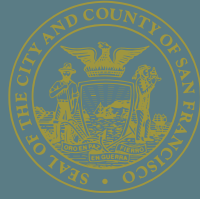


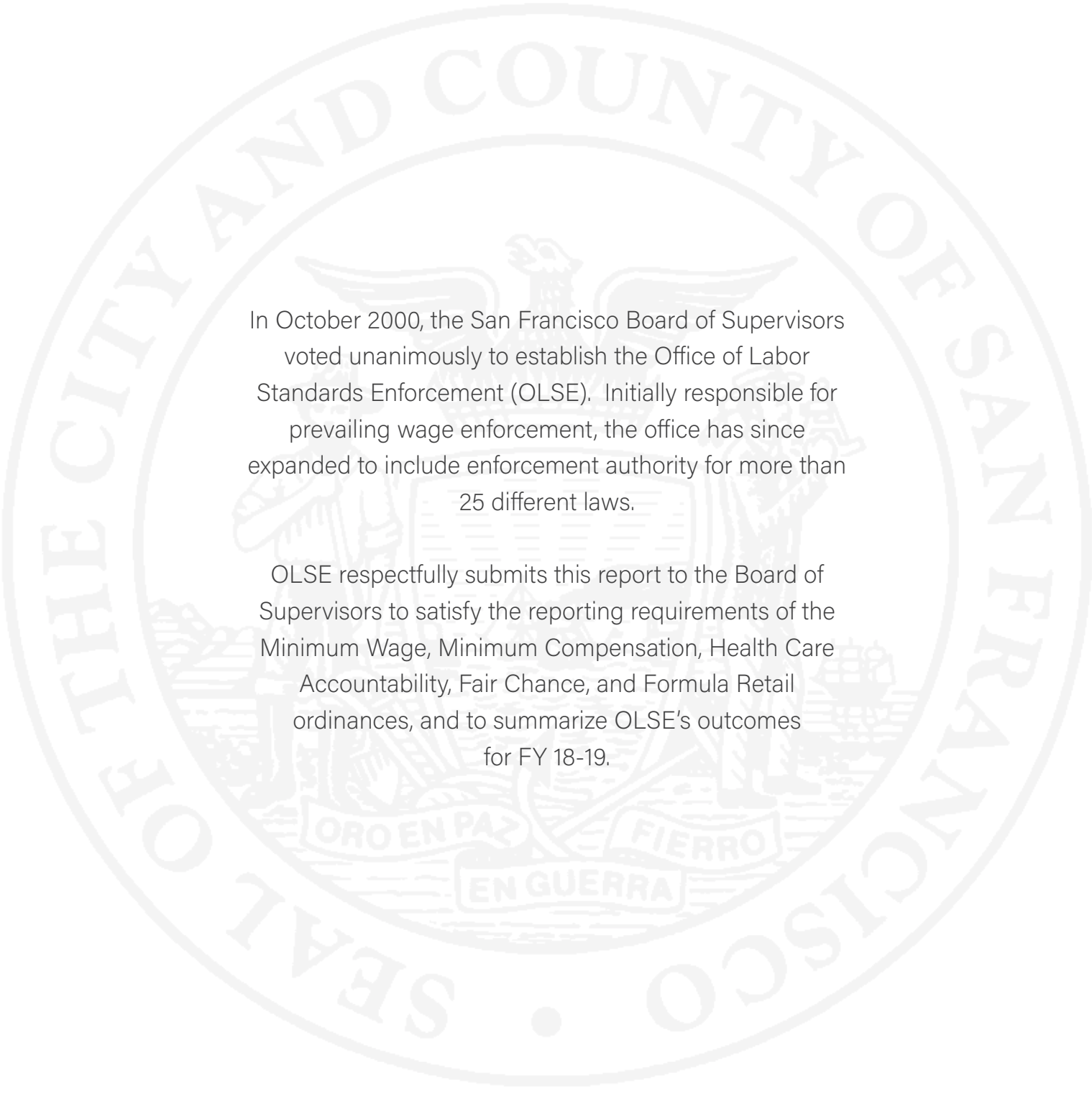
CITY AND COUNTY OF SAN FRANCISCO



OFFICE OF LABOR STANDARDS ENFORCEMENT

FY 2018-2019 OUTCOMES REPORT



The seal of the City and County of San Francisco is a large, faint, circular watermark in the background. It features an eagle with spread wings perched on a shield. The shield contains a ship and the words "EUREKA", "1776", and "1846". Below the shield is a banner with the words "EUREKA", "1776", and "1846". The outer ring of the seal contains the text "THE CITY AND COUNTY OF SAN FRANCISCO" and "SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO".

In October 2000, the San Francisco Board of Supervisors voted unanimously to establish the Office of Labor Standards Enforcement (OLSE). Initially responsible for prevailing wage enforcement, the office has since expanded to include enforcement authority for more than 25 different laws.

