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THE MINIMUM SALARY REQUIREMENT FOR EXEMPT EMPLOYEES IN CALIFORNIA

In California, most employees are exempt only if they earn a salary of at least twice the state minimum wage for full-time work.

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Kyle D. Smith is a California employment lawyer and the author of the articles on WorkLawyers.com. He represents employees in disputes with their employers, from unpaid wages and misclassification to wrongful termination.

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In 2026, most California employees must be paid a salary of at least **$70,304.00 per year** to qualify as exempt from overtime and related protections, an amount equal to twice the state minimum wage for full-time work.[1] The salary test is only one of the exemption's requirements, but it is often the one that decides whether a worker has been classified correctly.

California's employment laws divide employees into two main categories: exempt employees and nonexempt employees. The distinction can be important because nonexempt employees have more rights in the workplace than exempt employees.

Usually, employers prefer to classify employees as exempt. To do so, however, several requirements must first be met, the most important of which (for this article) is the salary requirement described above. To make things a bit easier, we've built the calculator below for employees to check the minimum salary an employee in their situation is normally entitled to receive under California law.

Of course, this calculator presents a simplified version of California law and it should not be relied on as legal advice. There are many exceptions and caveats to the minimum salary requirement. The rules that apply to California's minimum salary are explained in more detail below.

CH. 01

The Definition of "Exempt Employee" in California

Most California employees are entitled to certain important rights. Those include:

- The right to be paid at least the minimum wage;[2]
- The right to overtime wages when they work more than eight hours in a workday, more than 40 hours in a workweek, or seven consecutive days;[3] and
- The right to meal and rest breaks when their shifts exceed a certain duration.[4]

Some employees, however, are *exempt* from some or all of these legal protections, as well as related laws.[5] In most cases, there are three simple requirements to determine whether a worker is an exempt employee under state law:

- **Minimum Salary.** The employee must be paid a salary that is at least twice California's minimum wage for full-time employment.[6]
- **White-Collar Duties.** The employee's primary duties must consist of administrative, executive, or professional tasks.[7]

- **Independent Judgment.** The employee's job duties must involve the use of discretion and independent judgment.[8]

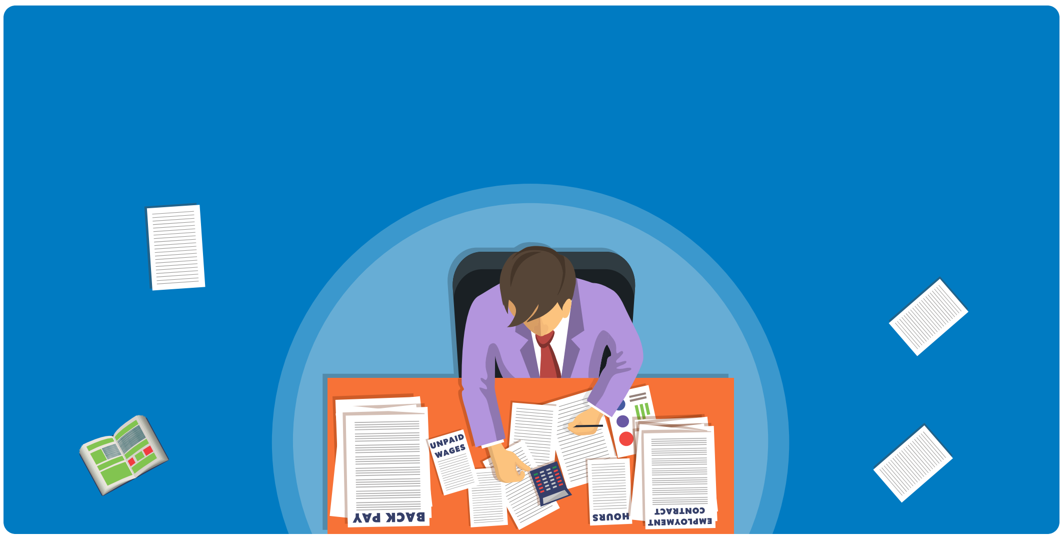
If all three requirements are met, the employee will usually be classified as "exempt" from overtime, minimum wage, and rest break requirements (but not meal break requirements).

