LEGAL UPDATE

HIGHLIGHTS

- On **April 26, 2024**, the DOL published a final rule amending the current requirements that white-collar employees must satisfy to qualify for FLSA overtime exemptions.
- On **July 1, 2024**, the standard salary level for EAP employees increased from $684 to $844 per week ($35,568 to $43,888 per year) and from $107,432 to $132,964 per year for HCEs.
- On **Nov. 15, 2024**, the U.S. District Court for the Eastern District of Texas vacated the DOL's final rule on a nationwide basis, returning the standard salary level for EAP employees to **$684 per week ($35,568 per year)** and **$107,432 per year** for HCEs.
- On **Nov. 26, 2024**, the DOL appealed the District Court's decision.
- On **May 5, 2026**, the DOL agreed to dismiss its appeal of the District Court's decision.
- On **May 14, 2026**, the DOL announced a technical amendment rescinding the 2024 final rule.

DOL Rescinds 2024 Final Overtime Rule

On May 14, 2026, the U.S. Department of Labor (DOL) announced a technical amendment rescinding the department's 2024 final overtime rule. The 2024 final rule amended requirements that employees in white-collar occupations must satisfy to qualify for an overtime exemption under the Fair Labor Standards Act (FLSA). This action formalizes the removal of the regulatory text of the now-vacated 2024 final rule from the Code of Federal Regulations and, in its place, republishes the regulatory text that existed prior to the final rule's effective date.

Background

The FLSA white-collar exemptions apply to individuals in executive, administrative and professional (EAP) occupations, as well as in some outside sales and computer-related occupations. Some highly compensated employees (HCEs) may also qualify for the FLSA white-collar overtime exemption. To qualify for this exemption, white-collar employees must satisfy the standard salary level test, among other criteria. This salary level is a wage threshold that white-collar employees must receive to qualify for the exemption.

2024 Final Rule

On April 26, 2024, the DOL published a final rule amending the requirements that employees in white-collar occupations must satisfy to qualify for an FLSA overtime exemption. The final rule increased the standard salary level, starting July 1, 2024, from:

- $684 to $844 per week ($35,568 to $43,888 per year) for EAP employees; and
- $107,432 to $132,964 per year for HCEs.

On Jan. 1, 2025, the standard salary level was set to increase again from:

- $844 to $1,128 per week ($43,888 to $58,656 per year) for EAP employees; and
- $132,964 to $151,164 per year for HCEs.

The rule also enabled the DOL to update salary levels automatically every three years starting July 1, 2027.

On Nov. 15, 2024, the U.S. District Court for the Eastern District of Texas vacated the DOL's final rule, which set aside the final rule's increases to the standard salary level nationwide and returned the salary threshold to the pre-July 2024 threshold. On Nov. 26, 2024, the DOL filed a notice of appeal seeking to overturn the District Court's decision that vacated the DOL's final rule. On May 5, 2026, the DOL agreed to dismiss its appeal of the District Court's ruling vacating the 2024 final rule.

Employer Takeaway

The DOL's technical amendment formally reinstates the pre-July 2024 salary threshold that white-collar employees must receive to qualify for the FLSA overtime exemption. The department's action does not change employers' compliance obligations, as the standard salary level of $35,568 per year for EAP employees and $107,432 per year for HCEs has been in place since the District Court vacated the final rule on Nov. 15, 2024.

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