OLSE respectfully submits this report to the Board of Supervisors to satisfy the reporting requirements of the Minimum Wage, Minimum Compensation, Health Care Accountability, Fair Chance, and Formula Retail ordinances, and to summarize OLSE's outcomes for FY 18-19.

Report Highlights

Unprecedented Collections for Workers and the City

OLSE collected a total of \$17.3 million in FY 18-19, nearly double its collections from any prior fiscal year:

- ◆ \$13.4 million in restitution to workers – an increase of 92% from FY 17-18 (\$7.0 million)
- ◆ \$3.9 million in penalties and fees to the City – an increase of 290% from FY 17-18 (\$1.0 million)

More Investigations, More Completed Cases

- ◆ OLSE initiated 280 new investigations – an increase of 47% from FY 17-18 (191 investigations)
- ◆ OLSE completed 278 cases – an increase of 28% from FY 17-18 (218 cases)

Robust Public Engagement

In FY 18-19, OLSE strengthened its vigorous program of outreach, education, and technical assistance to inform employers and employees about local labor laws, achieving over 55,000 points of contact:

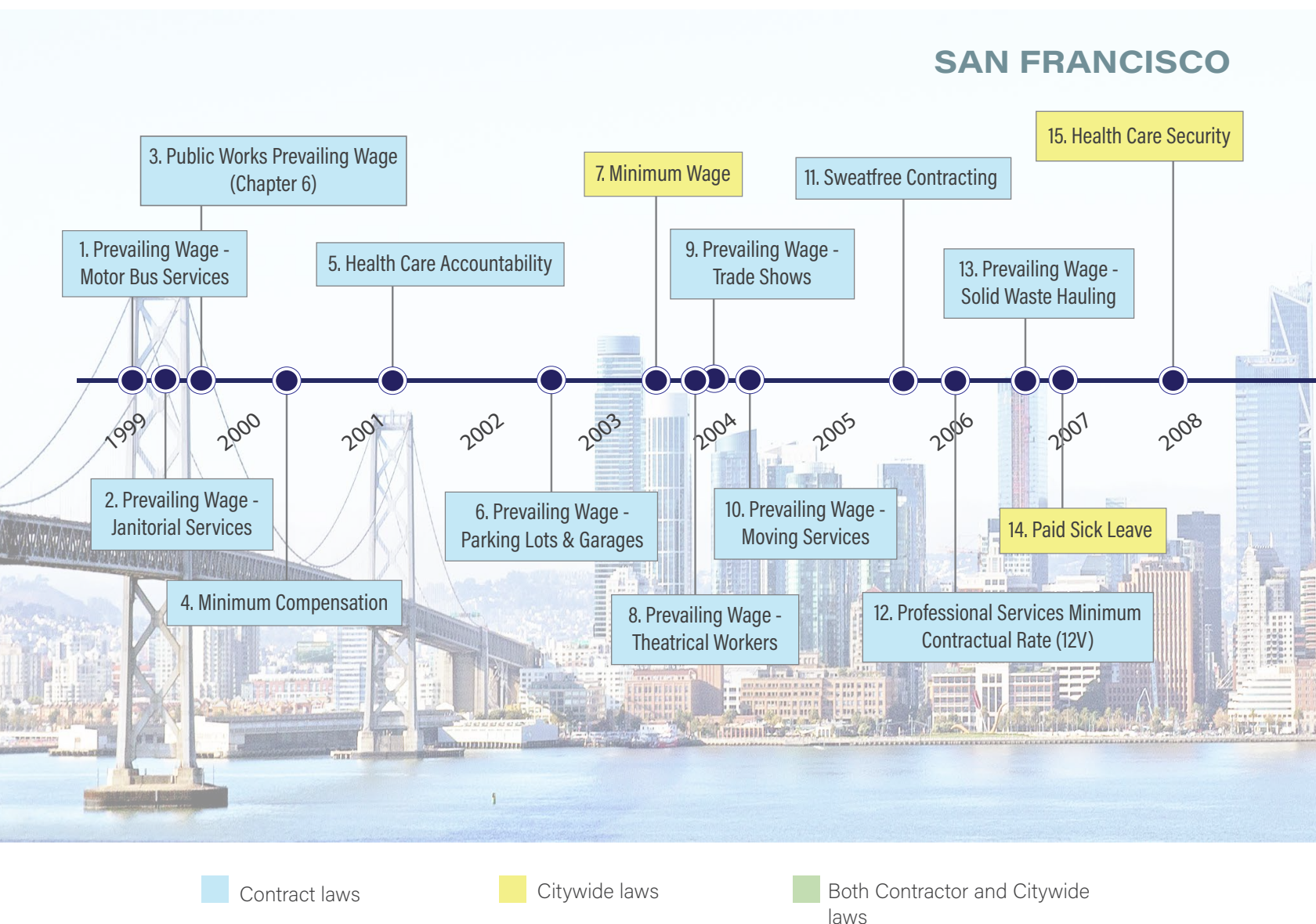
- ◆ Presented to 5,941 employers and community groups facilitated through City contractor meetings, live and pre-recorded OLSE webinars, and in-person workshops
- ◆ Answered 6,962 telephone calls through OLSE's multilingual labor law hotlines
- ◆ Outreached to 7,732 employees through OLSE's community-based outreach contract
- ◆ San Francisco's labor law postings mailed to 37,861 employers

I. BACKGROUND

Over two decades, San Francisco voters and the Board of Supervisors have adopted an extraordinary array of groundbreaking labor policies – many of them the first of their kind in the nation.

