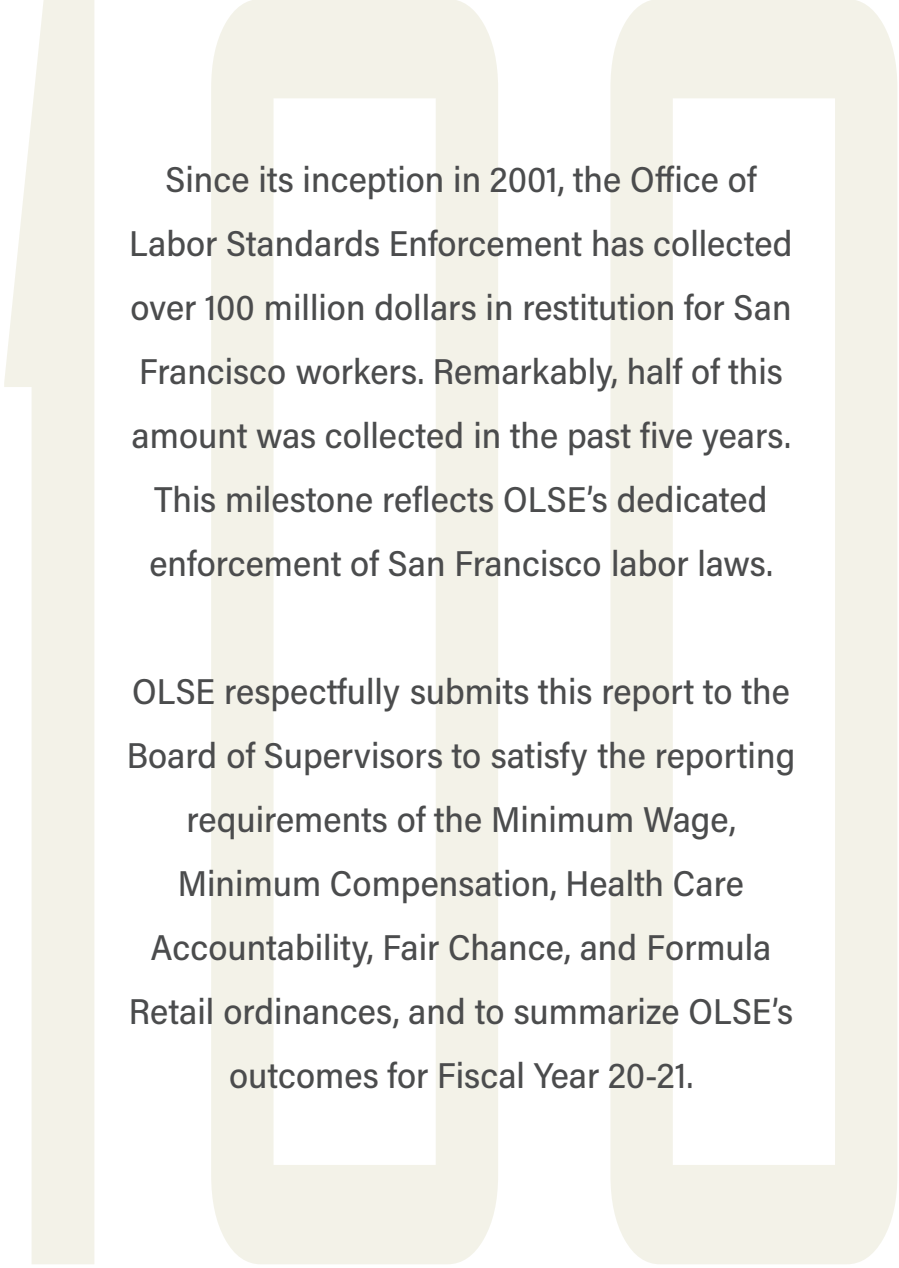




CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF LABOR
STANDARDS ENFORCEMENT

ANNUAL REPORT FY 20-21



Since its inception in 2001, the Office of Labor Standards Enforcement has collected over 100 million dollars in restitution for San Francisco workers. Remarkably, half of this amount was collected in the past five years.

This milestone reflects OLSE's dedicated enforcement of San Francisco labor 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 Fiscal Year 20-21.

