

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF LABOR STANDARDS ENFORCEMENT

ANNUAL REPORT

21
/ 22



\$20 MILLION

In Fiscal Year 2021-2022, the Office of Labor Standards Enforcement collected over \$20 million in worker restitution and penalties. This is the largest amount in the 22-year history of our office and establishes a higher standard for all municipal and state compliance agencies.

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 21-22.

REPORT HIGHLIGHTS

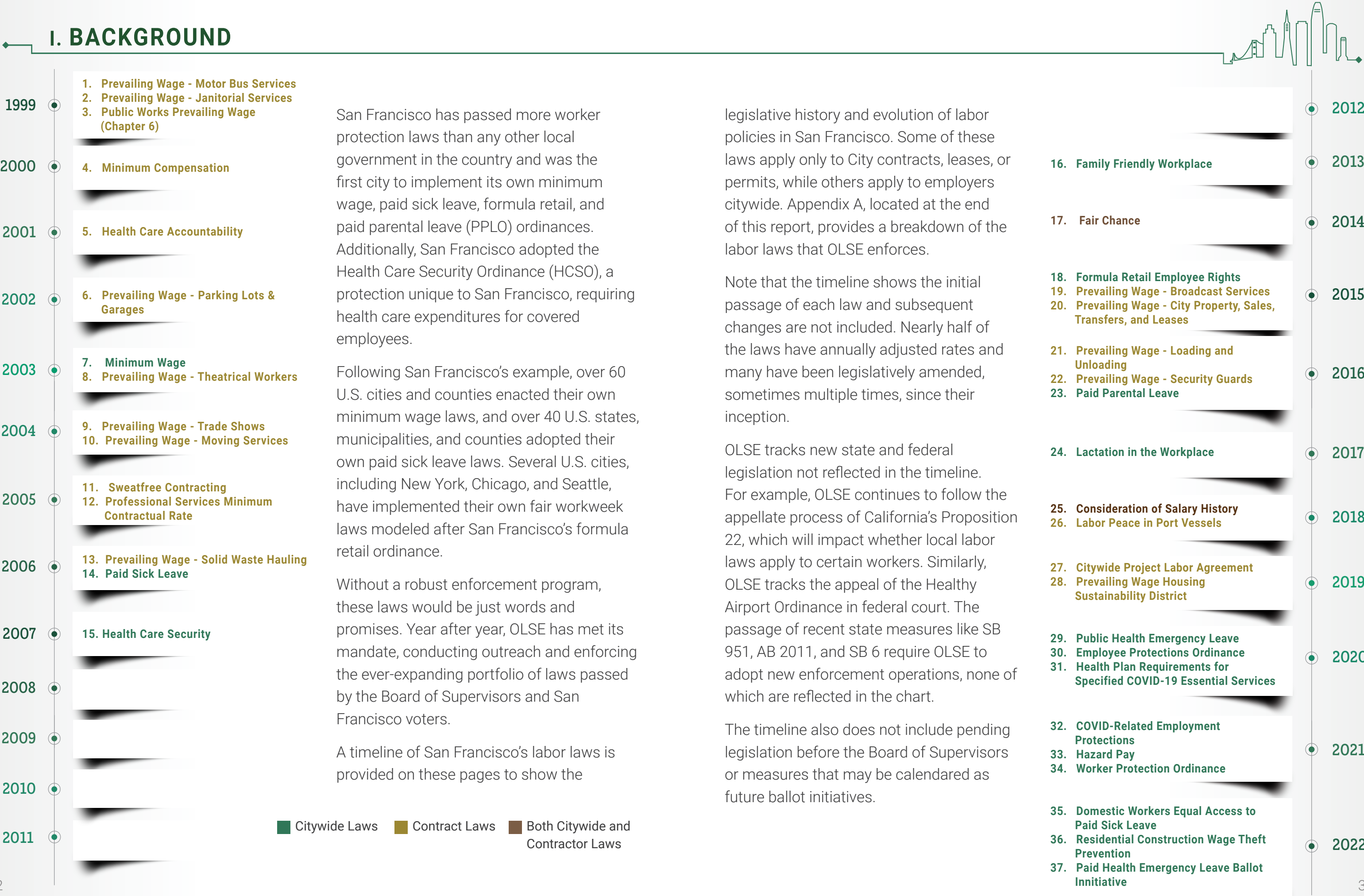
Fiscal Year 2021-2022

Record Collections

- \$20.5 Million in overall collections by OLSE
- \$18.8 million in worker restitution, the highest amount in OLSE history
- \$1.7 million in penalties to the City, the second largest amount collected since the office was established
- Two largest cases settled in OLSE history