Some of these laws apply only to City contracts, leases, or permits. These include some of San Francisco's first labor laws like prevailing wage, minimum compensation, and health care accountability. Other laws apply to employers citywide, beginning with the San Francisco voters passage of the minimum wage ordinance in 2003.

A timeline of San Francisco's labor laws is provided below. Note that the timeline displays only the initial passage of each law; subsequent amendments are not displayed.

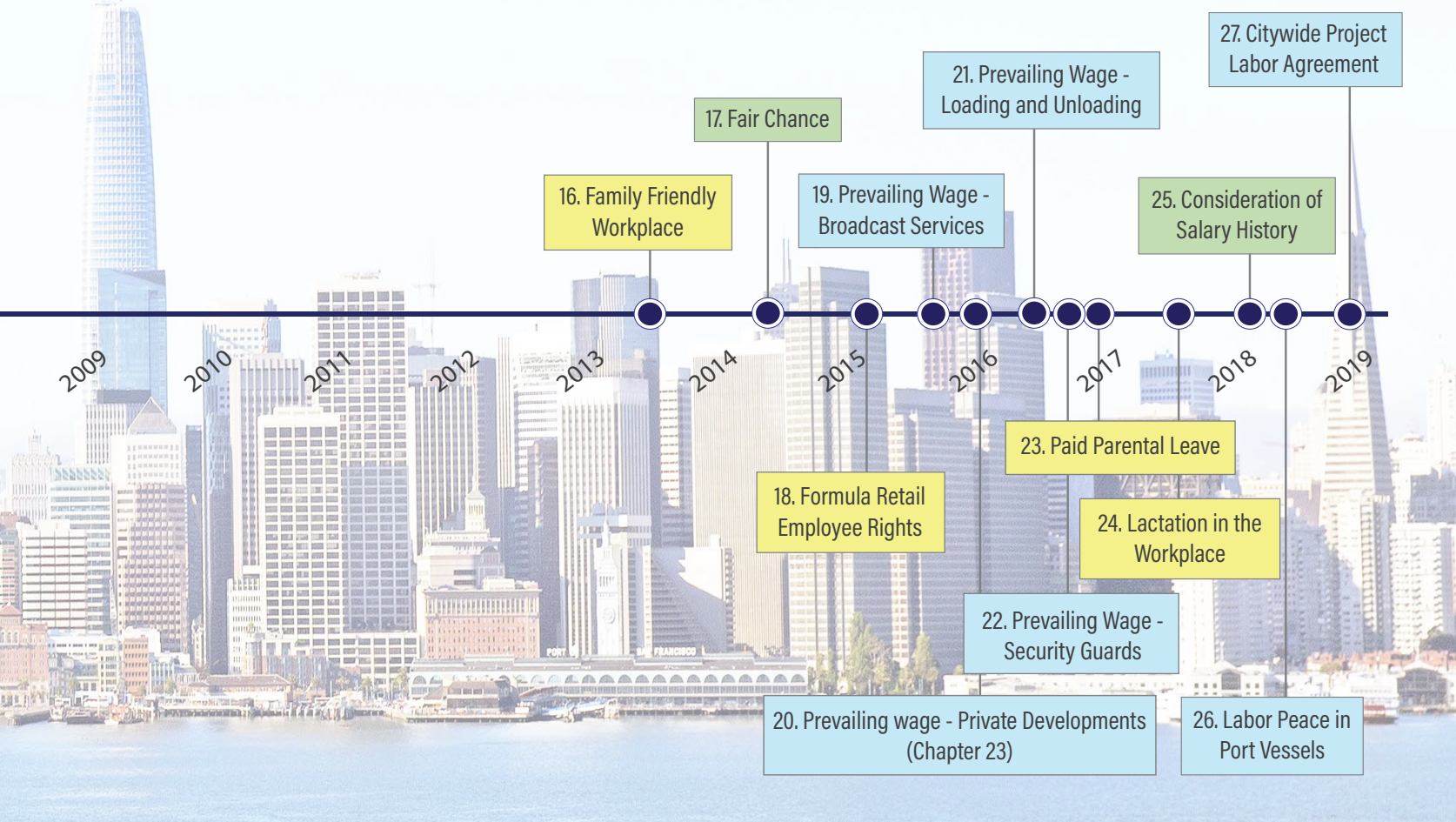


San Francisco was the first in the nation to adopt its own minimum wage, paid sick leave, formula retail, and paid parental leave ordinances.

