

The ruling strikes down all components of the overtime rule ...
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Federal Judge Vacates FLSA Overtime Rule

On November 15, a federal judge in the Eastern District Court of Texas [ruled](#) to strike down the Biden administration's Fair Labor Standards Act (FLSA) [overtime final rule](#). The ruling strikes down all components of the rule, meaning both the July and January salary thresholds are no longer in effect, and the triennial automatic updates will not take place. The decision applies to all covered employers and employees under the FLSA nationwide.

The Eastern District Court of Texas held a hearing on the business groups' [lawsuits](#) challenging the overtime regulations on November 8. During the hearing, the judge suggested that it would be problematic if DOL's salary basis replaced the duties test established under the FLSA regulations. He also noted that the Biden administration's regulations were projected to have a larger number of workers impacted by the salary threshold increase than the Trump administration's 2019 rule. The judge did not rule from the bench, but his remarks showed skepticism about the Biden administration's rule.



Background

As a reminder, the final rule implemented a two-phase approach to increasing the minimum salary threshold under the FLSA overtime regulations. The first increase took effect on July 1, increasing the minimum salary threshold from the current level of \$684 per week (\$35,568 per year) to \$844 per week (\$43,888 per year). The second increase was set to take effect on January 1, 2025, and it would have increased the minimum salary threshold again to \$1,128 per week (\$58,656 per year). The final rule also adopted automatic updates to the minimum salary threshold that would occur every three years.

Soon after the final rule was published, several lawsuits were filed challenging the final rule. The suit claimed that the salary threshold that was supposed to go into effect on January 1, 2025, was so high it would result in more than 4 million individuals being denied exempt status, even though these individuals could be reasonably classified as exempt based on their duties, and in doing so, the rule violated both the statutory language of the FLSA and prior court decisions. The suits also challenged the automatic updates. The Eastern District Court of Texas granted a preliminary injunction for public employers in Texas prior to the July 1 effective date, stopping the rule from taking effect for those employers only. For private employers in Texas and all other employers in the country, the rule went into effect on July 1, and the January 1 effective date was still in play.

Looking Ahead

With the decision, the salary threshold set in the 2019 regulations (\$35,568 per year or \$683 per week) will be the salary threshold employers should adhere to. Whether President-elect Trump decides to increase the minimum salary threshold during his second term remains to be seen, but there will be no effort from his incoming administration to appeal the decision in favor of the Biden administration's threshold. CUPA-HR will continue to keep members apprised of any updates related to the FLSA overtime regulations.



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