## NCLA Convinces Federal Court to Stop DOL's Illegal Undermining of Wage and Overtime Exemption

*Flint Avenue, LLC v. U.S. Department of Labor; Julie Su and Jessica Looman, in their official capacities*

**Washington, DC (December 30, 2024)** – Today, the New Civil Liberties Alliance persuaded the U.S. District Court for the Northern District of Texas to grant summary judgment in *Flint Avenue v. Department of Labor*, vacating a DOL rule that exceeded the agency's statutory authority. The rule had set a $58,656 minimum-salary requirement for determining whether "white collar" employees are exempt from the Fair Labor Standards Act's (FLSA) minimum wage and overtime requirements. In so doing, DOL's Rule would have unlawfully prevented employers, including countless small businesses, from claiming the exemption for millions of white-collar employees nationwide who are paid less than the new salary requirement. NCLA and its client Flint Avenue, LLC celebrate this important victory for American small businesses and the rule of law.

Shrinking the FLSA's wage and overtime exemption would have required employers to reclassify millions of employees as hourly, thus preventing them from benefiting from flexible work arrangements. A small software company, Flint Avenue competes with large corporations by offering its seven employees flexible arrangements, including unlimited vacation. The Rule would have forced it to reclassify five of those employees as hourly, making such mutually beneficial arrangements no longer possible.

The FLSA statutorily exempts anyone "employed in an executive, administrative, or professional capacity" from its minimum wage and overtime requirements, a definition based on a job's function, not its salary level. Yet DOL's Rule effectively erased that standard by prohibiting employees from being eligible for the exemption unless they are paid a fixed weekly salary of at least $1,128, regardless of the "capacity" in which they are employed. The Rule also allowed DOL to automatically ratchet up the minimum salary level every three years, ignoring the notice-and-comment requirements of the Administrative Procedure Act and defying the statute's requirement to define the exemption "from time to time by regulation[.]"

In November, the U.S. District Court for the Eastern District of Texas decided to vacate DOL's Rule in the separate *Texas v. Dept. of Labor* case. The Eastern District recognized that Congress never authorized DOL to impose a minimum weekly salary requirement on all white-collar employees nor to automatically increase it over time. The Northern District agreed with the Eastern District's reasoning and wisely found that its prior decision did not moot Flint Avenue's case, since the federal government appealed that November ruling. NCLA is proud to play this pivotal role in defeating DOL's abuse of administrative power.

### NCLA released the following statements:

"Two federal courts have now struck down the Department's one-size-fits-all salary rule, which would have forced small businesses nationwide to reclassify white-collar employees and take away their flexible work arrangements."
— **Sheng Li, Litigation Counsel, NCLA**

"Congress created FLSA exemptions for employees in certain categories. The Department of Labor has no business cutting back those exemptions with an arbitrary salary floor. This victory adds to what has been a monumental set of achievements for NCLA in 2024, reducing unlawful administrative power."
— **Mark Chenoweth, President, NCLA**

**For more information visit the case page** [here](#)**.**

**ABOUT NCLA**

[NCLA](#) is a nonpartisan, nonprofit civil rights group founded by prominent legal scholar [Philip Hamburger](#) to protect constitutional freedoms from violations by the Administrative State. NCLA's public-interest litigation and other pro bono advocacy strive to tame the unlawful power of state and federal agencies and to foster a new civil liberties movement that will help restore Americans' fundamental rights.

###