

**Resource Center**

FEDERAL COURT IN TEXAS STRIKES DOWN RECENT LABOR DEPARTMENT RULE INCREASING MINIMUM SALARY LEVEL FOR EXEMPT EMPLOYEES

11.21.2024

On April 23, 2024, the U.S. Department of Labor (DOL) issued a new overtime rule, increasing the minimum salary required for application of the so-called “white-collar” exemptions from overtime pay under the federal Fair Labor Standards Act (FLSA). Under DOL’s new rule, effective July 1, 2024, the minimum salary threshold for application of white-collar exemptions increased from \$684 per week (\$35,568 annually) to \$844 per week (\$43,888 annually). The threshold was set to increase again on January 1, 2025, to \$1,128 per week (\$58,656 annually) and automatically update every 3 years thereafter based upon then-current earnings data.

These increases have been nullified by a recent decision from the U.S. District Court for the Eastern District of Texas. On November 15, 2024, U.S. District Court Judge Sean Jordan issued an opinion in *State of Texas v. U.S. Dept. of Labor*, declaring that DOL exceeded its rulemaking authority by effectively replacing the duties test applicable to white-collar exemptions with a minimum salary level test. On that basis, Judge Jordan vacated the rule in its entirety, including the initial increase in minimum salary level that took effect last July. The decision precludes DOL from enforcing the rule nationwide. While DOL may appeal Judge Jordan’s decision to the Fifth Circuit Court of Appeals, the upcoming change in Presidential administration, coupled with the expected policy changes within DOL, make the decision to appeal less certain. In the meantime, employers are left to decide whether to keep exempt salaries at or above the July 1st minimum salary level of \$844 per week (\$43,888 annually) or return salaries to the minimum level of \$684 per week (\$35,568 annually).

PRACTICES

Employment Litigation
and Counseling
Executive Compensation
Labor and Employment

Federal Court in Texas Strikes Down Recent Labor Department Rule Increasing Minimum Salary Level for Exempt Employees

We will continue to monitor this issue closely and provide updates regarding significant developments as they occur. If you have questions or if you would like assistance with this or any other matter, please do not hesitate to contact us.