



Salary Threshold Increase for Exempt Workers Struck Down

Most employers are familiar with the classifications of “exempt” and “non-exempt” workers under the Fair Labor Standards Act (the FLSA). Exempt workers typically perform executive, administrative, and professional roles (also known as white collar jobs) and are not entitled to “overtime.” Non-exempt workers, however, must be paid “time and a half” their regular rate of pay for any hours worked above 40 hours in a single work week (although state laws may provide more generous overtime rates).

With a few notable exceptions (like doctors, teachers, and lawyers), exempt employees must be paid a minimum salary for each work week to qualify for exemption. In April of 2024, the U.S. Department of Labor issued a rule to increase the minimum salary threshold from \$684 per week (\$35,568 per year) in a phased process, first raising the threshold to \$844 per week (\$43,888 per year) on July 1, 2024, followed by a second increase on January 1, 2025 to \$1,128 per week (\$58,656 per year). Thereafter, the rule provides a process to increase the salary threshold triennially. As with overtime, states may apply more generous minimum salary levels.

While numerous legal challenges have been mounted against the proposed increases, no court had taken action to prevent the implementation of the rule. That is, until Friday, November 15, 2024, when the U.S. District Court for the Eastern District of Texas issued a nationwide order vacating the rule. Even if the outgoing Biden administration appeals this ruling, it is not expected that the incoming Trump administration will continue to pursue the appeal.

Employers are now under no obligation to raise salaries beyond the prior \$684 per week level. While rolling back increases granted to meet the July 1 step would likely be difficult for morale reasons, employers who have not preemptively raised salaries to the required January 1, 2025 level may wish to pause planned increases. If notice of January 1 increases has previously been given, employers will need to decide whether to continue with the change or issue updated notices.

Note, it is possible that the U.S. Court of Appeals for the Fifth Circuit may stay the District Court's order pending appeal. In that event, we will update you. But as noted, any appeal is likely short-lived and the rule has, for all intents and purposes, been struck down.

**This client alert is for informational purposes and is not legal advice. View [previous issues of Monday Minute](#).*

What's Next?

If you have questions about next steps in light of this order, please contact our employment attorneys:

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