

# DOL's Final Rule on Overtime Exemptions Blocked by Federal Court

Employers can breathe a sigh of relief— A federal court vacated the U.S. Department of Labor's (DOL) final rule that increased the salary threshold for executive, administrative, and professional (EAP) exemptions under the Fair Labor Standard Act (FLSA). The court held that the DOL exceeded its authority by raising the minimal salary threshold so drastically, which effectively eliminated any consideration of the duties an exempt employee performs. [In a prior alert](#), we discussed the final rule and cautioned employers that the heightened salary threshold would cause many employees to no longer qualify for exempt status under the FLSA.

## What Happened? Temporary Injunction to Nationwide Relief

On November 15, 2024, the U.S. District Court for the Eastern District of Texas granted summary judgment to the State of Texas and a coalition of business groups who sued over the rule. [The court had previously enjoined enforcement of the rule against the State of Texas](#), but its final decision now blocks the rule for all employers nationwide.

The court analyzed whether the DOL's 2024 changes to the salary-level test exceeded the DOL's authority to "define and delimit" the terms of the EAP exemption. In reviewing the rule, the court held the DOL's rule created a de facto test based solely on salary, ignoring the explicit text of the FLSA that focuses on an exempt employee's duties.

As a result, millions of employees—who despite satisfying the FLSA's duties test—would have been considered nonexempt because they made less than the new minimum salary level. Noting the consequential effect of the rule on employers nationwide, the court held the July 1, 2024 salary increase, the January 1, 2025 salary increase, and the future autopilot salary increases were invalid.

## What Does it Mean for Employers?

The DOL's salary increase will no longer go into effect on January 1, 2025, and as a matter of law, the July 1, 2024 increase is nullified. For the present, employers no longer need to comply with the DOL's salary increase rule. Although the DOL could still appeal this decision, the incoming Trump Administration may choose to

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let the ruling stand and dismiss any appeal that had been filed.

For employers who already have implemented salary increases due to this rule, we suggest working with a member of our Labor and Employment Practice or your Reinhart attorney prior to making any changes to exempt employees' compensation. It should be noted that employers are not allowed to recover any excess salary already paid to employees. Please contact Katie Triska, Robert Driscoll, or your Reinhart attorney if you have additional questions about exempt employee classification under the FLSA.

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