

2014 MINIMUM PAY RATES FOR EXEMPT COMPUTER SOFTWARE PROFESSIONALS AND LICENSED PHYSICIANS

Do you have employees who are covered by the computer software or licensed physician exemptions? The California Department of Industrial Relations (DIR) has announced the 2014 minimum pay rates for employees who are classified as exempt from overtime under the “Computer Software Exemption” and “Licensed Physician Exemption.”

For Computer Software Professionals:

- The minimum **hourly** rate will increase to **\$40.38** (from the current rate of \$39.90)
- The minimum **monthly** salary will increase to **\$7,010.88** (from the current rate of \$6,927.75)
- The minimum **annual** salary will increase to **\$84,130.53** (from the current rate of \$83,132.93)

For Licensed Physicians:

- The minimum **hourly** pay will increase to **\$73.57** (from the current rate of \$72.70)

These rates become effective on **January 1, 2014**, and are tied to the California Consumer Price Index.

The Impact of California’s Minimum Wage On Other Exemptions. As we advised in a recent news alert, California’s state-wide minimum wage is also scheduled to increase to **\$9.00 per hour** on **July 1, 2014**([click here for our alert on the minimum wage increase](#)). As a result, the minimum pay rate will also soon increase for the "white collar" exemptions (i.e., administrative, executive, and professional exempt employees). The “**white collar**” **exemptions** require minimum pay of at least two times the annual minimum wage for full-time employees, which currently amounts to \$33,280. Come July 2014, two times the minimum wage will equal **\$37,440**.

Other Factors Apply to Exemptions. Please note that for all exemptions from wage and hour law, there is both a “**duties test**” and a “**pay rate test**.” In other words, simply paying employees the minimum required pay rate is not sufficient on its own; employers must also ensure that their exempt employees are performing the duties required of exempt employees under California law. Misclassification of employees is a fertile ground for litigation, and can subject employers to

substantial liability, including exposure to retroactive overtime pay, missed meal and rest break pay, waiting time penalties, and attorneys' fees. If you are unclear on whether your employees satisfy the tests for exemption, **Hoge Fenton's Employment Lawyers** are available to assist you.

Please also stay tuned for further information on Hoge Fenton's **annual employment law update seminars in January 2014**, where we will further discuss the minimum wage increase as well as other legislative and case law developments for the new year.

For questions about this and other employment issues, please contact **Sarju A. Naran**.

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