REPORT HIGHLIGHT

Fiscal Year 20-21



Record Number of Cases Resolved

- OLSE resolved 320 cases, more than in any prior year
- OLSE opened 276 cases, tracking with prior record-breaking years



Record Penalty Collection

- OLSE collected \$1,812,834 in penalties to the City's General Fund, a new milestone for the office



Record Public Engagement

- OLSE expanded its outreach, achieving over 90,000 points of contact:
 - Presented to 9,023 employers and community groups via live and on-demand forums
 - Answered 4,917 calls through OLSE's multilingual hotlines
 - Engaged 12,788 employees via OLSE's community outreach contract
 - Distributed San Francisco's labor law posters to 33,398 employers
 - Sent 30,442 email updates to employers



Enforcing New Laws

- OLSE implemented new laws passed by the Board of Supervisors:
 - COVID-Related Employment Protections Ordinance, effective March 7, 2021
 - Healthy Airport Ordinance, effective March 21, 2021
 - COVID-Related Hazard Pay Ordinance, effective March 22, 2022

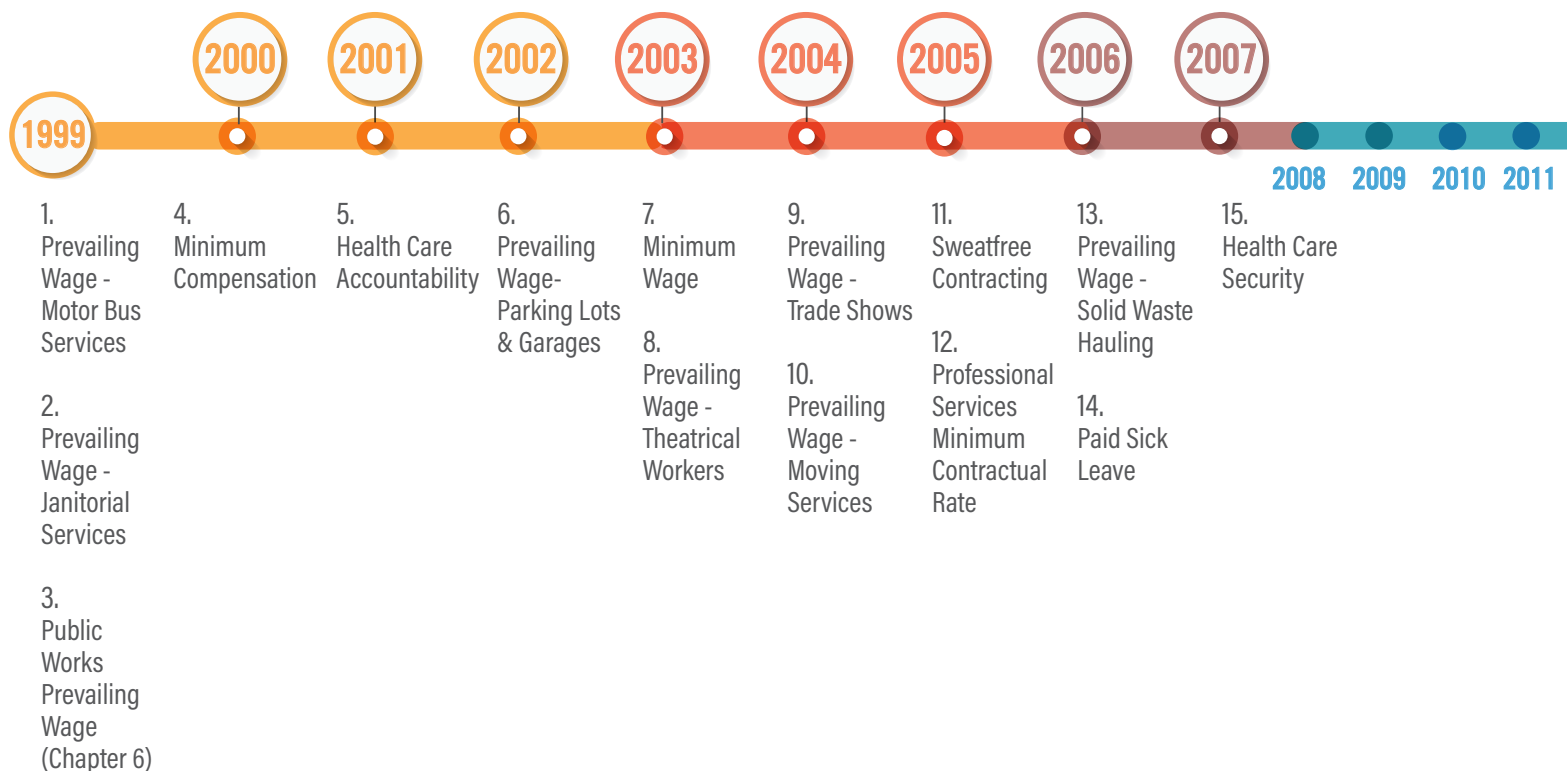
I. BACKGROUND

Over the past 20 years, the City has adopted a vast array of groundbreaking labor protections. San Francisco was the first city to implement its own minimum wage, paid sick leave, formula retail, and paid parental leave ordinances. Additionally, the Health Care Security Ordinance (HCSO), is a protection unique to San Francisco, requiring health care expenditures for covered employees.

