *Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Executives*, which aimed to increase the salary that employees must be paid, in addition to performing certain job duties, in order to be exempt from the payment of overtime. That rule had a multi-tiered implementation. First, on July 1, 2024, the salary necessary to qualify as exempt from overtime increased to \$43,888 annually (\$844 weekly). Then, on January 1, 2025, the salary basis was set to increase again to \$58,656 annually (\$1,129 weekly). Thereafter, beginning July 1, 2027, the salary basis threshold was to increase automatically every three years. The final rule also increased the threshold at which employees were considered highly compensated employees under the FLSA.

However, on November 15, 2024, a federal judge in the Eastern District of Texas struck down the final rule, stating that the Department of Labor did not have the authority to raise the salary threshold in the way that it did. The court held that the DOL had raised the salary levels to a point where the duties tests were essentially irrelevant, which was not permitted by the FLSA. Therefore, the entire 2024 rule, including the July 2024 increases, has been eliminated nationwide, and the salary basis test has been reset to the previous level of \$35,568 per year (\$684 per week).

As always, O'Neil Cannon is here for you. We encourage you to reach out with any questions, concerns, or legal issues you may have regarding your labor and employment policies and practices.