

regulatory ALERT

DOL Overtime Rule Update

UPDATE

AUGUST 9, 2024 – As of July 1, 2024, the U.S. Department of Labor (DOL) instituted a significant change affecting the Fair Labor Standards Act's (FLSA) overtime rules (see attached alert on the issue). The new overtime rule increases the minimum salary threshold for employees to qualify for the white-collar exemption from overtime pay requirements.

This issue has been around since the Obama administration and AED has been active for many years on it. Business groups, including AED, contend that the increased threshold will significantly raise payroll costs and lead to job cuts. AED filed [comments](#) on the proposed rule as part of the Partnership to Protect Workplace Opportunity (PPWO) and urged the Department of Labor to delay implementation to allow for judicial review in a PPWO [letter](#).

The Texas sued the DOL and, in June, filed for a preliminary injunction against the rule, arguing that it would cause irreparable harm by increasing state payroll expenses and straining budgets. On June 28, 2024, a federal judge in Texas granted a preliminary injunction, halting the rule's implementation and enforcement against the state of Texas as an employer. Private sector employers and other states still remain subject to the new rule.

On August 1, 2024, an amicus brief supporting Texas's arguments (attached) was submitted by the attorney general of the state of Arkansas, which was joined by the attorneys general from: Alabama, Georgia, Idaho, Indiana, Iowa, Louisiana, Mississippi, Montana, Nebraska, Ohio, Oklahoma, South Carolina, and West Virginia.

The impact of these proceedings and the arguments being made in court could affect the remainder of the implementation of the rule on January 1, 2025.

We'll keep you apprised as the litigation progresses through court. Of course, the outcome of the race for the White House will also have a major impact on the rule's fate.