Following San Francisco's example, over 50 U.S. cities and counties enacted their own minimum wage laws, and over 30 U.S. states,

municipalities, and counties adopted their own paid sick leave laws. Several U.S. cities, including New York, Chicago, and Seattle, have implemented their own fair workweek laws modeled after San Francisco's formula retail ordinance.

When called upon to meet the needs of the quickly evolving COVID-19 public health crisis, OLSE implemented a series of temporary emergency measures that expanded benefits to help workers meet the pandemic related challenges.



A timeline of San Francisco's labor laws is provided below. Some of these laws apply only to City contracts, leases, or permits, while others apply to employers citywide. Appendix A, located at the end of this report, provides a breakdown of the labor laws that OLSE enforces.

Note that the timeline shows the initial passage of each law— subsequent changes are not included. Nearly half of the laws have annually adjusted rates and many have been legislatively amended, sometimes multiple times since their inception.

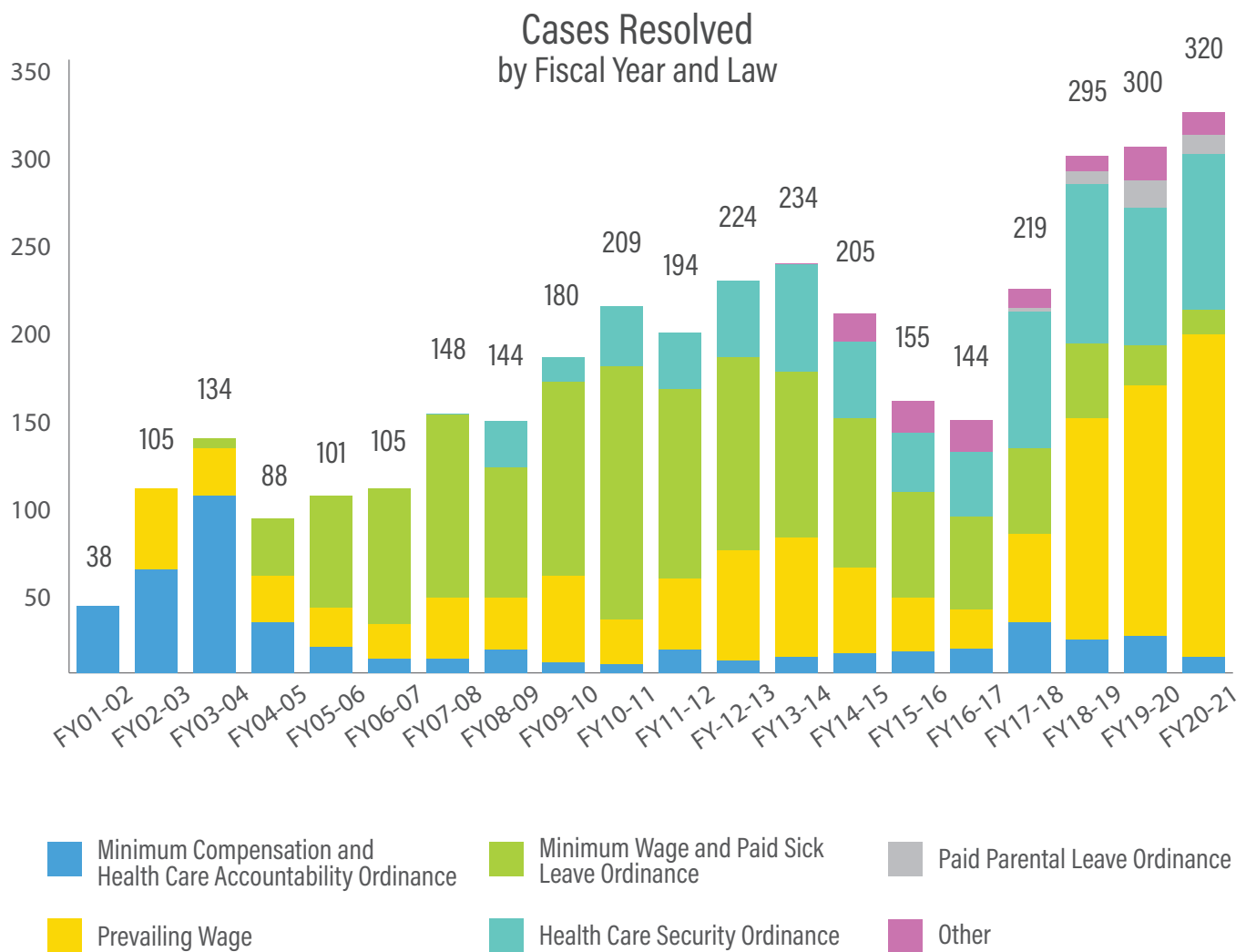
OLSE tracks new state and federal legislation not reflected in the timeline. For example, OLSE continues to follow the appellate process of California's Proposition 22, which will impact whether local labor laws apply to certain workers.

