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## Labor/Employment: New Minimum Wage and Overtime Exemption Thresholds for 2015

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Wage and hour issues are a pervasive source of litigation in California and nationwide. To help mitigate this risk, tech industry companies in California need to be aware that certain minimum wage and overtime exemption thresholds are adjusted annually. The following are various state and local pay thresholds effective as of January 1, 2015.

California's overtime exemption for computer software professionals has a pay threshold that currently requires payment of either: an annual salary of at least \$85,981.40, a monthly salary of at least \$7,165.12, or an hourly rate of at least \$41.27.

California's minimum wage currently is \$9.00 per hour, and is scheduled to increase to \$10.00 per hour effective January 1, 2016. As a related issue, changes to the state minimum wage also impact the pay thresholds for certain state overtime exemptions.

- California's overtime exemptions for executive, administrative and professional employees all have a pay threshold that requires payment of a salary of at least twice the state minimum wage for full time employment. The salary threshold currently is \$37,440 per year, and effective January 1, 2016 it will increase to \$41,600 per year.
- California's overtime exemption for commissioned (inside) salespersons has a pay threshold that requires payment of total compensation in excess of 1½ times the state minimum wage. Total compensation currently has to exceed \$13.50 per hour worked, and effective January 1, 2016 it will have to exceed \$15.00 per hour worked.

Finally, some cities in California have (or soon will have) a higher minimum wage for employees working within their geographic boundaries. Current city minimum wages are:

- San Francisco – \$11.05 per hour
- San Jose – \$10.30 per hour
- Oakland – \$9.00 per hour, increasing to \$12.25 per hour effective March 2, 2015
- Berkeley – \$10.00 per hour, increasing to \$11.00 per hour effective October 1, 2015
- Richmond – \$9.60 per hour
- San Diego – \$9.75 per hour



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