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November 26, 2024

November Tip of the Month: Texas Court Nullifies DOL Overtime Rule: Employers Face Decisions



On November 15, 2024, a Texas district court vacated, on a nationwide basis, a U.S. Department of Labor (DOL) rule that increased the salary thresholds applicable to the Fair Labor Standards Act's (FLSA) "white collar" and "highly compensated" overtime exemptions.

Specifically, in July 2024, the DOL's now-stricken rule significantly increased the FLSA's existing salary thresholds and scheduled future increases that would have commenced on January 1, 2025. In invalidating the rule, the Texas court held that the DOL lacked authority to enact the rule. The FLSA's salary threshold for treating "white collar" employees (*i.e.*, executive, administrative, and professional employees) as exempt will therefore revert to \$35,568 per year, and the salary threshold for "highly compensated" employees will revert to \$107,432 per year. Employers must now assess whether employee compensation and classification changes that were implemented to comply with the now-defunct rule should be revisited.

Authors

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