Implementing Four New Laws

- Domestic Workers Equal Access to Paid Sick Leave Ordinance, signed on January 13, 2022
- Family Friendly Workplace Ordinance Amendment, signed on March 14, 2022
- Residential Construction Wage Theft Prevention Ordinance, signed on May 6, 2022
- Paid Health Emergency Leave Ordinance, passed by voters in June 2022

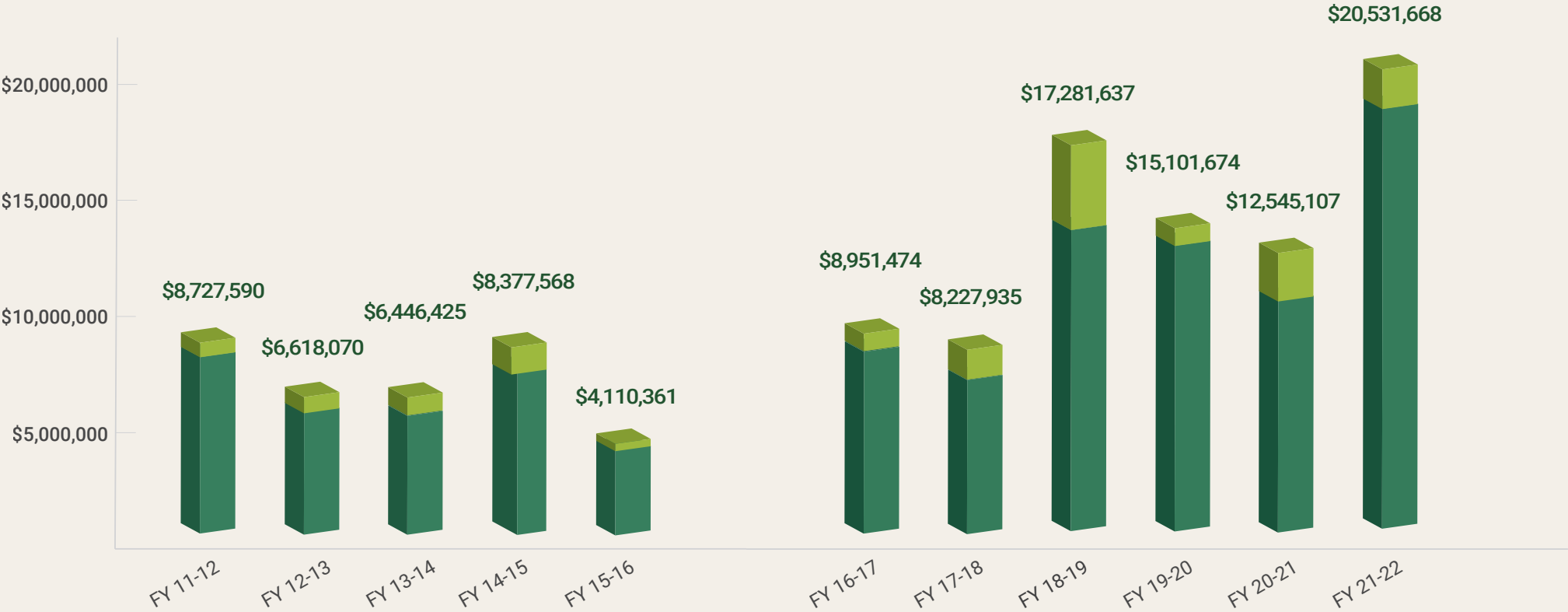


II. RECORD COLLECTIONS FOR WORKERS

OLSE Collections for Labor Law Violations

Fiscal Year 2021-2022

- Worker Restitution
- City Penalties & Fees



In FY21-22, OLSE collected the highest amount in its history totaling \$20.5 million in restitution and penalties. This amount includes \$18.8 million in restitution for 5,253 workers covering 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. This amount rivals or exceeds collections by other labor enforcement agencies with significantly greater administrative resources.

HCSO continued to lead all other labor laws with almost \$12 million in restitution. These settlements help to ensure San Francisco workers have access to health care. This

year was also the largest year for the Paid Parental Leave Ordinance (PPLLO), which for the second year in a row, more than doubled the restitution collected in the year prior. OLSE also recovered over \$1 million in restitution for workers under the COVID-Related Hazard Pay ordinance, which temporarily required certain retail locations to pay employees an additional five dollars per hour during the COVID-19 public health emergency.