Meeting the salary requirement is necessary, but it is not enough on its own. An employee is exempt only if all three requirements are satisfied, so paying a salary above the threshold does not make an employee exempt when their actual duties do not qualify, and a job title does not decide the question.[9] An employee who has been misclassified as exempt is still entitled to overtime pay and the other protections that nonexempt employees receive.

California also does not recognize the federal "highly compensated employee" exemption, which lets employers apply a relaxed duties test to employees who earn above a high annual amount. In California, even a highly paid employee must satisfy the full duties test to be treated as exempt.[10]

CH. 02

The Requirement of a Salary Generally



In most cases, employees must be paid a salary to qualify as an *exempt* employee. Employees who are paid an hourly wage are usually considered nonexempt.[11] (There are, however, a number of job-specific exemptions that apply to certain types of hourly employees, like commissioned employees, outside salespersons, and computer professionals.)

A *salary*, for these purposes, is a fixed minimum payment of wages that is paid regardless of hours worked or the amount or quality of work performed.[12] Employees who are paid an hourly wage cannot be classified as exempt employees, even if their work consists primarily of job duties that would otherwise be considered exempt.

A salary that is tied to the number of hours worked, with no minimum guarantee, is treated as the payment of hourly wages and will not satisfy the exemption's salary requirement.[13]

Because California requires this salary to be a guaranteed, fixed amount, an employer cannot use bonuses, commissions, or other variable pay to reach the minimum salary. This differs from federal law, which allows up to 10 percent of the salary level to be met with nondiscretionary bonuses and incentive pay. In California, only a guaranteed base salary counts toward the threshold.[14]

CH. 03

The Minimum Required Salary Amount

To meet the salary test, an employee must be paid a monthly salary that is at least *twice the state minimum wage* for full-time employment.[15]

"Full-time employment," for these purposes, is defined as 40 hours per week.[16] And the phrase "monthly salary" refers to the amount of wages paid in a month, not to the frequency of payment. Most employees are entitled to be paid twice a month.[17]

In 2026, employees are entitled to be paid a minimum wage of at least $16.90 per hour.[18] This means that the minimum salary for exempt employees in 2026 is **$5,858.67 per month** (or $70,304.00 annually).

These numbers are calculated by doubling the applicable minimum wage, multiplying that amount by 40 hours per week, the result of which is then multiplied by 52 weeks and divided by 12 months. This calculation gives us a monthly salary that is equal to twice the state minimum wage for full-time employment.[19]

Two qualifications about this threshold are easy to miss. First, it is tied to the *state* minimum wage. Many California cities and counties set higher local minimum wages, but a local rate does not raise the salary an employee must earn to qualify as exempt;

the statewide figure controls.[20] Second, the threshold assumes full-time work and may not be reduced for part-time employees. A part-time exempt employee must generally be paid the full minimum annual salary; the amount is not reduced simply because the employee works fewer hours.[21]

Importantly, California's minimum wage is set to increase most years on January 1st. This means that the minimum salary for exempt employees in California will usually increase from one year to the next as well.

Some covered employees must meet a higher salary threshold. A fast-food restaurant employee who is exempt must be paid at least twice the fast-food sector minimum wage for full-time work.[22] And certain exempt health care employees must earn the greater of 150% of their facility's health care minimum wage or twice the state minimum wage.[23]

Minimum annual salary for exempt employees

Applicable Year	Minimum Annual Salary
2023	$64,480
2024	$66,560
2025	$68,640
2026	$70,304.00

Before 2023, the required minimum salary depended on the employer's size. For the underlying wage figures in earlier years, see the Department of Industrial Relations history of California's minimum wage.

For more information about California's minimum wage, please read our article: Guide to California's Minimum Wage Laws in 2026 and Beyond.

