

Department of Labor Announces Final Rule Increasing FLSA Exemption Salary Thresholds

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Today, the Wage and Hour Division of the Department of Labor announced its Final Rule increasing salary thresholds for the Executive, Administrative, and Professional (“EAP”) exemptions from overtime pay requirements under the Fair Labor Standards Act (“FLSA”), as well as for the Highly Compensated Employee (“HCE”) exemption. The Final Rule calls for the following increases, effective July 1, 2024, and January 1, 2025.

Exemption	Current Threshold	July 1, 2024 Threshold	January 1, 2025 Threshold
EAP	\$35,568	\$43,888	\$58,656
HCE	\$107,432	\$132,964	\$151,164

The Final Rule also calls for future increases in the salary thresholds every three years, based on updated wage data. Besides the minimum guaranteed salary requirements, each of these exemptions also includes a duties test, which remain unchanged. As a reminder, the employer bears the burden of proof to support any claimed exemption.

Employers may recall that a Texas federal court blocked Obama-era increases in the salary thresholds shortly before they would have gone into effect. A lawsuit challenging a Trump-era increases currently is pending on appeal. While a similar lawsuit challenging the new Final Rule is likely, employers should not wait to review the status of employees they currently classify as exempt and to prepare strategies for any adjustments they may need to make beginning on July 1, 2024.

We Can Help

Please feel free to contact [Brad Harvey](#) or another member of our [Labor and Employment Practice Group](#) should you have any questions.