There are now over 50 U.S. cities and counties with their own minimum wage laws, and over 30 U.S. states, cities, and counties have followed San Francisco's lead to adopt their own paid sick leave laws. Also, a growing number of U.S. cities including New York, Chicago, and Seattle have adopted their own fair workweek laws modeled after San Francisco's formula retail ordinance.

Finally, the State of California adopted statewide paid sick leave and fair chance laws – and expanded its lactation accommodation law – modeled after San Francisco's ordinances.

LABOR LAW TIMELINE

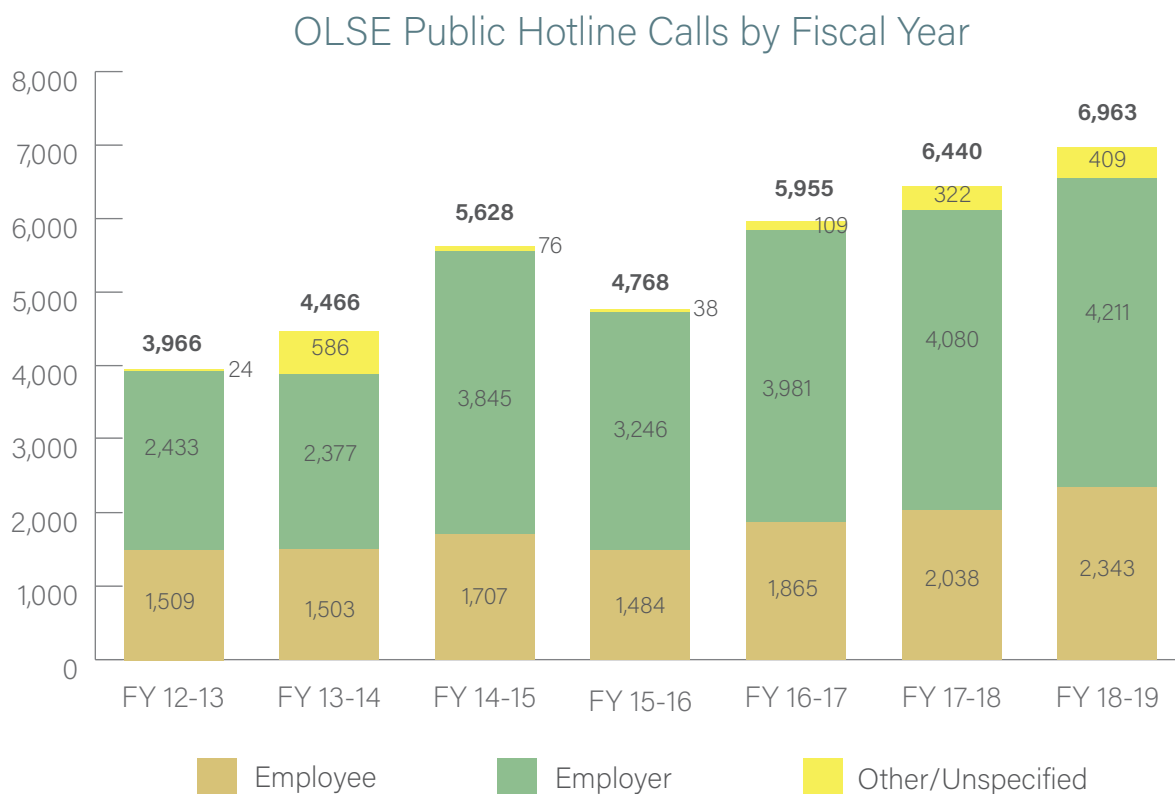


II. ROBUST PUBLIC ENGAGEMENT

OLSE has developed strong outreach, education, and technical assistance programs to increase public awareness of local labor laws. The office provides multilingual telephone hotlines, dedicated email accounts, and comprehensive webinars to ensure that employers and workers can efficiently access timely information about all of San Francisco's labor laws. OLSE also works closely with community partners to support focused outreach to worker populations that may be most vulnerable to labor violations.

Multilingual Telephone Hotlines

OLSE maintains 11 separate multilingual telephone hotlines, each dedicated to a specific ordinance or policy area. Callers may opt to receive assistance in English, Spanish, Cantonese, Mandarin, or Filipino.



Of the 6,963 total calls in FY 18-19, 3,260 (42%) were inquiries about the Health Care Security Ordinance (HCSO). OLSE typically receives a spike in calls about the HCSO each year in March and April, when employers call with questions about the law's annual reporting requirement.