3.1 Disciplinary Salary Deductions

Under federal law, docking an employee's salary as a disciplinary action may nullify an employer's classification of the employee as exempt.[24]

In California, however, "docking" a salary as a disciplinary action should never happen. "Docking" wages for disciplinary reasons is contrary to California's policy that an employer must pay, without deduction except for those authorized by law, the full wages an employee has earned.[25]

On the other hand, docking a salary for missing full days of work due to a disciplinary suspension will not cause a loss of exempt status unless the remaining salary earned during the month in which the deduction was made causes the monthly salary to fall below the threshold required for exempt employee status.[26]

3.2 Salary Deductions for Absences

In calculating an employee's salary for the purposes of the salary test for exempt employees, employers are permitted to deduct any unpaid vacation days or personal days that are taken by the employee.[27] Importantly, however, the deductions must reflect a full day of pay due to absence from work.

When deductions are made from a salary for missing *less than* a full day of work, the employee cannot be classified as exempt. Docking an employee's pay for missing less than a full day of work amounts to treating the employee as an hourly employee, rather than a salaried employee.[28]

Requiring exempt employees to use annual vacation or leave time when they miss work, even if they are absent for only part of a day, will not usually affect an employee's exempt status.[29] When leave or vacation time has been exhausted, however, deducting pay for missing a partial day of work would require the employer to treat the employee as nonexempt.

CH. 04

Job-Specific Exemptions

The discussion above has focused on the three most commonly-exempt employees (professionals, executives, and administrators). There are, however, a handful of other occupations that are exempt from some or all of California's labor laws. The minimum salary, among other requirements, may differ from the general exemption test above. Several of the more common exemptions are discussed below.

4.1 Commissioned Employees

Employees who are paid on a commission basis are sometimes exempt from California's overtime pay laws. To qualify for this exemption, the following requirements must be met:

- The employee's earnings are more than one-and-a-half times the minimum wage.
- Commission payments constitute more than half of the employee's total compensation.
- They work in either: the retail industry, or a professional, technical, or clerical occupation.[30]

Commissions are wage payments that an employee is entitled to as a result of sales they make. In a commission-based arrangement, the size of the employee's compensation depends on the amount or value of the thing that was sold.[31]

A discretionary payment that an employer can choose to pay or withhold, such as a performance bonus, is *not* a commission even if it is computed as a percentage of sales or profits.[32]

4.2 Physicians and Surgeons

Licensed physicians and surgeons are sometimes exempt for the purposes of *overtime* compensation. To fall under this exemption, the physician or surgeon must:

- Be paid at an hourly rate of at least $107.17.[33]
- Perform, as their primary duties, tasks that require them to be licensed.[34]

The applicability of this exemption is limited. Medical interns and residents do not qualify. Nor do physicians covered by certain types of collective bargaining agreements.[35]

4.3 Computer Professionals

Employees in the computer software field are sometimes exempt for the purposes of *overtime* compensation.[36] To qualify for this exemption, the following requirements must be met:

- The employee must be primarily engaged in work that is intellectual or creative.[37]
- The employee's primary duties must require the exercise of discretion and independent judgment.[38]
- The employee must be highly skilled in a field of computer systems analysis, programming, or software engineering.[39]
- The employee's primary duties must involve designing or developing computer hardware or software.[40]
- If the employee is hourly, they must be paid at least $58.85 per hour.[41]
- If the employee is salaried, they must earn at least $122,573.13 per year.[42]

4.4 Private School Teachers

Many teachers are exempt under the *professional* exemption described above. But some teachers at private schools are exempt even if they don't meet those requirements. Instead, they will be considered exempt if:

- They teach students who are enrolled in kindergarten or any of grades 1 through 12 at a private elementary or secondary academic institution,[43]
- They are primarily engaged in the duty of imparting knowledge to pupils by teaching, instructing, or lecturing,[44]
- They customarily and regularly exercise discretion and independent judgment in performing their duties,[45]
- They earn a salary of at least the greater of (i) 100% of the lowest salary offered by any school district for a position that requires a valid California teaching credential (and is not filled under an emergency permit, intern permit, or waiver), or (ii) 70% of the lowest schedule salary offered by the school district or county office of education where the private school is located,[46] and
- They hold a baccalaureate or higher degree from an accredited institution of higher education, or they currently meet the requirements of the California Commission on Teacher Credentialing (or the equivalent authority in another state) for a preliminary or alternative teaching credential.[47]

4.5 Outside Salespersons

Employees who are considered "outside salespersons" are generally considered exempt employees.[48] An *outside salesperson* is defined as someone:

