

## Notice to All New York and California Employers: Minimum Wage and Minimum Salary Threshold Increases for 2025

As we wind down 2024 and approach all of the various changes in store for employers in the new year, those who employ workforce members in New York and California should be mindful of important increases in minimum wage rates as well as in minimum salary thresholds for classification of employees as overtime exempt. The following details important changes for New York and California employers effective as of January 1, 2025.

### New York

#### Minimum Wage Increases

New York employees who are nonexempt from overtime pay requirements and are thus paid on an hourly basis (and entitled to overtime compensation if they work in excess of 40 hours in a given workweek) will see minimum wage rates increase on January 1, 2025. The minimum wage will increase from \$16.00 per hour to \$16.50 per hour in New York City and the counties of Nassau, Suffolk and Westchester, while the minimum wage for employees working outside of those eight counties (i.e., the remainder of New York state) will increase from \$15.00 per hour to \$15.50 per hour. For planning and budgeting purposes, minimum wage rates for nonexempt employees will increase by an additional \$0.50 effective January 1, 2026.

Location	Minimum Wage as of January 1, 2025	Minimum Wage as of January 1, 2026
New York City and the counties of Nassau, Suffolk and Westchester	\$16.50 per hour	\$17.00 per hour
Remainder of New York State	\$15.50 per hour	\$16.00 per hour

New York employers should ensure that they display the appropriate New York State minimum wage poster in their workplace to reflect the new wage rates before the effective date and provide copies of those posters to any employees working remotely.

#### Increases to Minimum Salary Thresholds for Executive and Administrative Exemptions

In addition to minimum salary thresholds which exist to establish overtime exemptions under federal law<sup>1</sup>, the New York Labor Law ("NYLL") exempts certain "white collar" employees—generally those working in *bona fide* executive,

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<sup>1</sup> As described in our prior [Client Alert](#), a court invalidated the United States Department of Labor's recent increases to salary thresholds for overtime exemption under the Fair Labor Standards Act; it remains to be seen whether or not the agency under the new administration will appeal that decision or let it stand.

administrative and professional capacities—from overtime pay requirements. In order to be classified as exempt from overtime pay requirements under New York’s executive and administrative exemptions, employees must (1) regularly perform the types of job duties that meet the criteria for the applicable exemption, and (2) be paid on a salary basis at or above the established applicable minimum salary thresholds which vary across New York State.

Effective January 1, 2025, the minimum salary thresholds for New York’s executive and administrative overtime exemptions will increase from \$1,200 per week (or \$62,400 annualized) to \$1,237.50 per week (or \$64,350 annualized) in New York City and the counties of Nassau, Suffolk and Westchester. Elsewhere in the state, minimum salary thresholds will increase from \$1,124.20 per week (or \$58,458.40 annualized) to \$1,161.65 per week (or \$60,405.80 annualized). The minimum salary thresholds to maintain exemption from overtime compensation will increase again in 2026.

For clarity, New York does not impose a minimum salary threshold for employees employed in a *bona fide* professional capacity. Employers should note, however, that such employees remain subject to the lower federal minimum salary threshold for overtime exemption eligibility under the Fair Labor Standards Act (“FLSA”)—hardly a high bar given current compensation levels.

## California

### Minimum Wage Increases

Minimum wage rates in California will also increase for most nonexempt employees, from \$16.00 per hour to \$16.50 per hour on January 1, 2025. California employers should ensure that the appropriate minimum wage poster is posted, and keep in mind that the applicable minimum wage in California may vary by local jurisdiction and industry.

### Increases to Minimum Salary Thresholds for Overtime Exemptions

California law also provides exemptions for overtime pay eligibility for those working in *bona fide* executive, administrative and professional capacities. Effective January 1, 2025, the minimum salary thresholds for California’s executive, administrative and professional exemptions from overtime liability will increase from \$1,280 per week (or \$66,560 annualized) to \$1,320 per week (or \$68,640 annualized).

An overtime pay exemption also exists in California for computer software employees, the compensation thresholds for which will increase on January 1, 2025. Computer software employees may be paid on either an hourly or a salary basis to satisfy compensation requirements for exemption. Beginning January 1, 2025, the minimum salary threshold for California’s computer software employee exemption will increase from \$55.58 to \$56.97 per hour, \$9,646.96 to \$9,888.13 per month, or \$115,763.35 to \$118,657.43 annualized. Clearly it is the California legislature’s intent to continue to provide such an exemption but set applicable thresholds much higher for computer software employees than for other workers. This exemption is thus limited to employees who primarily perform highly skilled, intellectual, and creative work related to computer programming, systems analysis, or software design, requiring independent judgment and discretion.

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## Key Contacts

Our Labor & Employment Law team is available to help employers navigate wage and hour compliance issues under both New York and California’s wage and hour laws and related federal, state and local regulations and guidance, as well as under other jurisdictions in the U.S., and to provide counseling and assistance in addressing potential classification or reclassification issues as may be necessary or appropriate.



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