In FY 21-22, OLSE collected \$1,741,866 in penalties and fees. This includes the second largest collection of penalties in OLSE’s history.

Collections Recovered for Workers

Fiscal Year 2021-2022

ORDINANCE	AMOUNT	WORKERS AFFECTED
HEALTH CARE SECURITY	\$11,951,777	1,938
FORMULA RETAIL EMPLOYEE RIGHTS	\$748,404	335
PREVAILING WAGE	\$2,049,715	848
MINIMUM COMPENSATION & HEALTH CARE ACCOUNTABILITY	\$659,027	353
MINIMUM WAGE & PAID SICK LEAVE	\$209,089	16
PAID PARENTAL LEAVE	\$1,653,886	61
PUBLIC HEALTH EMERGENCY LEAVE	\$504,108	961
COVID-RELATED HAZARD PAY	\$1,008,296	737
OTHER OLSE LAWS	\$5,500	4
TOTAL RESTITUTION FOR WORKERS	\$18,789,802	5,253

As a result of implemented efficiencies, OLSE was able to quickly address all labor complaints and pursue timely resolutions for workers, ultimately establishing a strong atmosphere of labor compliance citywide.

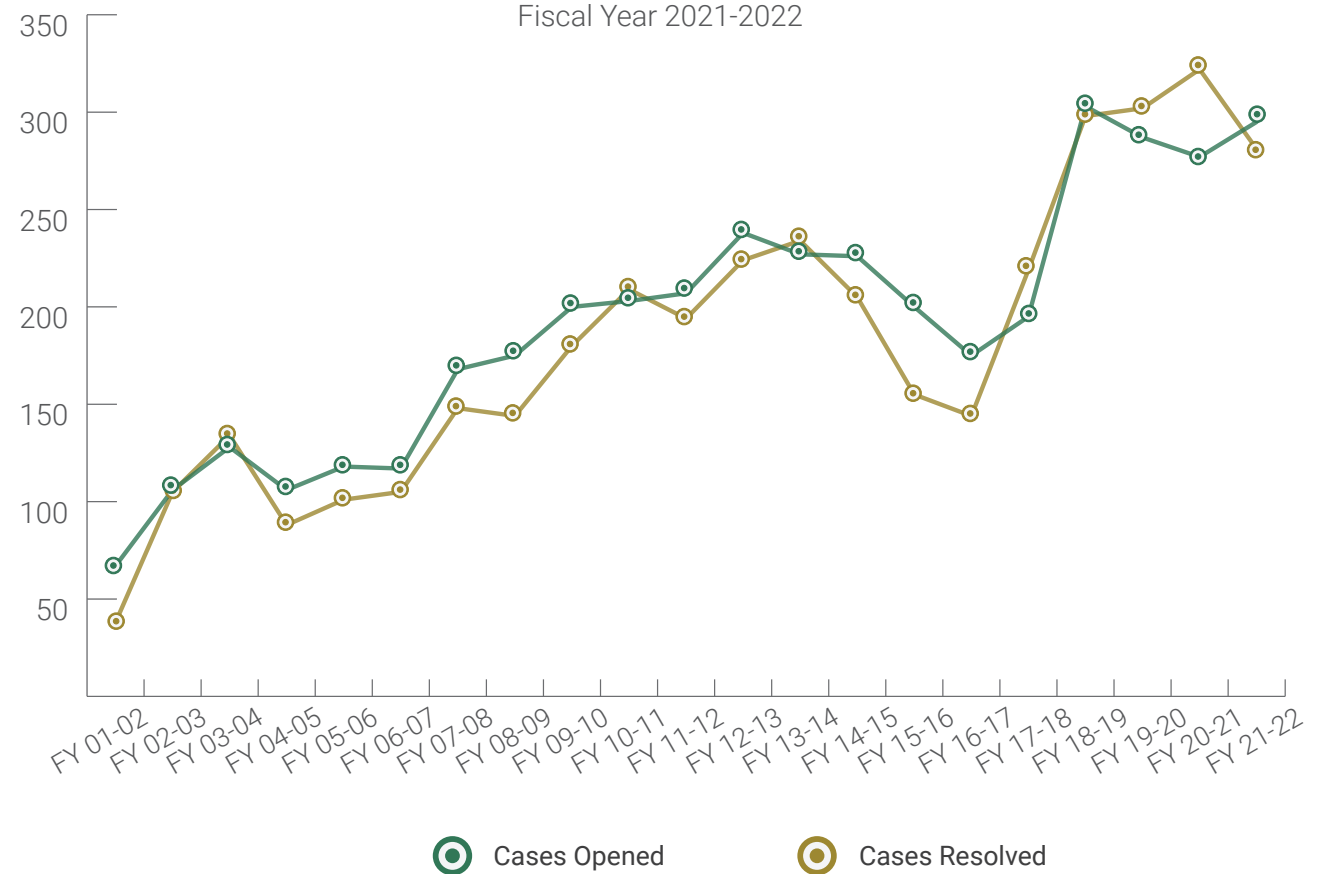
OLSE initiated 295 investigations in FY21-22. The office saw a slight increase in new complaints from the prior year, which reflects the reopening of San Francisco businesses along with focused outreach efforts. The number of cases resolved is down slightly due in part to the reduction in newly reported cases during the two prior years.