OLSE Public Hotline Calls by Topic and Language, FY 18-19

Ordinance	English	Spanish	Chinese*	Other	Total
Health Care Security Ordinance	3,122	59	77	2	3,260
Paid Parental Leave Ordinance	1,265	56	22	0	1,343
Paid Sick Leave Ordinance	689	29	0	0	718
Minimum Compensation Ordinance	434	2	1	0	437
Prevailing Wage	306	2	1	0	309
Health Care Accountability Ordinance	220	0	33	0	253
Minimum Wage Ordinance	206	20	7	2	234
Other	369	29	10	1	409
TOTAL	6,611	197	151	4	6,963

*includes both Cantonese and Mandarin

Employer Outreach

OLSE is committed to providing proactive informational outreach to employers. In FY 18-19 staff interacted with 55,000 employers and community group representatives including:

- 3,638 vendor representatives at pre-bid meetings, pre-construction conferences and other City contracting meetings.
- 1,443 employer representatives through OLSE's live and pre-recorded webinars.
- 170 public works contractors at annual prevailing wage workshop hosted by OLSE and supported by State and Federal agencies.
- 37,861 employers through OLSE's annual mailing of the required labor law postings and information summarizing San Francisco labor laws.

Community Outreach

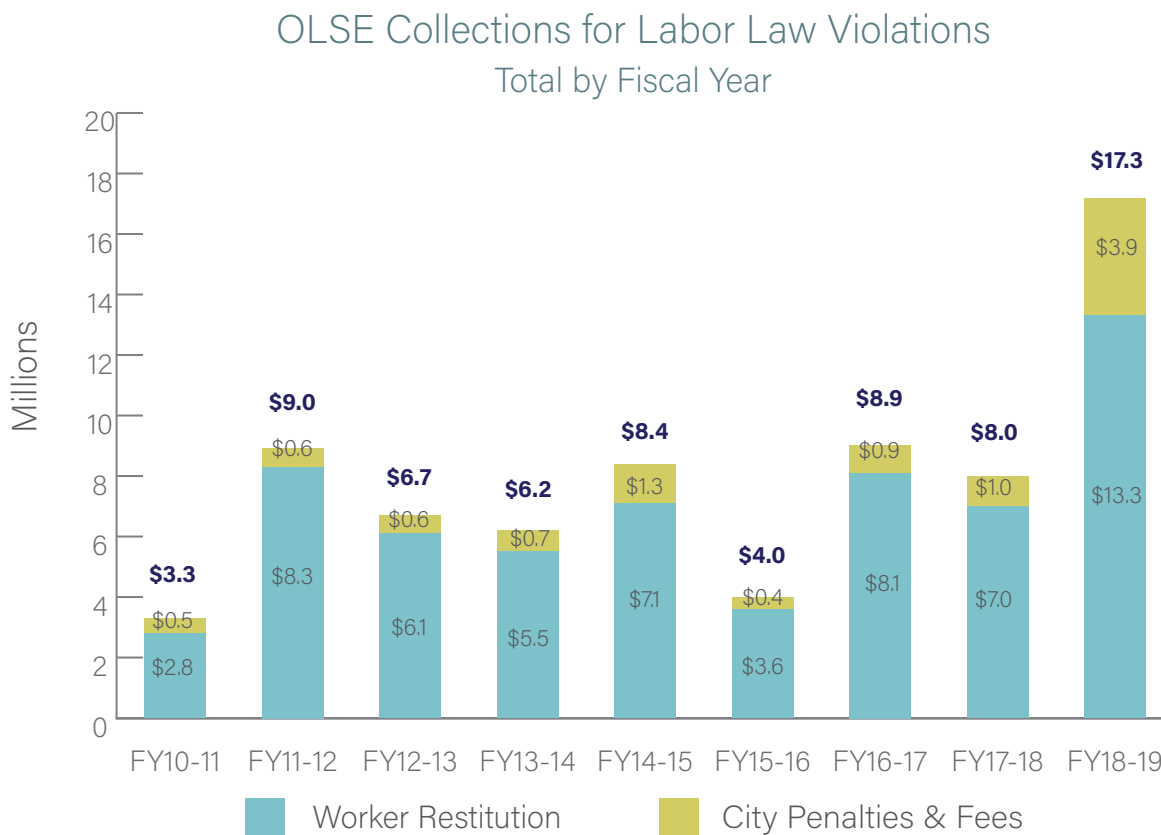
OLSE maintains a community outreach program designed to reach the workers who are most likely to be victims of wage theft and other labor law violations. OLSE contracts with the Chinese Progressive Association and six subcontractors (Asian Law Caucus, Dolores Street Community Services, Filipino Community Center, La Raza Centro Legal, South of Market Community Action Network, and Young Workers United) to reach key target communities.

Through this contract these organizations disseminate information on worker's rights in low-income and immigrant communities, provide individualized worker rights consultations and encourage workers to file complaints regarding violations of the law.

In FY 18-19 OLSE's community contractors reported conducting outreach to 7,732 workers and providing individual consultations on labor rights to 227 workers.

