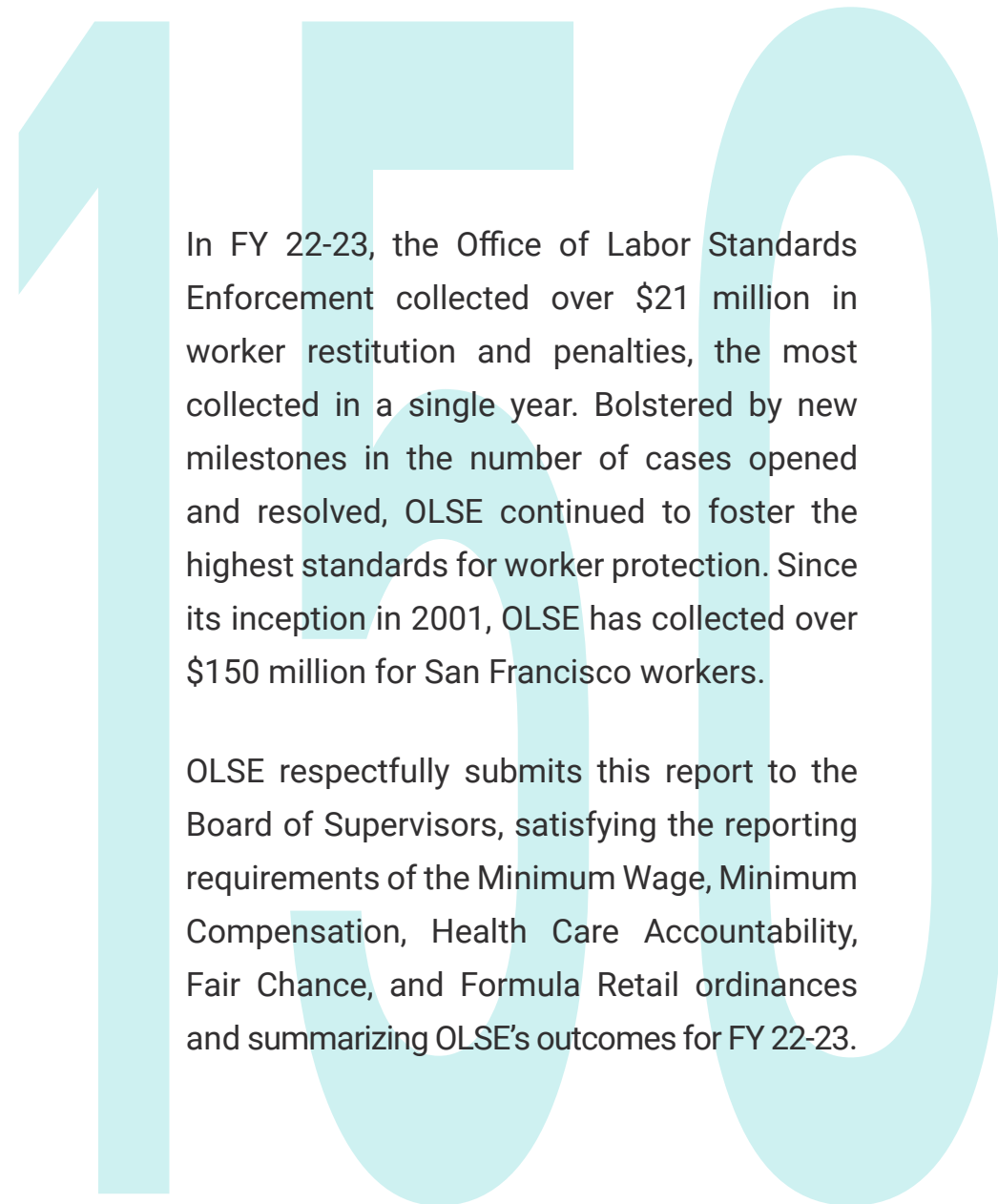


City and County of San Francisco

OFFICE OF LABOR STANDARDS ENFORCEMENT

Annual Report
Fiscal Year 2022-23





In FY 22-23, the Office of Labor Standards Enforcement collected over \$21 million in worker restitution and penalties, the most collected in a single year. Bolstered by new milestones in the number of cases opened and resolved, OLSE continued to foster the highest standards for worker protection. Since its inception in 2001, OLSE has collected over \$150 million for San Francisco workers.

OLSE respectfully submits this report to the Board of Supervisors, satisfying the reporting requirements of the Minimum Wage, Minimum Compensation, Health Care Accountability, Fair Chance, and Formula Retail ordinances and summarizing OLSE's outcomes for FY 22-23.

REPORT HIGHLIGHTS

FISCAL YEAR 2022-2023

RECORD COLLECTIONS

- Over **\$21 million** in overall collections, highest ever
- **\$20 million** in worker restitution, collected more than any prior year
- Over **\$150 million** collected in OLSE's history, **\$100 million** collected in the past seven years

RECORD NUMBER OF CASES OPENED AND RESOLVED

- Opened **400** cases, more than in any year prior
- Resolved **402** cases, a record number that reflects the staff's productivity, effectiveness, and efficiency

IMPLEMENTED NEW SAN FRANCISCO LAWS

- Public Health Emergency Leave Ordinance, operative on October 1, 2022
- Military Leave Pay Protection Act, operative on February 19, 2023
- Amended Displaced Worker Protection Act, operative on May 22, 2023
- Developed and published administrative guidance for all new laws

PUBLIC ENGAGEMENT

- OLSE's website receives **35,000** visits per month
- Public engagement resulted in over **100,000** points of contact, a more than 15% increase from last year

BACKGROUND



San Francisco enforces more worker protection laws than any other local government in the country. We were the first city to implement its own minimum wage, paid sick leave, formula retail, and paid parental leave (PPLO) ordinances. Additionally, San Francisco adopted the Health Care Security Ordinance (HCSO), an innovative protection unique to San Francisco, requiring health care expenditures for covered employees.

