Knox McLaughlin Gornall & Sennett, P.C.
Erie • Pittsburgh • Jamestown, NY
814-459-2800 • www.kmgslaw.com

# Overtime Overruled: Texas Judge Strikes Down DOL's New Rule

**Posted on November 18, 2024**

On November 15, 2024, a federal judge in Texas effectively blocked a Department of Labor (DOL) rule that would have made about 4 million more salaried workers eligible for overtime pay.

The first phase of this rule went into effect on July 1, 2024 and raised the salary threshold for overtime eligibility from $35,568 to $43,888. The next increase, which would have gone into effect in less than two months, on January 1, 2025, would have raised it to $58,656.

**This decision vacates the *entire* rule, including the increases that already took effect in July. Meaning, the prior salary threshold of $35,568, established in 2019 under the Trump administration, will be reinstated.**

The DOL could appeal the ruling to the 5th U.S. Circuit Court of Appeals, based in New Orleans, which is known as one of the most conservative federal appellate courts. However, the incoming Trump administration might choose to abandon efforts to revive the rule.

Under federal law, workers with "executive, administrative, and professional" (EAP) duties are exempt from overtime pay, if they are also paid the appropriate salary amount. For decades, the DOL has used salary level as a key factor in determining when this exemption applies. When adopting the rule, the DOL argued that many lower-paid salaried workers perform similar tasks to hourly employees but work additional hours without extra pay. The rule also introduced automatic salary threshold increases every three years to account for wage growth.

In the decision issued on Friday, November 15, 2024, United States District Judge Sean Jordan ruled in favor of the plaintiffs, including Texas and the business groups who had challenged the DOL's rule, holding that the rule's significant increase to the salary threshold improperly disregarded the duties test outlined in federal law. Judge Jordan reasoned that, "the Department may impose some limitations on the scope of the EAP exemption's operative terms, but it cannot enact rules that replace or override the meaning of those terms."

It remains uncertain whether an appeal will be filed or if the incoming administration will revise overtime eligibility rules. **For now, however, and at least until the presidential inauguration, the DOL rule has been vacated, reverting the salary threshold to $35,568.**

**If you have any questions about this rule or any other labor & employment issue, please contact your Knox Law attorney, our Labor & Employment group, or call us at 814-459-2800.**

***Legal Advice Disclaimer:*** *The content of this website is provided for general information purposes only. It should not be used as a substitute for consulting an attorney for legal advice regarding the reader's own affairs. Knox McLaughlin Gornall & Sennett, P.C. is not responsible for the content provided on any third-party website which may be accessed via links provided by this site.*

*Copyright © Knox McLaughlin Gornall & Sennett, P.C.*

*Not to be reproduced without permission.*