III. UNPRECEDENTED COLLECTIONS FOR WORKERS

In FY 18-19 OLSE collected \$17.3 million in restitution, penalties, and fees - nearly double the amount of any prior year in OLSE's history. This spike in collections was aided in part by the office's growing capacity as well as efficiency in processing and settling large cases with employers.



Restitution for Workers

OLSE collected more than \$13.3 million in restitution for 6,845 workers in FY 18-19. This total, which reflects actual payments made by employers to current and former employees, includes back wages, benefits, and penalties and/or interest paid to workers. This amount is by far the highest in OLSE's history and represents a 92% increase over FY 17-18.



FY 18-19 Restitution for Workers

Ordinance(s)	Amount	Workers Paid
Health Care Security Ordinance	\$7,910,131	4,578
Prevailing Wage	\$2,334,011	451
Minimum Compensation & Health Care Accountability Ordinances	\$1,951,177	1,112
Minimum Wage & Paid Sick Leave Ordinances	\$1,096,263	641
Formula Retail Employee Rights Ordinances	\$56,451	52
Fair Chance Ordinance	\$500	1
Total Restitution for Workers	\$13,348,533	6,845

Not included in this chart is the restoration of paid sick leave balances mandated through enforcement actions. OLSE restored a total of 7,055 paid sick leave hours to San Francisco workers in FY 18-19.

Penalties & Fees Collected for the City

OLSE collected \$3.94 million in penalties and fees in FY 18-19, equivalent to 63% of OLSE's total budget that year.

\$1.75 million in penalties was paid to the City's General Fund, which was more than three times higher than any prior year in OLSE's history. Additionally, OLSE collected \$2.19 million in fees for the Department of Public Health through enforcement actions under the Health Care Accountability Ordinance, an amount that broke all records.

FY 18-19 Performance: Total Collections

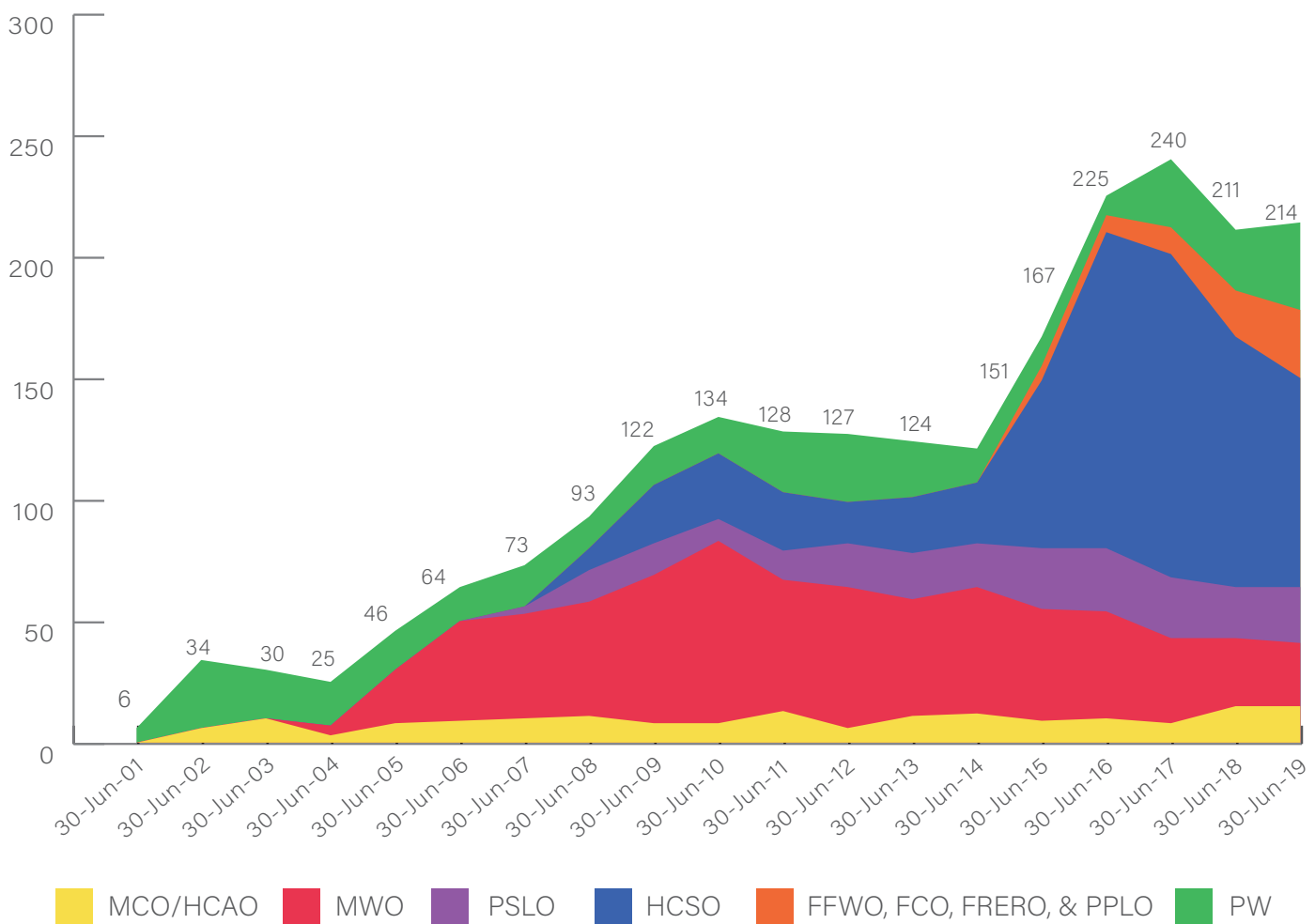
Collection Type	Amount
Restitution for Workers	13,348,533
Penalties to the General Fund	\$1,750,525
Payments to DPH for HCAO Violations	\$2,191,738
Total Collected	\$17,290,796