- Who is at least 18 years old,
- Who spends more than half of their working time away from their employer's place of business, and
- Who sells items, services, contracts, or the use of facilities.[49]

4.6 Truck Drivers

Some truck drivers are exempt from California's overtime laws (but not other employment rights, like meal breaks or the minimum wage).[50] This exemption applies to interstate truck drivers and drivers who transport hazardous materials.[51]

In those situations, the drivers' hours are controlled by either: federal regulations,[52] or California's motor vehicle regulations.[53]

4.7 Union Employees

Union employees are sometimes exempt from California's overtime laws.[54] To qualify as exempt, the employees must be employed under a collective bargaining agreement that expressly provides for the wages, hours of work, and working conditions of the employees.[55]

The collective bargaining agreement must also provide premium wage rates for all overtime hours worked and a regular hourly rate of pay of at least 30 percent more than the state minimum wage.[56]

4.8 Other Job-Specific Exemptions

California law is governed, in part, by a series of regulations called *wage orders*, which have been issued by California's Industrial Welfare Commission.[57] The wage orders have adopted several exceptions to California's overtime laws, in addition to those listed above, that apply to workers in specific industries or jobs. Occupations to which special overtime rules apply include:

- Live-in household employees;[58]
- Personal attendants;[59]
- Camp counselors;[60]
- Managers of homes for the aged;[61]
- Certain providers of 24-hour residential childcare;[62]
- Ambulance drivers and attendants;[63]
- Agricultural occupations;[64] and
- The employer's spouse, children, and parents.[65]

References

1 Labor Code, § 515, subd. (a); Cal. Code of Regs., tit. 8, § 11040.

2 Labor Code, § 1182.12.

3 Labor Code, § 510.

4 Labor Code, § 512, subd. (a); Cal. Code of Regs., tit. 8, §§ 11000–11170 [wage orders of the California Industrial Welfare Commission].

5 See, e.g., Cal. Code of Regs., tit. 8, § 11010, subds. 3 [overtime], 4 [minimum wage], 5 [reporting time pay], & 12 [rest periods]. Subdivision 1(A) of that wage order provides that subdivisions 3 to 12 "shall not apply to persons employed in administrative, executive, or professional capacities." California wage orders for most occupations contain similar exemptions.

6 Labor Code, § 515, subd. (a); Cal. Code of Regs., tit. 8, § 11040.

7 Labor Code, § 515, subd. (a) ["The Industrial Welfare Commission may establish exemptions from the requirement that an overtime rate of compensation be paid pursuant to Sections 510 and 511 for executive, administrative, and professional employees, if the employee is primarily engaged in the duties that meet the test of the exemption, customarily and regularly exercises discretion and independent judgment in performing those duties, and earns a monthly salary equivalent to no less than two times the state minimum wage for full-time employment."].

8 Labor Code, § 515, subd. (a) [requiring employees to "customarily and regularly exercises discretion and independent judgment in performing" the duties of their job].

9 Labor Code, § 515, subd. (a) [the exemption applies only where the employee "is primarily engaged in the duties that meet the test of the exemption"]; Cal. Code of Regs., tit. 8, § 11040, subd. 1(A).

10 There is no California counterpart to the federal highly compensated employee exemption (29 C.F.R. § 541.601); California's exemptions require the full duties test regardless of compensation. (Labor Code, § 515, subd. (a); Cal. Code of Regs., tit. 8, § 11040, subd. 1(A).)

11 29 C.F.R. § 541.600(a) ["To qualify as an exempt executive, administrative or professional employee under section 13(a)(1) of the Act, an employee must be compensated on a salary basis at a rate of not less than $684 per week (or $455 per week if employed in the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, or the U.S. Virgin Islands by employers other than the Federal Government, or $380 per week if employed in American Samoa by employers other than the Federal Government), exclusive of board, lodging or other facilities."]; see also Cal. Code of Regs., tit. 8, § 11040 [providing that, for each exempted category, the employee must earn "a monthly salary equivalent to no less than two (2) times the state minimum wage for full-time employment"].

