# The Old Rule Is Now the New Rule: DOL Restores Prior Overtime Salary Thresholds

On May 14, the U.S. Department of Labor (DOL) officially rolled back its 2024 overtime rule, publishing a "technical amendment" that restores the 2019 salary thresholds for exempt employees. This change applies immediately, without notice or comment, in light of court rulings invalidating the Biden-era 2024 overtime rule.

## Background

The Fair Labor Standards Act (FLSA) requires covered employers to pay overtime to most workers. However, bona fide executive, administrative, or professional employees, as well as those in outside sales positions and highly skilled computer professionals, are exempt from overtime requirements if their job duties comply with certain definitions within the FLSA and they earn above a minimum salary threshold.

In 2019, the DOL set the minimum exempt salary at $684 per week ($35,568 per year). The threshold for highly compensated employees (HCEs) was set at $107,432 per year. These thresholds took effect January 1, 2020.

The DOL's April 2024 rule raised these salary thresholds, increasing the threshold for exempt employees, first to $844 per week ($132,964 annually) on July 1, 2024, and then to $1,128 per week ($151,164 annually) on January 1, 2025. It also added automatic updates every three years.

In late 2024, federal district courts in Texas struck down the 2024 rule. This month, those rulings became final after appeals were dismissed.

## Out With the New, in with the Old

The DOL's "new rule" simply confirms what the Texas district courts decided: that the 2024 rule was invalid. And no notice and comment period preceded the change because the DOL considers this a technical fix.

The 2019 thresholds that are back in effect (for now):

- **Standard salary:** $684 per week ($35,568 per year)
- **HCEs:** $107,432 per year
- **Computer professionals:** $27.63 per hour (as an alternative to a salary threshold)
- **Bonuses:** Up to 10% of the salary threshold can be met through bonuses or commissions paid at least once per year

The automatic updates from the 2024 rule are gone; however, the DOL has said it may propose new rules in the future.

## Next Steps for Employers

**Review pay structures.** Employers should review the salaries of employees who may be impacted by the threshold changes to make sure workers are classified appropriately as exempt or non-exempt. If an employer raised an employee's salary to maintain the employee's exempt status in compliance with the 2024 rule, the employer may, but is not required to, adjust the employee's salary.

**Consider reclassifying workers.** If an employer classified an employee as non-exempt because they did not meet the heightened salary requirements for exempt status set forth in the 2024 rule, the employer may reconsider that non-exempt classification. However, the employer should ensure that the employee otherwise meets the duties and salary basis tests for exempt status. Employers should be thoughtful about communicating any changes, as employee relations issues may arise, for example, if eliminating overtime eligibility will result in a reduction in the overall compensation the employee is accustomed to receiving.

**Watch for new rules.** The DOL may issue new overtime rules in the future. Employers should stay alert for updates.

**Check state and local laws.** Some states and cities have higher salary thresholds than federal law. Meeting federal requirements may not be enough in those locations.

## FOR MORE INFORMATION

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