


**State of California
Department of Industrial Relations
Office of the Director – Research Unit**

MEMORANDUM

DATE: October 3, 2017
TO: Christine Baker, Director, DIR
FROM: Maria Y. Robbins, Deputy Chief, Office of the Director 
SUBJECT: Overtime Exemption for Computer Software Employees

Labor Code Section 515.5 provides that certain computer software employees are exempt from the overtime requirements stipulated in Labor Code Section 510 if certain criteria are met. One of the criteria is that the employee's hourly rate of pay is not less than the statutorily specified rate, which the department is responsible for adjusting October 1st of each year to be effective on January 1st of the following year by an amount equal to the percentage increase in the California Consumer Price Index for Urban Wage Earners and Clerical Workers.

Assembly Bill 10 (Committee on Budget, Chapter 753, Statutes of 2008) amended Labor Code Section 515.5 effective on September 30, 2008, to extend the exemptions to salaried employees whose annual and monthly salaries are not less than the statutorily specified rates, which the department is responsible for adjusting every October 1st of each year to be effective on January 1st of the following year by an amount equal to the percentage increase in the California Consumer Price Index for Urban Wage Earners and Clerical Workers. Data used to adjust these figures is summarized below:

--- Urban Wage Earners and Clerical Workers (all items 1982-84 = 100) ---

<u>Index</u>	<u>August 2016 Index Value</u>	<u>August 2017 Index Value</u>	<u>% Change from 2016</u>
CCPI	246.735	253.874	2.9%

In accordance with Labor Code Section 515.5(a)(4), the department has adjusted the computer software employee's minimum hourly rate of pay exemption from \$42.35 to \$43.58, the minimum monthly salary exemption from \$7,352.62 to \$7,565.85, and the minimum annual salary exemption from \$88,231.36 to \$90,790.07 effective January 1, 2018, reflecting the 2.9% increase in the California Consumer Price Index for Urban Wage Earners and Clerical Workers.