12 See *Negri v. Koning & Associates* (2013) 216 Cal.App.4th 392, 397 ["A salary is generally understood to be a fixed rate of pay as distinguished from an hourly wage."]; 29 C.F.R. § 541.602(a) ["An employee will be considered to be paid on a 'salary basis' within the meaning of this part if the employee regularly receives each pay period on a weekly, or less frequent basis, a predetermined amount constituting all or part of the employee's compensation, which amount is not subject to reduction because of variations in the quality or quantity of the work performed."].

13 *Negri v. Koning & Associates* (2013) 216 Cal.App.4th 392, 399 [A salary must be "a *predetermined amount* that is *not subject to reduction* based upon the quantity or quality of work."].

14 Labor Code, § 515, subd. (a); *Negri v. Koning & Associates* (2013) 216 Cal.App.4th 392, 399 [a salary must be "a *predetermined amount* that is *not subject to reduction*"]; cf. 29 C.F.R. § 541.602(a)(3) [permitting up to 10 percent of the federal salary level to be satisfied by nondiscretionary bonuses and incentive payments, an allowance California does not follow].

15 Labor Code, § 515, subd. (a).

16 Labor Code, § 515, subd. (c) [“For the purposes of subdivision (a), ‘full-time employment’ means employment in which an employee is employed for 40 hours per week”].

17 Labor Code, § 204, subd. (a) [“All wages, other than those mentioned in Section 201, 201.3, 202, 204.1, or 204.2, earned by any person in any employment are due and payable twice during each calendar month, on days designated in advance by the employer as the regular paydays.”].

18 Labor Code, § 1182.12, subd. (b). The minimum wage applies to “all industries” and to “any occupation” except outside salespersons and individuals participating in certain national service programs. (Labor Code, §§ 1171, 1182.12.)

19 Labor Code, § 515, subd. (a).

20 Labor Code, § 515, subd. (a) [the exempt salary is calculated from “the state minimum wage for full-time employment”]. Local minimum wage ordinances do not raise this threshold.

21 Div. of Labor Standards Enforcement, Enforcement Policies and Interpretations Manual § 51.6.3(d) [the minimum salary may not be prorated for part-time work]. The salary may be reduced during protected reduced-schedule or intermittent leave under state and federal family and medical leave laws. (See 29 C.F.R. § 825.206.)

22 Labor Code, §§ 1474–1476; Dept. of Industrial Relations, Fast Food Minimum Wage FAQ, available here.

23 Labor Code, §§ 1182.14–1182.15; Dept. of Industrial Relations, Health Care Worker Minimum Wage FAQ, available here.

24 *Auer v. Robbins* (1997) 519 U.S. 452, 456 [117 S.Ct. 905, 909] [adopting Labor Secretary’s view that “employees whose pay is adjusted for disciplinary reasons do not deserve exempt status because as a general matter true ‘executive, administrative, or professional’ employees are not ‘disciplined’ by piecemeal deductions from their pay, but are terminated, demoted, or given restricted assignments”].

25 See, e.g., *Prachasaisoradej v. Ralphs Grocery Co., Inc.* (2007) 42 Cal.4th 217, 231 [“the public policy of special protection for wages generally had been expressed in numerous statutes and decisions that required the

prompt and full payment of wages due, as the employee's exclusive property"].

26 See Dept. of Industrial Relations, DLSE Opn. Letter No. 2002.05.06 (May 6, 2002), available here. This interpretation of California law differs from the federal rule, which permits deductions from pay of exempt employees if they are "made for unpaid disciplinary suspensions of one or more full days imposed in good faith for infractions of workplace conduct rules" and are "imposed pursuant to a written policy applicable to all employees." 29 C.F.R. § 541.602(b)(5).

27 *Conley v. Pacific Gas & Elec. Co.* (2005) 131 Cal.App.4th 260, 266–267 [following 29 C.F.R. § 541.602(b)(1), which provides that "[d]eductions from pay may be made when an exempt employee is absent from work for one or more full days for personal reasons, other than sickness or disability"]. Federal law provides that deductions from pay for full days of sickness or disability will not affect the exemption if the employer has a plan in place that compensates the employee "for loss of salary occasioned by such sickness or disability," or if the employee has not yet qualified for the plan or has exhausted its benefits. (29 C.F.R. § 541.602(b)(2).)

