

## Fair Labor Standards Act – Federal Court Permanently Enjoins the United States Department of Labor’s April 23, 2024 Final Rule Nationwide

December 23, 2024

As we previously advised in a eUpdate dated July 8, 2024 (which can be found [here](#)), the United States Department of Labor (“DOL”) issued an April 23, 2024 Final Rule (the “Final Rule”), which increased the Fair Labor Standards Act’s (“FLSA”) annual salary-level threshold for the executive, administrative, professional, and highly compensated employee exemptions to the overtime requirements, with incremental increases taking effect on July 1, 2024 and January 1, 2025. Under the FLSA, in order for workers to be exempt from overtime pay requirements, such workers must be paid a minimum salary in addition to meeting various other criteria. The Final Rule increased that minimum salary from \$35,568 annually to \$43,888 annually (as of July 1, 2024).

Court challenges to the Final Rule have been pending since its adoption, although as of July 1, 2024, no court had struck down the Final Rule or enjoined its enforcement on a nationwide basis. However, as of November 15, 2024, the Final Rule has been permanently enjoined nationwide. Thus, at this point, the Final Rule is not yet applicable to public or private sector employers, although the District Court’s decision has been appealed.

In State of Texas v. United States Department of Labor, the Plaintiffs, the State of Texas and a coalition of trade associations and employers, challenged the Final Rule in the United States District Court for the Eastern District of Texas, asserting that the Final Rule’s changes to the salary level threshold exceeded the DOL’s authority under the FLSA as the increases “effectively displaces the duties-based inquiry required by the FLSA’s text with a predominant salary-level test.” The District Court had initially issued a preliminary injunction against enforcement of the Final Rule, but only as to the State of Texas. After further judicial proceedings, the District Court ultimately concluded that the Final Rule exceeded the DOL’s authority, and vacated the Final Rule nationwide on November 15, 2024. The Court also remanded the matter to the DOL for further consideration in light of its decision. The District Court reasoned that the Final Rule “effectively eliminates” consideration of an employee’s duties in determining exemption status and thus, is unlawful. The full-text of the decision can be found [here](#).

We will continue to closely monitor this issue, and will advise of any further updates. In the meantime, if you have any questions concerning the State of Texas v. United States Department of Labor decision or the Fair Labor Standards Act generally, please contact any member of the firm’s Labor and Employment Practice Group at 617.556.0007. Access to this eUpdate, and many others, is found on our website under the “Resources” tab at [www.k-plaw.com](http://www.k-plaw.com), or, to go directly to the eUpdate page, click [here](#).

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