The timeline also does not include pending laws awaiting implementation, legislation before the Board of Supervisors, or calendared as ballot initiatives.



II. RECORD NUMBER OF CASES RESOLVED

OLSE resolved 320 cases in FY 20-21. This milestone was achieved through the dedication of staff, in spite of the challenges created by the pandemic. OLSE's success is also a result of redoubling efforts to interact with workers, engagement with employers, and the support of the City Attorney's Office in some complicated cases.

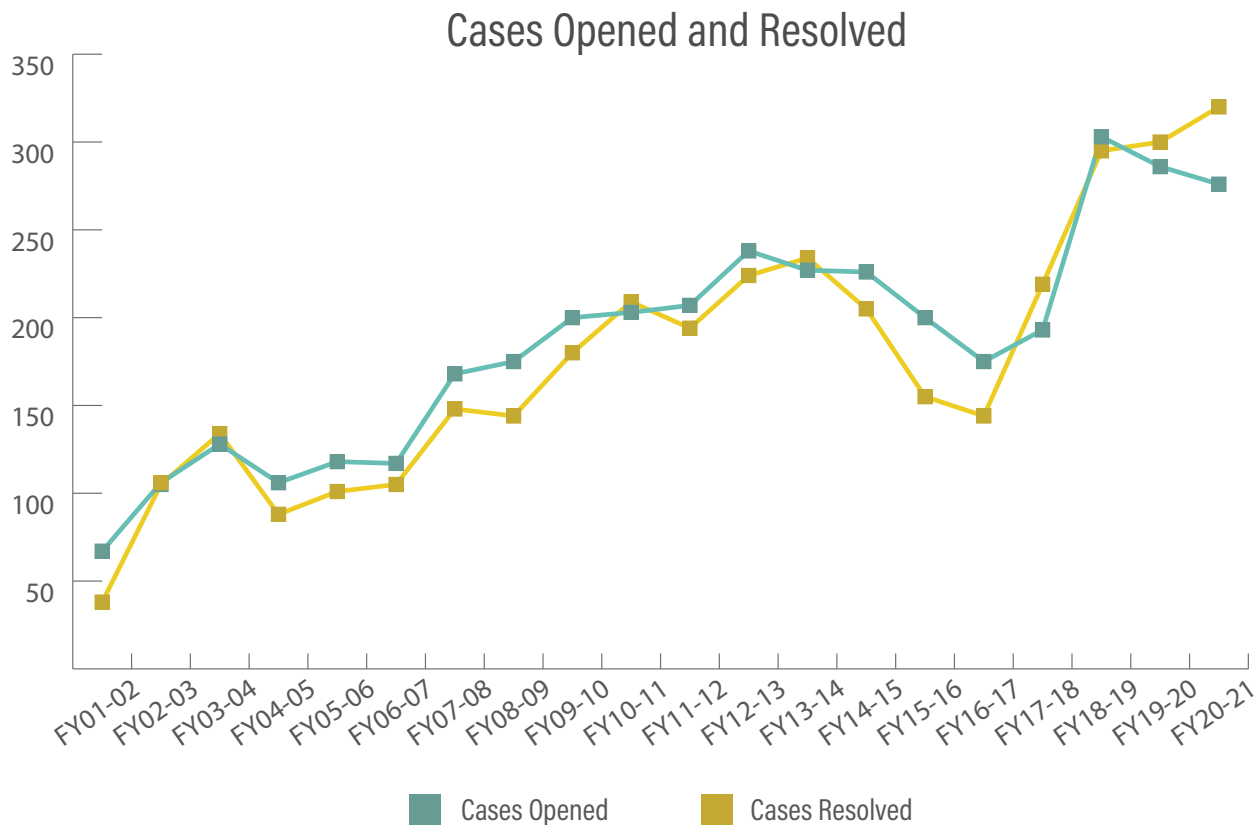


For the fifth year in a row, prevailing wage enforcement continued an upward trend in case resolution. Since 2017, the prevailing wage case resolution rate increased 740%.



Cases Opened

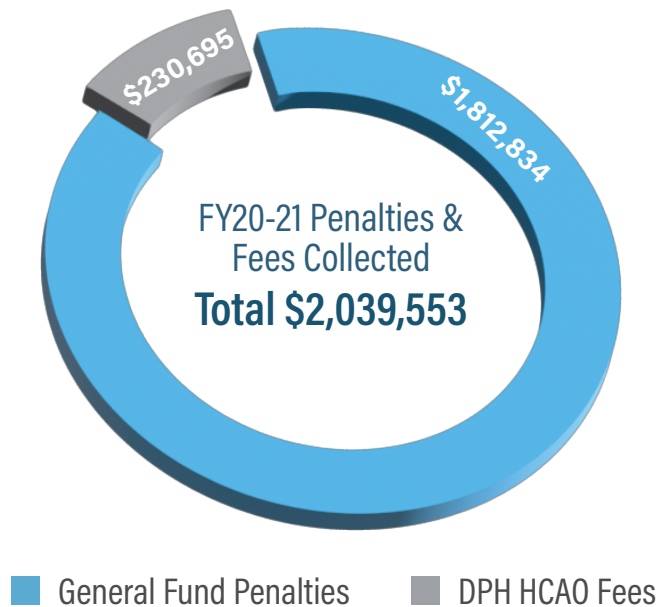
OLSE initiated 276 investigations in FY20-21, keeping in line with the prior two years. The office saw a slight decline in new complaints from the prior year, due in part to the continuing impacts of the pandemic, including expanded business closures and economic uncertainty.



