

California Raises Software Employee Pay Minimums for Overtime Exemption

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Beginning January 1, 2024, California employees may have to pay overtime to more computer software employees who earn less than \$115,763.35 per year, or \$55.58 per hour, or \$9,646.96 per month.



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Quick Hits

- California raised the minimum pay thresholds for computer software employees to be exempt from the state's overtime requirements.
- The new minimum pay thresholds are effective January 1, 2024.

On October 1, 2023, the State of California Department of Industrial Relations (DIR) issued new annual adjusted minimum thresholds for computer software employees who are considered exempt from the state's overtime requirements under [California Labor Code Section 515.5](#).

The adjustments raised the minimum annual salary exemption from \$112,065.20 to \$115,763.35, the minimum monthly salary exemption from \$9,338.78 to \$9,646.96, and the minimum hourly rate of pay exemption from \$53.80 to \$55.58.

Section 515.5 provides that “employee[s] in the computer software field” are exempt from California's overtime pay requirements found in Section 510 if they meet certain criteria, including earning a statutory minimum rate.

The DIR is responsible for adjusting those minimums each October based on the California Consumer Price Index (CCPI) for Urban Wage Earners and Clerical Workers. According to the DIR, the CCPI for

Urban Wage Earners and Clerical Workers increased 3.3 percent from 2022.

In addition to the minimum pay rate, the computer software employee exemption in Section 515.5 applies to employees who are “primarily engaged in work that is intellectual or creative and that requires the exercise of discretion and independent judgment,” are “highly skilled,” and have job duties such as computer programming, systems analysis, or software design and testing.

The federal Fair Labor Standards Act (FLSA) also exempts certain “computer employees.” In September 2023, the U.S. Department of Labor’s Wage and Hour Division (WHD) published a notice of proposed rulemaking (NPRM) proposing to increase the minimum thresholds to qualify for the exemption.

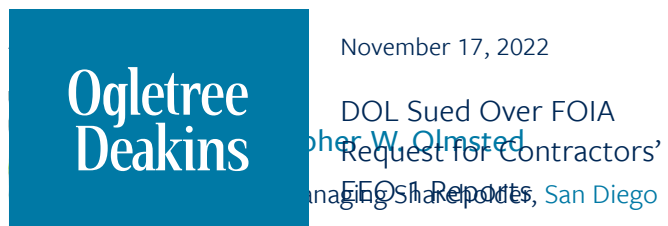
State and federal minimum wage information—in addition to other wage and hour information—is also available in the firm’s [Client Portal](#), which is available to all Ogletree Deakins clients. [Client Portal subscribers](#) receive detailed wage and hour law summaries, template forms, state law maps, and other related materials, which are updated as the law changes.

Ogletree Deakins will continue to monitor developments and will provide updates on the [California](#), [Technology](#), and [Wage and Hour](#) blogs.

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