28 *Conley v. Pacific Gas & Electric Co.* (2005) 131 Cal.App.4th 260, 267 ["It is undisputed that the combined effect of these provisions of federal law is to preclude employers from docking the pay of an employee for an absence of less than a day (a partial-day absence). If they do, then the involved employees do not meet the salary basis test, and are nonexempt for purposes of overtime pay."].

29 *Rhea v. General Atomics* (2014) 227 Cal.App.4th 1560, 1569.

30 Cal. Code of Regs., tit. 8, §§ 11040, subd. 3(D), 11070, subd. 3(D).

31 Labor Code, § 204.1 defines commissions as "compensation paid to any person for services rendered in the sale of such employer's property or services and based proportionately upon the amount or value thereof." (See also *Areso v. CarMax, Inc.* (2011) 195 Cal.App.4th 996, 1003.)

32 See Labor Code, § 2751, subd. (c) [excluding short-term productivity bonuses, bonus and profit-sharing plans that are not based on a fixed percentage of sales or profits, and "[t]emporary, variable incentive

payments that increase, but do not decrease, payment under the written contract" from the statutory definition of a commission].

33 *Overtime Exemption for Licensed Physicians and Surgeons* (Oct. 2025), available here.

34 Labor Code, § 515.6, subd. (a) ["Section 510 shall not apply to any employee who is a licensed physician or surgeon, who is primarily engaged in duties that require licensure pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code, and whose hourly rate of pay is equal to or greater than fifty-five dollars ($55.00). The department shall adjust this threshold rate of pay each October 1, to be effective the following January 1, by an amount equal to the percentage increase in the California Consumer Price Index for Urban Wage Earners and Clerical Workers."].

35 Labor Code, § 515.6, subd. (b).

36 Labor Code, § 515.5.

37 Labor Code, § 515.5, subd. (a)(1).

38 Labor Code, § 515.5, subd. (a)(1).

39 Labor Code, § 515.5, subd. (a)(3).

40 Labor Code, § 515.5, subds. (a)(2)(A)–(C).

41 Labor Code, § 515.5, subd. (a)(4); *Overtime Exemption for Computer Software Employees* (Oct. 2025), available here.

42 Labor Code, § 515.5, subd. (a)(4); *Overtime Exemption for Computer Software Employees* (Oct. 2025), available here.

43 Labor Code, § 515.8, subd. (a).

44 Labor Code, § 515.8, subd. (b)(1).

45 Labor Code, § 515.8, subd. (b)(2).

46 Labor Code, § 515.8, subd. (b)(3).

47 Labor Code, § 515.8, subd. (b)(4).

48 Cal. Code of Regs., tit. 8, §§ 11000–11170, subd. 1(C).

49 Cal. Code of Regs., tit. 8, §§ 11000–11170, subd. 2(M).

50 See, e.g., Cal. Code of Regs., tit. 8, § 11090, subd. 3(L).

51 Cal. Code of Regs., tit. 8, § 11090, subd. 3(L); 49 C.F.R. §§ 395.1–395.13; Cal. Code of Regs., tit. 13, § 1200, et seq.

52 See 49 C.F.R. §§ 395.1–395.13.

53 See Cal. Code of Regs., tit. 13, § 1200, et seq.; see also *Collins v. Overnite Transp. Co.* (2003) 105 Cal.App.4th 171, 175.

54 Labor Code, § 514.

55 Labor Code, § 514.

56 Labor Code, § 514.

57 Labor Code, § 1173.

58 Cal. Code of Regs., tit. 8, § 11150, subd. 3.

59 Cal. Code of Regs., tit. 8, § 11050, subd. 3.

60 Cal. Code of Regs., tit. 8, § 11050, subd. 3.

61 Cal. Code of Regs., tit. 8, § 11050, subd. 3.

62 Cal. Code of Regs., tit. 8, § 11050, subd. 3.

63 Cal. Code of Regs., tit. 8, § 11050, subd. 3.

64 Cal. Code of Regs., tit. 8, § 11140, subd. 3.

65 See, e.g., Cal. Code of Regs., tit. 8, § 11040, subd. 1(D).