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Federal Court Decision Vacating the 2024 Fair Labor Standards Act Final Rule

This advisory provides an update regarding the Final Rule promulgated by the U.S. Department of Labor (USDOL) that increased the salary thresholds for the executive, administrative, professional (EAP), and highly compensated employee (HCE) exemptions under the Fair Labor Standards Act (FLSA). Initial increases to the salary thresholds were effective July 1, 2024, and additional increases were scheduled to take effect January 1, 2025.

On Friday, November 15, 2024, a federal court granted summary judgment in *Commerce v. U.S. Department of Labor*, a challenge to the Final Rule by the State of Texas and several business organizations. This ruling vacates the Final Rule in its entirety nationwide, including the increase that went into effect on July 1, 2024. As a result, the salary threshold for exempt status will revert to levels set in the USDOL's 2019 rule: \$684 per week (\$35,568 annually) for the EAP exemption, and \$107,432 per year for the HCE exemption. Please note, while the Court's order invalidates the Final Rule for now, the U.S. Department of Labor could appeal the decision. HRA will keep agencies apprised of any further developments regarding the Final Rule.

Any changes to FLSA exemption status should be managed at the agency level. Note that agencies are not required to reverse any salary changes made in relation to compliance with the Final Rule. Agencies should also continue with efforts to re-verify exemption classifications based on job duties.

Continuous communications with your employees is encouraged. [Attached](#) is a sample employee communication that you may edit to suit your individual agency needs.

If you have questions about the information in this advisory, please contact the HRA helpdesk at 404-656-2705 or 1-877-318-2772 or a member of the HRA Policy Team.



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