Stacked bar chart showing the components of the total compensation for the lowest-paid employees from FY 01-02 to FY 21-22. The components are: Minimum Compensation/Health Care Accountability, Minimum Wage/Paid Sick Leave, Prevailing Wage, Health Care Security, Paid Parental Leave, and Other. The total compensation values are labeled above each bar.

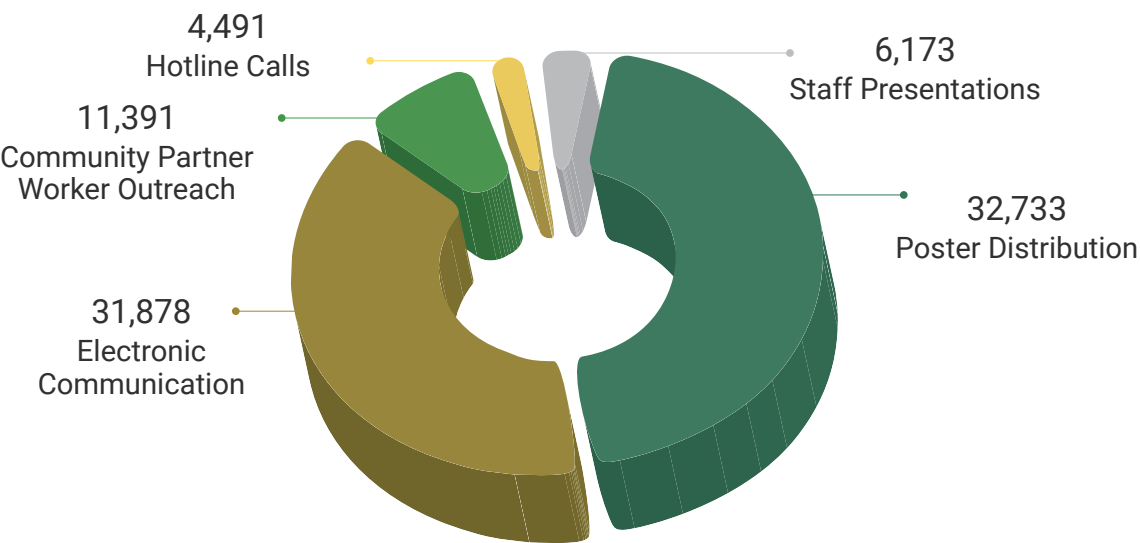
Fiscal Year	Minimum Compensation/Health Care Accountability	Minimum Wage/Paid Sick Leave	Prevailing Wage	Health Care Security	Paid Parental Leave	Other	Total Compensation
FY 01-02	38	0	0	0	0	0	38
FY 02-03	60	0	48	0	0	0	105
FY 03-04	102	0	32	0	0	0	134
FY 04-05	30	32	26	0	0	0	88
FY 05-06	18	62	21	0	0	0	101
FY 06-07	12	78	15	0	0	0	105
FY 07-08	10	105	33	0	0	0	148
FY 08-09	10	75	29	25	0	0	144
FY 09-10	8	112	40	12	0	0	180
FY 10-11	5	145	29	34	0	0	209
FY 11-12	10	108	42	32	0	0	194
FY 12-13	8	112	52	44	0	0	224
FY 13-14	10	98	62	60	0	0	234
FY 14-15	12	88	40	45	0	15	205
FY 15-16	10	60	30	35	0	15	155
FY 16-17	10	52	20	40	0	12	144
FY 17-18	30	52	48	80	0	10	219
FY 18-19	20	45	120	95	5	13	298
FY 19-20	20	25	140	80	10	27	302
FY 20-21	10	15	180	90	10	17	322
FY 21-22	15	10	185	50	0	11	281

