FLSA Salary Minimum Will Not Increase on January 1, 2025

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On November 15, 2024, a Texas federal judge struck down a rule finalized earlier this year by the U.S. Department of Labor (USDOL) that increased the minimum salary requirements to be considered an exempt employee under the Fair Labor Standards Act's (FLSA) white collar exemptions.

The *Fast Laner* previously reported the passage of a rule that would increase the salary thresholds for exempt employees under the FLSA twice in six months. The first increase went into effect on July 1, 2024, increasing the salary minimum to $844 per week ($43,888 per year). The second increase was to go into effect on January 1, 2025, increasing the salary minimum to $1,128 per week ($58,656 per year). The new rule also increased the minimum salary threshold under the highly compensated exemption, and provided automatic salary increases every three years.

However, a federal judge in Texas found that the USDOL exceeded its authority in issuing the rule and struck it down. This means that the minimum salary required to meet the white collar exemptions under the FLSA will not increase on January 1, 2025. It also means that the prior increase in July and the automatic increases in the future are no longer the standard to determine the salary component of the exempt status test. Now, the minimum salary for the white collar exemptions under the FLSA revert back to $684 per week ($35,568 per year). This ruling does not impact state and local laws that have higher minimum salary requirements. The USDOL can appeal the Texas court's decision, but the incoming Trump Administration is not likely to pursue an appeal.

Attorneys

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Practice Areas

Labor Management Relations

Wage and Hour Compliance and Audits

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Please contact your Laner Muchin servicing attorney with any questions, including how to address salary changes employers made to comply with the July 1, 2024 increase.