

Federal District Court Halts Nationwide DOL Rule Increasing Salary Minimum Threshold for Exempt Employees

Nov 18 2024

Practice Area: Labor and Employment

On November 15, 2024, the U.S. District Court for the Eastern District of Texas granted summary judgement to the Plaintiffs in a case involving a challenge to the Department of Labor Rule (“DOL Rule”) which increased the “minimum weekly” salary level for exempt status under the Fair Labor Standards Act (“FLSA”). In the decision, the District Court enjoined the weekly pay rate increases for July 1, 2024 and January 1, 2025 on a nationwide basis. This decision leaves the required salary pay rate for the exempt employee classification – for “white collar” jobs – at \$35,568 per year, or \$684.00 per week.

The District Court held that the DOL exceeded its authority in setting the new standards for exempt employee classification. Under the FLSA, employees who meet certain criteria in the performance of work and are paid on a “salaried basis” at least equal to the federal standard are exempt from overtime pay for hours worked in excess of 40 per week.

The overruling of the DOL Rule’s desired change allows employers to revisit their compensation plans for “exempt” employees. The timing of the decision may result in some employers evaluating the adjustment of increases provided earlier in the year to meet the July 1, 2024 required salary threshold. But, the increased salary level required by the DOL Rule set to be effective on January 1, 2025 will not be applicable to employers to meet exempt employee classification status.

Given the administrative interest of the DOL in the exempt employee classification over the past several years, this may be a good time for employers to review the job duties of their exempt employees to be certain that the requirements for such classification are being met. Errors in the classification of employees can result in not only liability to the misclassified individuals, but may also create exposure for a costly class action lawsuit.

von Briesen & Roper Legal Update is a periodic publication of von Briesen & Roper, s.c. It is intended for general information purposes for the community and highlights recent changes and developments in the legal area. This publication does not constitute legal advice, and the reader should consult legal counsel to determine how this information applies to any specific situation.