Total Cases Opened and Resolved

Fiscal Year 2021-2022



◆ IV. EFFECTIVE PUBLIC ENGAGEMENT ◆



OLSE continued its successes in public engagement, totaling over 86,000 points of contact. By offering new webinars and on-demand content, OLSE had the greatest accessibility for workers and employers in its history. After a large spike in FY 20-21 with over 2,000 attendees at webinars for the newly implemented Healthy Airport Ordinance and Covid-related emergency ordinances, OLSE saw a return to the previous attendance numbers.

Employer Engagement

OLSE is committed to proactive informational outreach to employers. In FY21-22, staff continued to interact with employers and community group representatives through annual mailings, webinars, electronic communications, hotline calls, and City contractor meetings.

Community Outreach

OLSE administers a community outreach program dedicated to engaging 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.

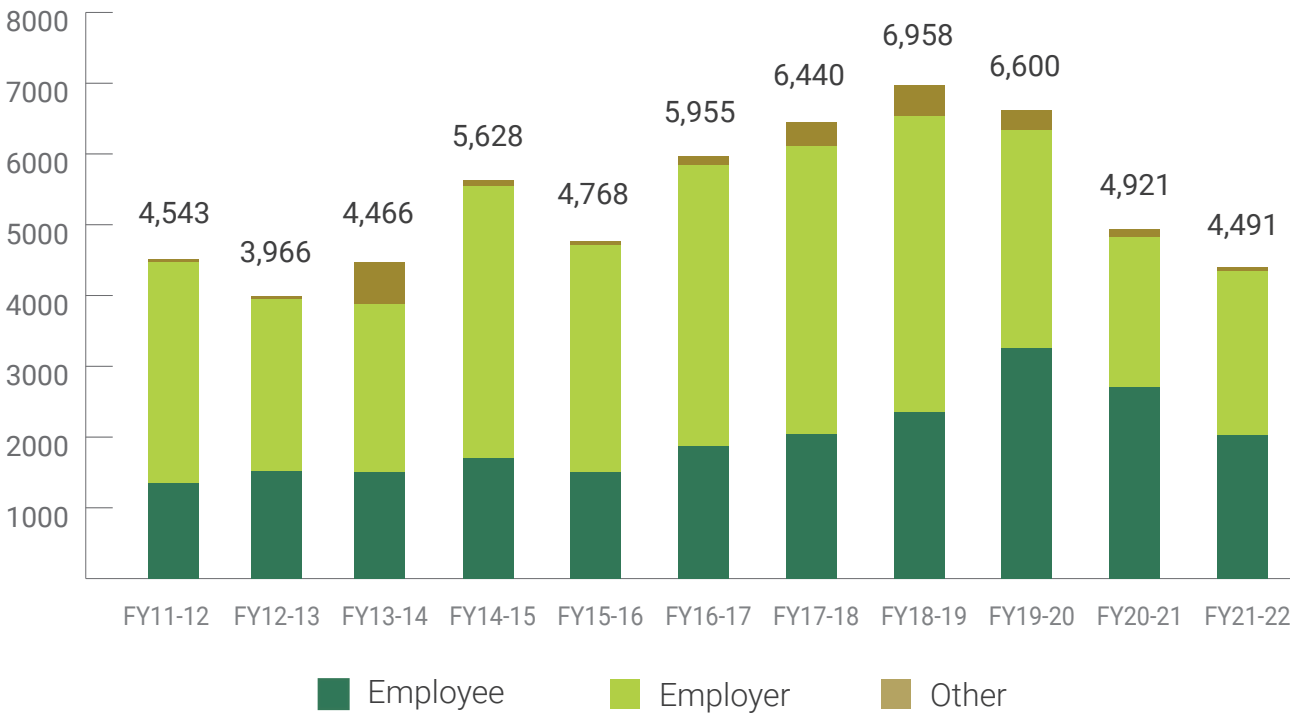
In FY21-22, OLSE’s community contractors reported outreach to 11,391 workers and consultations on labor rights to 509 workers. As pandemic restrictions shifted, some in-person outreach resumed, while others continued to be conducted by phone or social media.