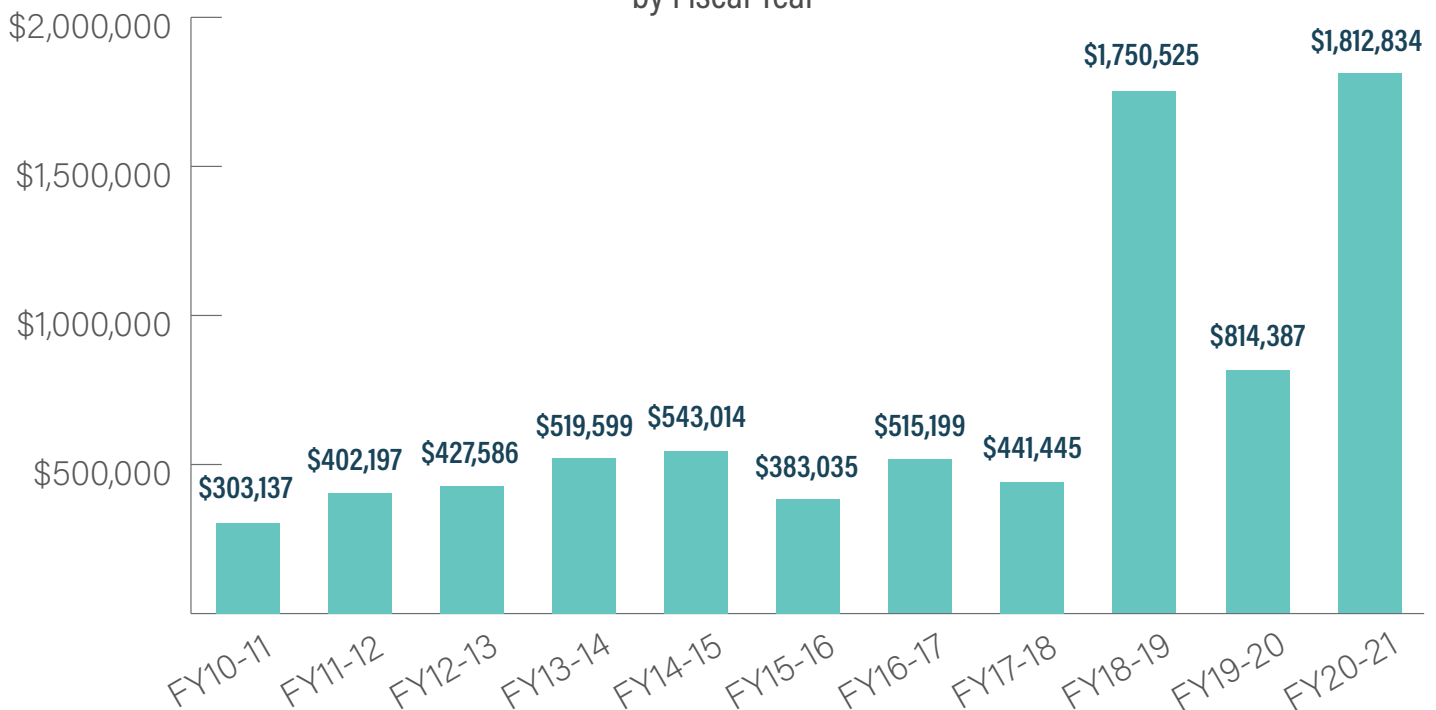
In FY 20-21, OLSE began administration of the City-wide Project Labor Agreement (PLA), overseeing the new contractual obligations for City contractors. OLSE is committed to ensuring the success of the PLA and has allocated staff to track and administer the growing number of covered projects.

III. RECORD COLLECTION OF PENALTIES

OLSE collected \$2,039,553 in penalties and fees in FY20-21. Employers paid \$1,812,834 in penalties to the City's General Fund, the highest amount in OLSE history. Additionally, OLSE collected \$230,695 in fees for the Department of Public Health through enforcement actions under the Health Care Accountability Ordinance.



