



HR-Alert: DOL's Overtime Rule Struck Down

On November 15, 2024, the U.S. District Court of Eastern Texas struck down the U.S. Department of Labor's (DOL) final rule intended to increase the minimum salary thresholds for both the standard overtime exemption and highly compensated employees over three phases. The Court cited that the rule was beyond the DOL's authority under the Fair Labor Standards Act (FLSA).

Background

In April 2024, the DOL released the final rule detailing the following intended increases:

Implementation Date	Standard Salary Level	Highly Compensated Employee Total Annual Compensation Threshold
July 1, 2024	\$844 per week, equivalent to \$43,888 per year	\$123,964 per year, including at least \$844 per week paid on a salary or fee basis
January 1, 2025	\$1,128 per week, equivalent to \$58,656 per year	\$151,164 per year, including at least \$1,128 per week paid on a salary or fee basis
July 1, 2027, and every three years thereafter	To be determined	To be determined

Court Decision Impacts

The Court's ruling impacts employers nationwide in the following ways:

1. Prevents the January 1, 2025, increases from becoming effective as scheduled;
2. Nullifies the July 1, 2024, increases; and
3. Effectively returns the salary threshold for exempt employees to \$684 per week (\$35,568 per year) and the highly compensated employee threshold to \$107,732 per year.

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The DOL has the opportunity to appeal the Court's decision; however, it is unclear whether the appeal process will occur and/or if it would be resolved prior to the upcoming change in administration on January 20, 2025.

Employer Next Steps

Employers who have already increased employees' salaries, to comply with the July 1, 2024, thresholds, should consult with trusted counsel to carefully evaluate the potential impact of reversing those salary increases, as this could significantly affect employee morale and retention.

Employers should also remain aware that some states have salary thresholds exceeding the FLSA thresholds, including Alaska, California, Colorado, Maine, New York, and Washington.

Hilb Group will continue to monitor updates and developments as more information becomes available.

If you have questions regarding this HR-Alert, please [email us](#).