



Federal Law Alert

November 18, 2024

Federal: DOL's 2024 Exempt Salary Rule Thrown Out

On November 15, 2024, a federal court in Texas ruled that the Department of Labor had overstepped its authority with the most recent rule increasing the minimum salary for exempt employees. The July 1 increases are void, the additional increase that would have taken effect on January 1, 2025, won't happen, and the automatic increases that were scheduled to occur every three years are no more.

In short, the whole rule was thrown out and the minimums have reverted to what they were prior to July 1, 2024. This means that most executive, administrative, and professional employees need to be paid at least \$684 per week (\$35,568 annually), and not the \$844 required by the now-defunct 2024 rule. Employees classified under the highly compensated employee exemption need to be paid at least \$107,432 per year, as opposed to \$132,964.

Action Items

If so inclined, employers can roll back changes they made to comply with the rule in July and halt any plans they had for the second increase in January. However, they can't retroactively reduce pay or change an employee's classification.

Employees should be made aware of any changes to their pay or classification before the changes take effect, and in compliance with any applicable state or local laws, which may have specific notice requirements.

Employers should also consider the potential impacts on employee morale and do what they can to mitigate those that may be negative. If nothing else, explaining that changes are due to fickle federal law and the needs of the business will help employees understand that your decisions aren't arbitrary.

This is intended for informational purposes only and does not constitute legal, accounting, or tax advice, nor does it create an attorney-client relationship. The information provided here was based on certain federal and/or state statutes and does not encompass all applicable requirements or other regulations that may exist, such as local ordinances or case law.

In January 2024, Mineral, Inc. was acquired by Mitrtech, Inc.

©2024 Mineral, Inc.