General Fund Penalties
by Fiscal Year



IV. RECOVERY FOR WORKERS

In total, OLSE collected \$10.1 million in restitution for 6,614 workers in FY 20-21. This amount includes back wages, benefits, penalties, and interest paid to workers. It reflects actual payments made by employers to current and former employees and does not include amounts assessed but not yet paid.

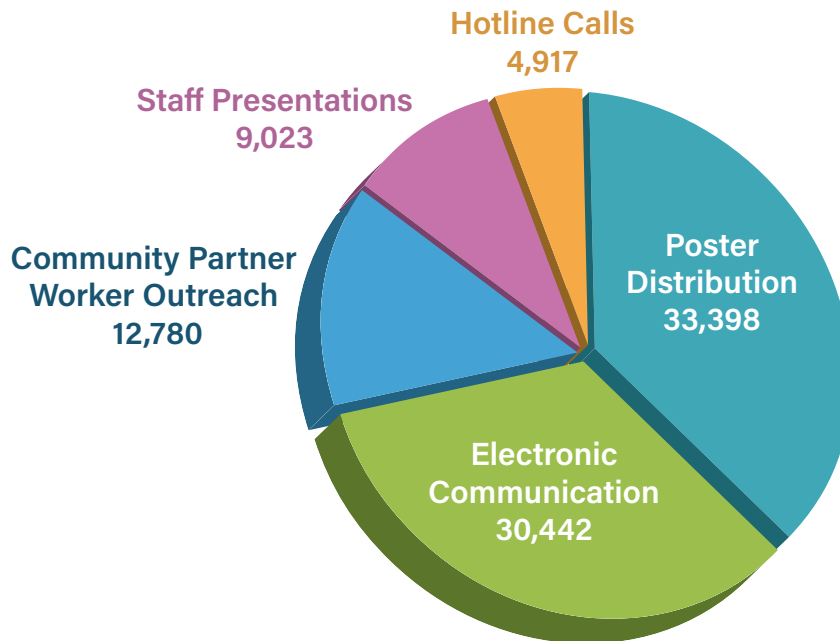
As we entered the second year of the global pandemic, OLSE's enforcement efforts remained essential to protect workers' access to paid sick leave and health benefits. Not included in the chart below is the restoration of paid sick leave balances to workers, totaling 6,350 hours in FY 20-21.

Ordinance	Amount	Workers Affected
Health Care Security Ordinance	\$7,217,427	4,725
Formula Retail Employee Rights Ordinance	\$157,171	78
Prevailing Wage	\$656,034	601
Minimum Compensation and Health Care Accountability Ordinance	\$98,757	198
Minimum Wage and Paid Sick Leave Ordinance	\$213,063	105
Paid Parental Leave Ordinance	\$793,509	135
Public Health Emergency Leave Ordinance	\$915,583	769
Other OLSE Laws	\$2,251	3
Total Restitution for Workers	\$10,053,795	6,614

As in prior years, HCSO had the greatest collection amount, leading all other labor laws. In FY 20-21, OLSE collected over \$7.2 million in restitution for HCSO cases, ensuring San Francisco workers have access to health care.

Included in the \$10.1 million is the largest collection year for the Paid Parental Leave Ordinance (PPLO) and Public Health Emergency Leave Ordinance (PHELO). PPLO cases, once again, more than doubled the amount collected in the prior year.

V. RECORD PUBLIC ENGAGEMENT



In the second year of the pandemic, OLSE continued to expand public engagement, totaling over 90,000 points of contact. In developing new webinars and on-demand content, OLSE created the greatest accessibility for workers and employers in its 20-year history.

Employer Engagement

OLSE is committed to proactive informational outreach to employers. In FY20-21, staff interacted with employers and community group representatives through annual mailings, webinars, electronic communications, hotline calls, and City contracting meetings.

Community Outreach

OLSE administers a community outreach program dedicated to reaching workers who are most likely to be victims of wage theft and other labor law violations. OLSE contracts with Chinese Progressive Association and its subcontractors (Asian Law Caucus, Dolores Street Community Services, Filipino Community Center, La Raza Centro Legal, South of Market Community Action Network, and Trabajadores Unidos Workers United). These organizations disseminate information on workers' rights in low-income and immigrant communities, provide

