Federal Judge Strikes Down DOL's Overtime Rule under the Fair Labor Standards Act (FLSA)

January 8, 2025

On November 15, 2024, the U.S. District Court for the Eastern District of Texas invalidated the Department of Labor's (DOL) 2024 overtime rule, finding that it exceeds the agency's statutory authority under the Fair Labor Standards Act (FLSA). U.S. District Judge Sean D. Jordan ruled that the new rule improperly elevates salary over job duties in determining overtime eligibility, contradicting the FLSA's intent.

Judge Jordan concluded that the 2024 rule:

> "made overtime status depend predominately on a minimum salary level, thereby supplanting an analysis of an employee's job duties."

This approach, according to the court, contradicted the plain text and congressional intent of the FLSA.

The ruling means that the current overtime regulations from 2019 will remain in effect, maintaining the $35,568 annual salary threshold. The DOL may appeal the ruling and it may be reversed. However, there may be an impact on future overtime regulations since President-elect Donald Trump will take office on January 20, 2025.

The now-vacated rule aimed to expand overtime eligibility and included three key provisions:

- An initial increase of the minimum salary threshold from $684 per week ($35,568 annually) to $844 per week ($43,888 annually), effective July 1, 2024.
- A further increase to $1,128 per week ($58,656 annually), scheduled for January 1, 2025.
- Implementation of an automatic update mechanism to adjust the salary threshold every three years, starting July 1, 2027.

In 2017, the Trump Administration prevented the implementation of an Obama-era overtime rule and instead issued its own rule that expanded overtime pay eligibility, but to a more limited extent than the Obama administration's rule would have done.

It is also important to note that Loper Bright was mentioned in the ruling as a standard of review that the court relied on to establish its approach to examining agency actions.