IV. MORE INVESTIGATIONS, MORE COMPLETED CASES

OLSE is pursuing more investigations and resolving considerably more cases than ever before. The office has eliminated case backlog, which has further improved the ability to respond to new complaints.

Active Cases

The chart below shows a snapshot of the number of active cases at the end of each fiscal year, by law (or group of laws).



The chart displays the rapid increase in active HCSO cases from June 30, 2014 to June 30, 2016 which resulted in a subsequent backlog. Through increased staffing and new case triage procedures, OLSE has eliminated this backlog.

Cases Opened and Resolved

OLSE compliance officers opened and resolved significantly more cases in FY 18-19 than FY 17-18. In FY 18-19, OLSE opened 89 more investigations (280 to 191) and resolved 60 more cases (278 to 218) than the prior year.

OLSE Cases Opened and Resolved

Fiscal Year	Cases Opened	Cases Resolved	Active Cases at Fiscal-Year End
FY 08-09	176	147	122
FY 09-10	198	186	134
FY 10-11	204	210	128
FY 11-12	204	205	127
FY 12-13	233	236	124
FY 13-14	227	230	121
FY 14-15	234	188	167
FY 15-16	198	141	224
FY 16-17	177	162	239
FY 17-18	191	218	212
FY 18-19	280	278	214

In all, OLSE is taking in and resolving more cases than ever before, achieved primarily through increased staffing, improved internal procedures, and the support of the City Attorney’s Office.



V. LOOKING FORWARD

FY 18-19 may have been a watershed year for OLSE, but collectively we are always looking ahead to future challenges. Although our annual rate of collections will fluctuate from year to year, overall an upward trend is expected.

OLSE will continue its robust public outreach program as well as its aggressive enforcement of San Francisco's labor laws. The office will initiate implementation of the new Citywide Project Labor Agreement, developing enforcement procedures and technical assistance for contractors. OLSE will also work with the City Attorney's Office and the California Division of Labor Standards Enforcement to effectively apply AB-5, recently adopted State law that addresses misclassification of workers.

OLSE continues to rise to the challenge of expanding responsibilities and will ensure that the City's groundbreaking array of labor protections are meaningful for every San Francisco worker.



Appendix A: OLSE Laws Overview

San Francisco's Citywide Labor Laws

San Francisco Ordinance	Purpose	Employers Covered
Minimum Wage	Requires employers in San Francisco to pay employees no less than to \$15.59 as of July 1, 2019. Rate will increase based on the Consumer Price Index increase on July 1, 2020.	All employers with employees in San Francisco.
Paid Sick Leave	Requires employers to provide employees paid sick leave for employees' own care and to care for a family member or designated person.	All employers with employees in San Francisco.
Lactation in the Workplace	Requires employers to provide employees with breaks and appropriate space to express breast milk.	All employers with employees in San Francisco.
Health Care Security	Requires employers to spend a minimum hourly amount on health care for each covered employee.	
Paid Parental Leave	Requires employers to provide supplemental compensation to employees receiving California Paid Family Leave benefits to bond with a new child. This benefit expands from 6 weeks to 8 weeks for leave claims filed on or after July 1, 2020.	For-profit employers with 20 or more workers worldwide and non-profits with 50 or more workers worldwide.
Family Friendly Workplace	Requires employers consider requests for flexible or predictable work arrangements from employees with caregiving responsibilities.	Employers with 20 or more employees worldwide.
Formula Retail Employee Rights	Regulates scheduling, part-time work, and hiring at large chain businesses.	Employers with 20 or more employees worldwide.
Contractor Minimum Compensation 12V	Requires contracting entities to pay independent contractors no less than the SF minimum wage.	Formula retail employers with 40 or more locations worldwide and 20 or more employees in San Francisco.

