

# New Compensation Rate for California Computer Professional Exemption in 2018

Article By:

Michael D. Schlemmer

Alicia J. Farquhar

---

As of January 1, 2018, California employers must ensure that compensation rates meet new salary thresholds for computer professionals.

On October 3, 2017, the California Department of Industrial Relations issued a memo reflecting a 2.9% increase in the prior compensation threshold for exempt computer professionals.<sup>[1]</sup> The compensation rates are adjusted annually for inflation according to the California Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers.<sup>[2]</sup> Effective January 1, 2018, to qualify for the exemption, employers must pay their California computer professional employees a salary of at least \$90,790.07 annually (\$7,565.85 monthly) or an hourly wage of at least \$43.58 for every hour worked. In addition to the increased salary requirement, California computer professionals must also still satisfy the duties test set forth under Labor Code Section 515.5.<sup>[3]</sup>

Employers are still waiting to hear whether there will be any follow-up on white collar exemption increases at the federal level, which could have an impact on computer professionals outside of California. As a reminder, the US Department of Labor (DOL) attempted to implement a Final Rule that would have doubled the required salary level for white collar exempt employees from \$23,660 to \$47,476.<sup>[4]</sup> The Final Rule also would have established an automatic updating mechanism that adjusted the minimum salary level every three years.<sup>[5]</sup> However, in response to an emergency motion filed by the State of Nevada and 20 other states, a Texas district court issued a nationwide injunction in November 2016.<sup>[6]</sup>

Ultimately, although the DOL was enjoined from implementing the Final Rule, the DOL and/or Congress may take other steps to raise the minimum thresholds for exempt status, though such increases will likely be significantly less than those proposed by the Final Rule. Any potential federal increases are unlikely to have an impact on California computer professionals, given the higher California rate. Still, employers with computer professionals across multiple states should consider how they will address pay rates in different states.

---

[1] Maria Y. Robbins, *Overtime Exemption for Computer Software Employees* (Oct. 3, 2017).

[2] The CPI is a measure of average change over time in the prices of fixed market goods and services and is considered to be an effective measure of inflation.

[3] See our October 2016 LawFlash regarding the criteria for the duties test.

[4] US Department of Labor, Final Rule: Overtime (last visited Sept. 28, 2017).

[5] See our May 18, 2016 LawFlash, DOL Updates FLSA Overtime Exemption Regulations.

[6] *State of Nevada, et al. v. US Dep't of Labor, et al.*, No. 4:16-cv-00731 (E.D. Tex. Nov. 22, 2016) (order granting preliminary injunction).

Copyright © 2025 by Morgan, Lewis & Bockius LLP. All Rights Reserved.

---

National Law Review, Volume VII, Number 279

Source URL: <https://natlawreview.com/article/new-compensation-rate-california-computer-professional-exemption-2018>