

New Year, New Overtime Exemption Rates for Computer Software Employees and Licensed Physicians and Surgeons

California Employment Law Update on December 13, 2023

To determine the minimum rate of pay or salary threshold applicable to certain exemptions from overtime regulations under California law, the Department of Industrial Relations (“DIR”) uses the California Consumer Price Index for Urban Wage Earners and Clerical Workers (“CCPI”). The DIR has announced the 2024 rates (effective January 1, 2024) for the [computer software employee exemption](#) and [licensed physicians and surgeons exemption](#).

For the computer software employees’ exemption to apply, the employee must be paid at least the minimum rate of pay or salary:

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

To meet the computer software employee exemption under [California Labor Code Section 515.5](#), an employee must satisfy other criteria, including being (1) primarily engaged in work that is intellectual or creative and that requires the exercise of discretion and independent judgment; (2) primarily engaged in certain duties, such as applying systems analysis techniques and procedures or creating or modifying computer systems or programs work; and (3) highly skilled and proficient in the theoretical and practical application of highly specialized information to computer systems analysis, programming and software engineering. Of course, computer professionals who don’t meet those requirements can still qualify as exempt from California’s overtime requirements under one of the other exemptions, such as the administrative or professional exemption where the minimum salary threshold is two times the state minimum wage for full-time employment (40 hours).

For the licensed physician and surgeon exemption, the minimum hourly rate to meet this exemption increased from \$97.99 to \$101.22. To meet the licensed physician and surgeon exemption under [California Labor Code Section 515.6](#), the licensed physician or surgeon must be primarily engaged in performing duties for which licensure is required.

These new rates reflect the 3.3 percent increase in the CCPI from 2023. In the increasingly complex and evolving patchwork of wage and hour requirements in California, [as we previously reported](#), fast food employees will have their own industry-specific minimum wage rate of \$20 per hour starting in April 2024. California's state minimum wage also will [increase on January 1, 2024](#), to \$16 per hour. Employers should review how the overtime exemption requirements affect their employee population and consult with counsel.

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