San Francisco Labor Laws that Apply Citywide and to City Contracts

San Francisco Ordinance	Purpose	Employers Covered
Fair Chance	Regulates employers' use of arrest and conviction records in hiring and employment decisions.	All Employers with 5 or more employees worldwide and City Contractors of any size.
Consideration of Salary History	The Consideration of Salary History Ordinance bans employers from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant.	All employers with employees in San Francisco and City contractors.

San Francisco Labor Laws that Apply to Contracts

San Francisco Ordinance	Purpose	Employers Covered
Chapter 6 Prevailing Wage Enforcement Authority	Requires public works contractors to pay prevailing wage & fringe benefit rates set by the California Department of Industrial Relations for more than 60 classifications.	Public Works contractors.
Chapter 23 Prevailing Wage for City Property Sales, Transfers & Leases	Requires an entity that buys, leases or receives a transfer of City property to abide by prevailing wage requirements for construction & maintenance of that property.	Entities that buy, lease or receive a transfer of City property.
21C.1 Motor Bus Services Prevailing Wage	Requires motor bus service contractors to pay prevailing wage rates set by the Board of Supervisors.	Motor bus services contractors.
21C.2 Prevailing Wage for Janitorial Service	Requires janitorial service contractors to pay prevailing wage rates set by the Board of Supervisors.	Janitorial services contractors.
21C.3 Prevailing Wage for Workers in Public Lots	Requires contractors with employees performing work in public off-street parking lots, garages or auto storage facilities to pay prevailing wage rates set by the Board of Supervisors.	Contractors with employees performing work in public off-street parking lots, garages or auto storage facilities.
21C.4 Prevailing Wage for Theatrical Workers	Requires covered employers to pay prevailing wage rates set by the Board of Supervisors to individuals engaged in theatrical or technical services related to the presentation of a show.	Contractors, leaseholders, and permit holders with theatrical workers.
21C.5 Prevailing Wage for Workers Engaged in Solid Waste Hauling	Requires City contractors pay prevailing wage rates set by the Board of Supervisors to workers engaged in hauling of solid waste.	Contractors with workers engaged in hauling of solid waste.
21C.6 Prevailing Wage for Moving Services	Requires moving services contractors to pay prevailing wage rates set by the Board of Supervisors.	Moving services contractors.
21C.8 Prevailing Wage for Trade Show & Special Event Work	Requires covered employers to pay prevailing wage rates set by the Board of Supervisors to individuals engaged in exhibit, display, or trade show work at a special event.	Contractors, leaseholders, permit holders with workers engaged in exhibit, display, or trade show work at a special event.
21C.9 Prevailing Wage for Broadcast Services on City Property	Requires covered employers to pay prevailing wage rates set by the Board of Supervisors to individuals engaged in broadcast services on City property.	Contractors, leaseholders, permit holders with workers engaged in broadcast services on City property.

21C.10 Prevailing Wage for Loading & Unloading	Requires covered employers to pay prevailing wage rates set by the Board of Supervisors to individuals engaged in specified loading or unloading work.	Contractors, leaseholders, permit holders with workers engaged in loading or unloading on City property into or from a commercial vehicle related to a show or special event.
21C.11 Prevailing Wage for Security Guard Services	Requires covered employers to pay prevailing wage rates set by the Board of Supervisors to individuals providing security guard services.	Security guard service providers in City contracts or for events on City property.
Minimum Compensation Ordinance (MCO)	Requires contractors to pay a minimum compensation rate and to provide paid and unpaid time off.	City service contractors with 5 or more employees.
Health Care Accountability Ordinance (HCAO)	Requires contractors to provide health benefits that meet the minimum standards set by the City.	City service contractors with 20 or more employees (and nonprofits with 50 or more).
Sweatfree Contracting Ordinance	Prohibits contractors that supply textiles & apparel from manufacturing those goods in sweatshop conditions.	City contractors that supply textiles & apparel.
Labor Peace Agreement for Port Vessel Operations	Requires Labor Peace Agreements between employers operating excursion vessels under a Port lease and labor organizations.	Employers operating excursion vessels.

Appendix B: MCO & HCAO Waivers

OLSE has authority to waive the requirements of the Minimum Compensation Ordinance and the Health Care Accountability Ordinance under the narrow circumstances specified in Administrative Code Chapters 12P and 12Q. Administrative Code Sections 12P.6(a) and 12Q.5(d) require OLSE to report on the number of MCO and HCAO waivers granted each year. Waivers granted in the last 11 fiscal years are as follows:

Fiscal Year	MCO Waivers Granted	HCAO Waivers Granted
FY 08-09	3	3
FY 09-10	2	2
FY 10-11	0	0
FY 11-12	3	3
FY 12-13	2	3
FY 13-14	6	8
FY 14-15	5	3
FY 15-16	2	3
FY 16-17	3	4
FY 17-18	3	4
FY 18-19	3	3
TOTAL	32	36



Office of Labor Standards Enforcement

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