Articles + Publications | October 14, 2024

Department of Labor's New Rule Raises the Minimum Salary Requirements ?for Certain FLSA Exemptions

Labor & Employment Workforce Watch

WRITTEN BY

Owen J. Peters

Earlier this year, we let you know that the Department of Labor ("DOL") recently promulgated 29 CFR Part 541, a rule that raises the minimum salary requirements for employees eligible for the white collar and highly-compensated employee exemptions in the Fair Labor Standard Act's ("FLSA"). While the rule faces challenges in the courts, the first increase became effective July 1, 2024, and the second one goes into effect on January 1, 2025, so employers should familiarize themselves with the current and potential future changes.

Among other exemptions, the FLSA provides exemptions to its minimum wage and overtime payment requirements for certain white collar executive, administrative, and professional (EAP) employees and for highly-compensated employees (HCE). To meet the white-collar employee exemptions, employers must prove that employees are: (i) compensated on a salary or fee basis; (ii) compensated above a minimum salary set forth by the DOL; and (iii) meeting the specific job duty obligations of the executive, administrative, or professional exemptions. There is also a highly-compensated employee exemption, where employers must prove that employees are: (i) compensated above a minimum salary or fee set forth by the DOL; (ii) performing office or non-manual work; and (iii) regularly performing at least one exempt white-collar job duty.

In its Executive Summary accompanying the new rule, the DOL reasoned that the minimum salary increases were necessary to both better reflect current earnings data and to ensure that fewer lower-paid white-collar employees performing significant amounts of nonexempt work are included in the exemption. Before the DOL's most recent rule, a minimum salary of $35,568 ($684 per week) applied for the white-collar exemption, and a minimum salary of $107,432 applied for the highly-compensated employee exemption.

The DOL's final rule, "Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees," became effective on July 1, 2024. As of that date, the minimum annual salary for white-collar employees became $43,888 ($844 per week) and is scheduled to increase to $58,656 ($1,128 per week) on January 1, 2025. The minimum annual salary for highly-compensated employees has increased to $132,964 as of July 1, 2024, and is scheduled to increase to $151,164 on January 1, 2025. Moreover, the DOL's rule further requires that these salary changes will automatically update every three years, beginning in 2027, based on current wage data as set forth by the U.S. Bureau of Labor Statistics. Nothing in the new rule changes the duties required by these exemptions.

Employers should also take note of several state laws and regulations that set a higher minimum annual salary for

©2026 Troutman Pepper Locke

white-collar employees.[1]

In *State of Texas v. United States Department of Labor*, a Texas district court granted a preliminary injunction blocking the rule's effect on Texas' state government employees. Representatives for the state argued that because the language of the statute addresses white-collar employees' job duties, not their salary, the DOL rules setting forth minimum salary requirements exceeds its authority. The district court agreed that the state of Texas had met its initial burden to prove that the rule was likely invalid and granted a preliminary injunction. The parties in *State of Texas* are currently preparing summary judgment briefing.

However, the U.S. Court of Appeals for the Fifth Circuit held last month in *Mayfield v. U.S. Department of Labor* that the DOL has authority to set a minimum salary requirement for FLSA exemptions. In *Mayfield,* a fast-food restaurant chain owner plaintiff challenged the DOL's earlier 2019 increase to the minimum salary requirements based on similar arguments made in *State of Texas*—that the DOL lacks the authority to set minimum salary requirements in defining the FLSA exemptions. Unlike in *State of Texas*, the Fifth Circuit in *Mayfield* upheld the district court's grant of summary judgment in favor of the DOL, holding that setting forth a minimum salary requirement was within the scope of the DOL's authority to define and delimit the FLSA exemptions. While the court in *Mayfield* did not address the DOL's 2024 rule directly, its analysis supports the DOL's authority to set forth minimum salary requirements, but not without limits, as the court stated salary requirements cannot displace the job duties or otherwise be used inconsistently with legislative intent. *Mayfield* sets the stage for further legal challenges as employers continue to seek clarity in complying with the requirements of the white-collar and highly-compensated employee exemptions.

While the DOL rule is still involved in pending legal challenges, employers should take note of the next scheduled increase taking effect January 1, 2025. Moreover, employers should ensure that they are complying with state and local laws, which may have higher thresholds for state-law exemptions. Finally, employers may want to review all employees classified as exempt to ensure they meet the duties tests as well as the salary test, ensure job descriptions or other documents are consistent with those duties, and to review and update any pay and bonus practices, and any timekeeping policies, to reflect any changes required by exemption status or job duty changes.

—

[1] States setting forth a higher minimum annual salary requirement include: Alaska ($48,796.80); Colorado ($55,000); and Washington ($67,724.80). California requires a $66,560 minimum annual salary (with additional salary requirements for certain health care, computer software, and fast-food employees). New York requires a $58,458.40 minimum annual salary for administrative and executive employees (excluding the professional employee class from the federal rule) throughout the state other than New York City and Nassau, Suffolk, and Westchester County, which have a $62,400.00 minimum annual salary threshold for such exemptions.

RELATED INDUSTRIES + PRACTICES

- Labor + Employment
- Wage + Hour Matters

©2026 Troutman Pepper Locke