

EMPLOYMENT LAW ALERT

November 21, 2024

By: Kimberly B. Malerba, Esq.



New Federal Overtime Rule Blocked

On January 1, 2025, new overtime regulations from the US Department of Labor (DOL) were set to take effect. The DOL final rule significantly increased the minimum salary threshold required for workers to be exempt from overtime under the executive, administrative and professional (EAP) exemptions of the Fair Labor Standards Act (FLSA). In a welcome respite for employers, on November 15, 2024, a judge in the US District Court for the Eastern District of Texas issued a decision invalidating the DOL's final rule and thus blocked this change from taking effect in the new year.

Notably, part of the final rule went into effect on July 1, 2024. On that date, previously exempt workers who earned less than \$844 per week became eligible for overtime pay under the FLSA. On that same date, employees who were classified as exempt under the "highly compensated employee" (HCE) exemption had to be reclassified unless they earned a minimum of \$132,964 per year. On Jan. 1, 2025, salaried workers who earn less than \$1,128 per week (\$58,656 per year) were set to become eligible for overtime pay. Additionally, employees who had previously satisfied the HCE exemption were looking at a jump to an annual salary of \$151,164 to maintain the exemption. Fortunately for employers, that January 1 date is no longer in effect.

Though the July 1, 2024 increases had already been effectuated, this new court ruling also struck down those interim increases. Although employers that previously increased employee salaries to meet this exemption may have a practical problem in walking back those increases, the annual salary threshold for the EAP exceptions under federal law has now reverted back to \$35,568. Similarly, the minimum annual salary threshold required for the HCE exemption has returned to \$107,432 annually.

Importantly, employers in New York and elsewhere must remain cognizant that New York State maintains its own salary thresholds for the executive and administrative exemptions:

New York City, Nassau, Suffolk, and Westchester counties:

- \$1,200 per week (\$62,400 per year) on January 1, 2024
- \$1,237.50 per week (\$64,350 per year) on January 1, 2025
- \$1,275 per week (\$66,300 per year) on January 1, 2026

UPCOMING CLE/CPE/HRCI

PREPARING FOR A SUCCESSFUL 2025:
NAVIGATING THE CHANGING EMPLOYMENT LANDSCAPE

Tuesday, December 10, 2024

SPEAKERS:

Kimberly B. Malerba, Esq.

Nicole E. Osborne, Esq.

[Register Here](#)

The rest of New York State:

\$1,124.20 per week (\$58,458.40 per year) on January 1, 2024

\$1,161.65 per week (\$60,405.80 per year) on January 1, 2025

\$1,199.10 per week (\$62,353.20 per year) on January 1, 2026

Due to the invalidation of the DOL's final rule, employers now have at least a temporary reprieve from the federal threshold increases. While the DOL may appeal the decision, the government's interest in pursuing these particular changes may not be present in the incoming administration. However, it is important to keep in mind that the salary thresholds are only one aspect of the exemption classification issue. Even if an employee satisfies the salary threshold for an exemption, they must still satisfy the applicable duties test in order to be properly classified as exempt from overtime.

As always, Ruskin Moscou Faltischek will continue to monitor the status of the final rule and is prepared to assist employers in staying apprised of any developments on this issue on the state and federal level. If you have any questions regarding how these issues impact your workplace, or would like to discuss any employment related matters, please contact us.

Kimberly B. Malerba, Esq.
516.663.6679
kmalerba@rmfpc.com