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Federal Court Issues Partial Injunction to the Department of Labor's Salary Basis Rule

We previously wrote about the final overtime rule issued by the U.S. Department of Labor (DOL) that raises the salary basis for overtime exemptions under the Fair Labor Standards Act (FLSA). One of the key components of that rule is a two-step increase in the standard salary threshold to qualify for an exemption under the FLSA: first from \$684 per week (\$35,568 per year) to \$844 per week (\$43,888 per year) effective July 1, 2024; and then a second increase to \$1,128 per week (\$58,656 per year) effective January 1, 2025.

When this rule was issued in April, we anticipated that there would be immediate legal challenges, as had occurred in 2016 and 2019 when the department issued similar rules. This is precisely what has happened, and the first federal court to hear one of those challenges—brought by the State of Texas—issued a significant ruling on Friday, June 28.

Judge Sean D. Jordan of the U.S. District Court for the Eastern District of Texas granted an injunction requested by the State of Texas, preventing the DOL from enforcing its rule. But the injunction's scope is narrow—it applies only to individuals employed directly by the State of Texas and does not include private employees in Texas or any other jurisdictions; however, the reasoning in the opinion—which suggests that the DOL lacks the authority to issue this rule—will likely have an impact on the pending and future legal challenges regarding the DOL's ability to enforce the rules against employers more broadly.

What this means to you

As of this writing, this is the only injunction that has been granted, and there has been no statement by the DOL regarding its intent to enforce the rule that technically went into effect on July 1, 2024; however, some employers may choose to delay implementing changes given the legal uncertainty surrounding the rule and the anticipated additional challenges which will likely result in similar injunctions that impact a broader subset of employers and employees.

Husch Blackwell will continue to closely monitor the rule's progress and the pending legal challenges and will provide additional updates as more information becomes available.

Contact us

If you have questions regarding the implementation of the DOL's final rules regarding overtime, please contact Erik Eisenmann, A.J. Weissler, Scott Meyers, Sarah Hamill, or your Husch Blackwell attorney.