Multilingual Worker Support

In addition to the general phone hotline, OLSE maintains 12 separate multilingual hotlines, each dedicated to specific ordinances or policy areas. Callers are readily assisted by OLSE staff in English, Spanish, Cantonese, Mandarin, Vietnamese, Filipino and any other language upon request. Multilingual OLSE staff are also available for in person support at our offices located at City Hall.

The expanded content on OLSE’s website allows users to easily find answers to questions, leading to less dependence on the hotlines. Each webpage can also be easily translated. Additionally, OLSE sends out annual posters in multiple languages, providing language access to employers and workers alike.

OLSE Hotline Calls
Fiscal Year 2021-2022



◆ **V. 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 FY21-22, WRC investigated working conditions in several factories, including a factory in Honduras manufacturing uniforms for the SFMTA. Based on its findings, WRC worked directly with the factory to improve working conditions and secure unpaid wages for workers.

◆ **VI. PROJECT LABOR AGREEMENT** ◆

In FY 21-22, OLSE expanded its administration of the Citywide Project Labor Agreement (PLA), overseeing additional obligations for City contractors. In July, the Project Labor Agreement threshold graduated to \$1 million, capturing even more projects. To date there are 14 project awards under the Citywide PLA with substantially more on the horizon. OLSE is committed to ensuring the success of the PLA and has allocated staff to track and administer the growing number of covered projects.

◆ **VII. NEW LAWS PASSED** ◆

In FY21-22, San Francisco passed four new laws that require OLSE to perform administration, outreach, and enforcement. In February 2022, the Domestic Workers Equal Access to Paid Sick Leave was passed, establishing OLSE as the agency responsible for outreach and enforcement.

In March 2022, the Family Friendly Workplace Ordinance was amended significantly, making it unlike any other labor law in the country. The amendment expanded employee rights as well as OLSE enforcement responsibilities.

In June 2022, the Residential Construction Wage Theft Prevention Ordinance became effective, requiring OLSE to perform regular administrative duties in collaboration with the Department of Building Inspection and the Controller’s Office.

Finally, the June 6, 2022 general election, saw the passage of the Public Health Emergency Leave Ordinance. OLSE is responsible for the outreach and enforcement of this law.

◆ **VIII. LOOKING FORWARD** ◆



Once again, OLSE continued to set new records in the enforcement of labor laws, all while implementing several new policies. Increasingly, new laws include nuanced complexity, are untested in other markets, or may face protracted legal challenges. However, regardless of any obstacles that emerge, OLSE staff are undeterred in their commitment to San Francisco workers.

Although difficult to verify (with the limited data available), OLSE likely collected more worker restitution than any other municipal or state labor enforcement agency in the country during the last fiscal year. A difficult accomplishment to repeat, it establishes a new standard for our office and raises the bar for all labor enforcement agencies.



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 \$16.99 as of July 1, 2022. The rate will increase based on the Consumer Price Index increase on July 1, 2023.	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 to April 12, 2021	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.

Public Health Emergency Leave	Provides up to 80 hours of paid leave that employees may use when unable to work due to qualifying reasons related to a Public Health or Air Quality Emergency.	Businesses with 100 or more employees worldwide.
Employee Protections Ordinance May 1, 2020 to March 10, 2021	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.
Domestic Worker Equal Access to Paid Sick Leave	Establishes a portable paid sick leave system for domestic workers.	Domestic workers paid as employees or as independent contractors.
Residential Construction Wage Theft Prevention Ordinance	Requires a Bond to be posted and certifications of compliance for private residential projects to cover worker restitution if there are violations.	Private projects that add or create 10 or more residential or sleeping units.

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	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.
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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.
Prevailing Wage Housing Sustainability District	Requires prevailing wage for work performed on projects located in the Central SoMa HSD.	Project Owner and Contractors.

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:

Fiscal Year	MCO Waivers Granted	HCAO Waivers Granted
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
FY21-22	10	9
TOTAL	42	48

In FY 21-22, OLSE approved 10 MCO Waivers and 9 HCAO Waivers. These waivers were granted for the reasons of sole source contracts, no vendors who comply, and public interest which fall under the San Francisco Administrative Code subsections of 12P.7(a)(i)b), 12P.7(c), 12Q6(a)(i), 12.Q.6(a)(3), 12G.2(g).





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