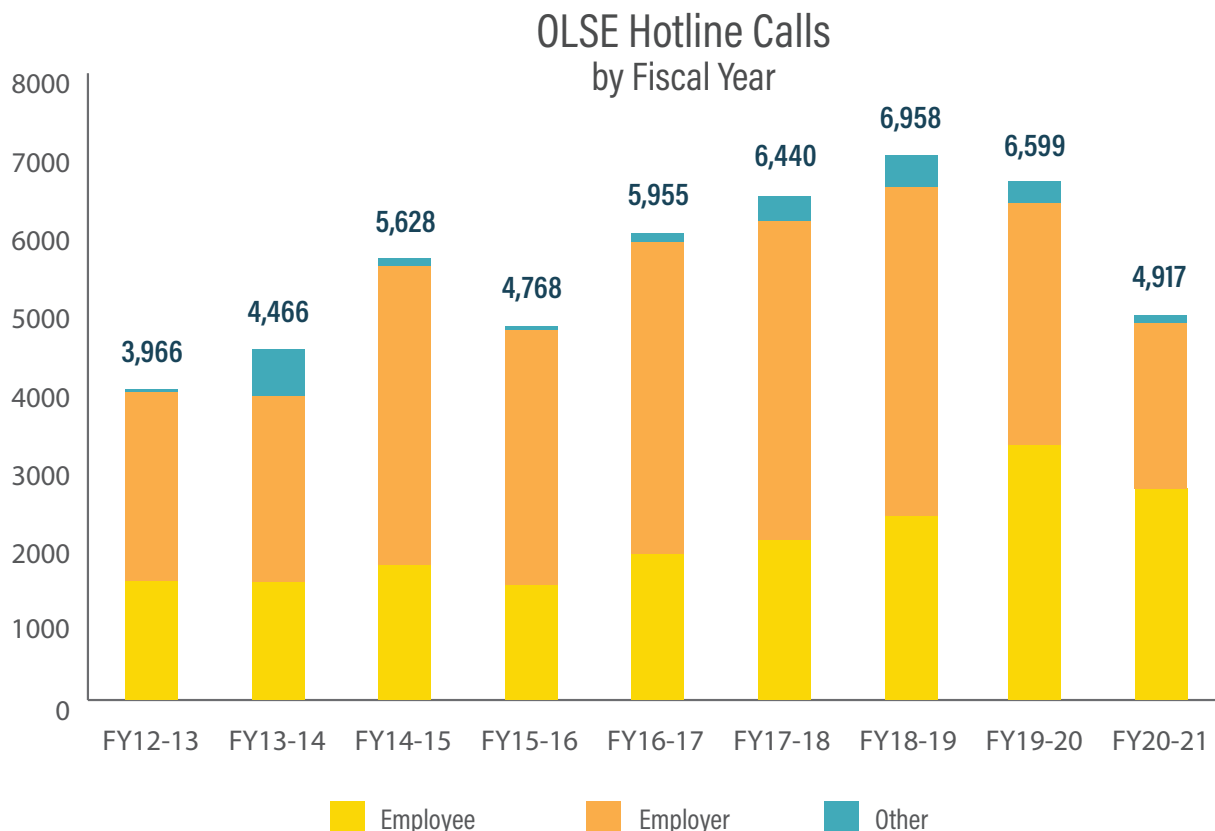
individualized worker rights consultations, and encourage workers to file complaints regarding violations of the law.

In FY20-21, OLSE’s community contractors reported outreach to 12,780 workers and consultations on labor rights to 555 workers. Due to the pandemic, much of the outreach was conducted by phone or social media, such as Facebook Live and WeChat.

Multilingual Telephone Hotlines

OLSE maintains 13 separate multilingual phone hotlines, each dedicated to a specific ordinance or policy area. Callers are assisted in English, Spanish, Cantonese, Mandarin, or Filipino.

The overall call volume was lower than the past few years due to the emergency waiver of the City’s annual reporting requirements under the Health Care Security and Fair Chance ordinances. OLSE usually receives nearly 1,000 calls related to these reporting requirements. The optimized information on OLSE’s website allows potential callers to find answers to their questions. Nonetheless, the hotlines remain an important resource in meeting OLSE’s goal of ensuring equitable access to information.



VI. SWEATFREE CONTRACTING ORDINANCE

San Francisco's Sweatfree Contracting Ordinance, adopted by the Board of Supervisors in 2005, prohibits contractors who supply textiles to the City from engaging in human rights abuses. The Ordinance also established the Sweatfree Procurement Advisory Group (SPAG), to advise the City on implementation of this law.

OLSE contracts with Worker Rights Consortium (WRC) to conduct factory inspections under the ordinance. In FY20-21, WRC investigated working conditions at a factory in Bangladesh that makes uniforms for the San Francisco Police Department. Based on its findings, Worker Rights Consortium worked directly with the factory in Bangladesh to improve working conditions.

VII. IMPLEMENTING NEW LEGISLATION

In FY20-21, OLSE began enforcing the COVID-Related Employment Protections Ordinance, effective March 7, 2021, which prohibits employment discrimination on the basis of a worker's COVID-19 status. OLSE implemented the Healthy Airport Ordinance, an amendment to the Health Care Accountability Ordinance that expands the protections to workers at the San Francisco International Airport. From March 22 through June 15, 2022, OLSE also enforced the COVID-Related Hazard Pay Ordinance, requiring grocery stores and drug stores to pay employees an additional five dollars per hour during the public health emergency.

