

Computer Software Employees and Physicians Overtime Exemption Rates for 2024

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For an employee to be exempt from overtime regulations under California law, the employee must fit into a category of work that is deemed exempt.

The most common exemptions are the executive, administrative, and professional exemptions. Workers who are employed in administrative, managerial, executive, or professional capacities generally fall under one of these exemptions. Each exemption has detailed requirements as to the amount and type of work performed and most exempt employees must meet a minimum salary threshold. The minimum salary threshold is typically no less than two times the state minimum wage for full-time employment (40 hours).

For certain exempt categories, however, the Department of Industrial Relations sets increases based on changes to the California Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI). For example, under Labor Code section 515.5, certain computer software employees and licensed physicians and surgeons must be paid a statutorily specified rate based on the CPI in order to be deemed exempt from overtime

regulations.

Under section 515.5, “employee[s] in the computer software field” who meet certain criteria will be exempt from overtime regulations. The exemption applies to those 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 who perform work including programming, systems analysis, and software design. Effective January 1, 2024, the minimum hourly rate for computer software employees to meet this exemption will be **\$55.58**, with a minimum monthly salary of **\$9649.96** (annually **\$115,763.35**).

Similarly, under Labor Code section 515.6, certain licensed physicians and surgeons must be paid a minimum hourly rate. Effective January 1, 2024, that hourly rate is **\$101.22** to meet the exemption.

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