



DEPARTMENT OF LABOR RAISES SALARY THRESHOLD FOR OVERTIME ELIGIBILITY

On April 23, 2024, the U.S. Department of Labor (“DOL”) issued a final rule that raises the salary threshold used to determine whether an employee is entitled to overtime compensation. Currently, salaried workers earning less than \$35,568 must be paid time-and-a-half if they work over 40 hours in a given week. The DOL’s new rule raises this threshold to \$43,888 on July 1, 2024, and to \$58,656 on January 1, 2025, extending overtime compensation to many workers who are currently ineligible.

A similar rule issued by the DOL in 2017 would have raised the salary threshold to \$47,476, but it was struck down in a Texas-based U.S. District Court. The Court found that the rule would have extended overtime eligibility to certain employees that Congress had not intended to include and was therefore void.

While workers’ rights organizations have praised the recent change, certain business groups and management-side attorneys have stated an intention to challenge the rule in court. They argue that, because it would raise the salary threshold so significantly, and without considering the type of work performed by the affected employees, the 2024 rule is invalid under the same legal analysis established in the 2017 case. If the rule survives these legal challenges, however, it will be a significant win for workers’ rights. Under the new threshold, an estimated 4 million additional workers would be eligible for overtime compensation, and a ruling that upholds the rule could pave the way for additional increases to the salary threshold in the future.

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