OLSE continued its enforcement of the extended Public Health Emergency Leave Ordinance and the Employee Protections Ordinance.



VIII. LOOKING FORWARD

Coming off another record year, OLSE stands prepared to face an array of new challenges. Already we are taking steps toward the implementation of two labor policies recently passed by the Board of Supervisors and another one (as of this writing) currently pending approval. Additionally, there are two ballot initiatives scheduled in June that would further expand OLSE's administrative authority, with potentially more on the horizon.

OLSE had been undeterred by the pitfalls associated with the pandemic. Instead we are leveraging the circumstances as an opportunity to expand public engagement and implement operational efficiencies. This will continue to serve our mission of educating workers of their rights and leveling the playing field for responsible employers.

OLSE looks forward to growing its partnerships with business groups, organized Labor and community to support a strong atmosphere of labor compliance. In conjunction with our enforcement actions, this ultimately serves the City and helps to reinforce the labor standards San Franciscans expect.



Appendix A: OLSE Laws Overview

Part 1: San Francisco Citywide Labor Laws

San Francisco Ordinance	Purpose	Employers Covered
Minimum Wage	Requires employers in San Francisco to pay employees no less than to \$16.32 as of July 1, 2021. The rate will increase based on the Consumer Price Index increase on July 1, 2022.	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.	For-profit employers with 20 or more workers worldwide and non-profits with 50 or more workers worldwide.
Paid Parental Leave	Requires employers to provide supplemental compensation to employees receiving California Paid Family Leave benefits to bond with a new child.	Employers with 20 or more employees worldwide.
Family Friendly Workplace	Requires employers to 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.	Formula retail employers with 40 or more locations worldwide and 20 or more employees in San Francisco.
Contractor Minimum Compensation 12V	Requires contracting entities to pay independent contractors no less than the SF minimum wage.	
Public Health Emergency Leave April 17, 2020	Provides up to 80 hours of paid leave that employees may use when they are unable to work (or telework) for specified reasons related to COVID-19.	Businesses with 500 or more employees worldwide.

Employee Protections Ordinance May 1, 2020	Provides health and safety protections for workers, including the provision of protective equipment, social distancing, and “no contact” delivery options.	On-Demand Delivery Services.
COVID-Related Employment Protections March 7, 2021	Protects workers from losing their jobs (and other adverse action) for reasons related to COVID-19, including testing positive or quarantining due to COVID-19 symptoms or exposure.	All employers with employees in San Francisco.
Worker Protection April 26, 2021	Provides workers with items such as face coverings, gloves, hand sanitizer and disinfectant; a social distancing policy; contactless payment systems or sanitize payment systems after each use; provides for contactless delivery or pick up, if feasible; and pays workers for time spent disinfecting high-touch surfaces.	Grocery stores, drug stores, restaurants, and on-demand delivery services.
COVID-Related Hazard Pay March 22 to June 15, 2021	Required grocery stores and drug stores to pay employees who make less than \$35/hour, an additional five dollars per hour during the public health emergency related to COVID-19.	Grocery stores and drug stores with 500 or more employees worldwide, including at least 20 employees in San Francisco.

Part 2: San Francisco Labor Laws that Apply to 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.

Part 3: San Francisco Labor Laws that Apply to City 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 Parking Lots and Garages	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 non-profits 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.
Citywide Project Labor Agreement	Contractors performing trade work on covered projects are required to: (1) utilize union hiring halls to hire workers and apprentices; and (2) pay fringe benefit contributions to union trust fund programs.	Contractors on public works projects issued by SF Public Works and Recreation & Parks Dept. that meet specified dollar thresholds.
Health Plan Requirements for Specified COVID-19 Essential Services Contracts	Covered contractors must offer their covered employees and covered employees' dependents health plan benefits that meet the minimum standards prepared by the Health Director.	City contractors that enter into a COVID-19 essential services contract for food service, delivery of food, janitorial services.

Appendix B: MCO & HCAO Waiver

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 10 fiscal years are as follows:

Ordinance	Amount	Workers Affected
FY11-12	3	3
FY12-13	2	3
FY13-14	6	8
FY14-15	5	3
FY15-16	2	3
FY16-17	3	4
FY17-18	3	4
FY18-19	3	3
FY19-20	3	5
FY20-21	5	6
Total	35	42

In FY 20-21, OLSE approved 5 MCO Waivers and 6 HCAO Waivers. These waivers were granted for sole source contracts and no vendors who comply, which fell under the waiver provisions of San Francisco Administrative Code Subsections 12P.7(a)(i)b), 12P.7(c), 12Q6(a)(i), and 12.Q.6(a)(3).



The San Francisco Office of Labor Standards Enforcement (OLSE) advances the welfare of San Francisco's workers through the enforcement of labor laws, proactive public education, and high quality public service.



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