

National Business Associations File Suit to Block New DOL Overtime Rule

May 28, 2024

On May 22, 2024, a group of national business associations filed a **lawsuit** seeking to prevent the U.S. Department of Labor (“DOL”) from implementing its new Final Rule on overtime. As we noted in our prior **alert**, the new rule significantly increases the annual salary threshold required to classify employees as exempt under the Fair Labor Standards Act (FLSA). The threshold initially increases to approximately \$43,888 per year, effective July 1, 2024, and increases again on January 1, 2025, to \$58,656 per year. The rule also implements automatic increases every three years thereafter (beginning July 1, 2027). And the rule raises the minimum salary for exempting “highly compensated employees” (“HCEs”) from \$107,432 to \$151,164 as of January 1, 2025.

The lawsuit, filed in the United States District Court for the Eastern District of Texas (*Plano Chamber of Commerce, et al., v. Su, et al.*, No. 4:24-cv-00468, E.D. Tex. May 22, 2024), challenges whether the DOL has the appropriate legal authority under the FLSA and the Administrative Procedures Act to increase the minimum salary thresholds for executive, administrative, and professional employees.

Notably, the plaintiffs have not to date requested a temporary restraining order or a preliminary injunction blocking the DOL from implementing the new rule. Instead, the lawsuit requests “expedited consideration ... to avoid irreparable harm to both employers and employees who will be subject to new overtime requirements of the Department’s unlawful Rule.” A motion for a preliminary injunction is anticipated due to the approaching July 1, 2024, implementation date.

Unless and until the court stays the implementation of the rule, it will become effective on July 1, 2024, and employers will be required to comply. It may be prudent for employers to examine employees currently classified as exempt and earning salaries that would be insufficient following the proposed July 1 and/or January 1 increases. After review, employers should then determine – on an individual basis – whether to increase pay to maintain exempt status or reclassify workers as non-exempt (and therefore eligible for overtime).

If you have any questions on the impact the new DOL rule may have on your business, please do not hesitate to contact your Miller Canfield attorney or one of the authors of this alert.