

# TIMEOUT: PRIVATE EMPLOYERS TO COMPLY WITH FLSA OVERTIME RULES



## What is the new FLSA rule on overtime for exempt employees?

In April 2024, the U.S. Department of Labor issued new regulations for employers to increase the threshold for overtime pay eligibility from \$35,568 to \$43,888 per year. This increase applies to exempt workers employed as bona fide executives, administrative, professional, outside sales employees, and some computer employees.

On June 3, 2024, the State of Texas filed a lawsuit and argued by raising the salary bar, the DOL exceeded its authority by classifying executive, administrative and professional employees – so-called “EAP” employees – as nonexempt based on their salary, not their bona fide job duties.

On June 28, 2024, the U.S. District Court for the Eastern District of Texas granted a **preliminary injunction to delay the implementation of the new DOL overtime regulations with respect to the State of Texas as an employer, only.**



## What does this mean?

This means that the State of Texas, as an employer, is temporarily exempt from abiding by the new FLSA regulations that go into effect on July 1, 2024.



## Do I have to comply with the new FLSA overtime rule?

**Yes.** if you are a private employer you must comply with the new rules that went into effect July 1, 2024.

**The preliminary injunction ONLY applies to the State of Texas as an employer.**



## Could this ruling be extended to private employers?

**No,** currently. However, based on the court’s opinion, we anticipate new challenges to the FLSA rule by private employers that could have similar outcomes as what we are currently seeing.



## What does this mean for my company?

Your company needs to comply with the new FLSA regulations - your exempt employees making under the new \$43,888 threshold must be paid overtime.



## What should Human Resources and managers do now?

Until there is an Order issued by a Court to enjoin the effective date of the new DOL rule, **your company must comply.** Although the new rule will mandate overtime pay for employees who are below the new salary threshold, the issues companies need to examine now are:

- How many employees will this impact in my company?
- Of those employees, how many of them currently work more than 40 hours per week? Please seek direct management input in this analysis.
- Are there ways their duties can legitimately be performed without working more than 40 hours per week?

4. When was the last time your organization conducted an audit of the duties to determine whether the exempt employees legitimately fall within the bona fide, professional, administrative or executive categories?

## Need to huddle?

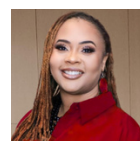
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