In response to San Francisco’s leadership, over 60 U.S. cities and counties have enacted their own minimum wage laws, and over 40 U.S. states, municipalities, and counties have adopted their own paid sick leave laws. Several U.S. cities, including New York, Chicago, and Seattle, have implemented fair workweek laws modeled after San Francisco’s formula retail ordinance.

These laws would be just words and promises without a robust enforcement program. Year after year, OLSE exceeds its mandate, conducting outreach and enforcing the ever-expanding portfolio of laws passed by San Francisco voters and the Board of Supervisors.

The implementation timeline of San Francisco’s labor laws is provided on these pages to show the legislative history and evolution of labor policies in San Francisco. Some of these laws

Citywide Laws

Both Citywide and Contractor Laws

Contract Laws

Expired 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.

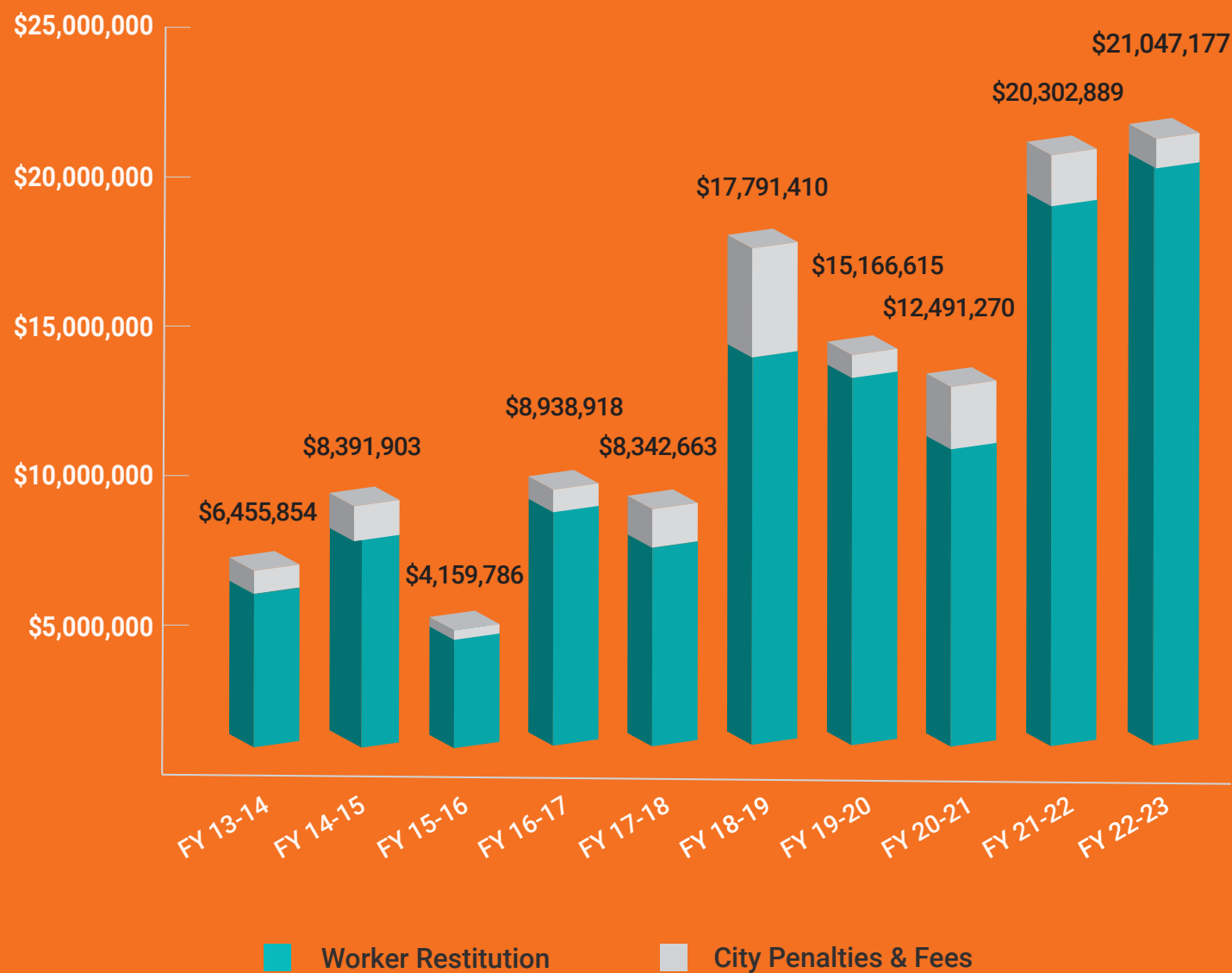
Although not reflected in the timeline, OLSE tracks new state and federal legislation that may impact local enforcement efforts. For example, OLSE is preparing for the possible impacts of the federal appeal of the Healthy Airport Ordinance as well as the ongoing appellate process of California’s Proposition 22, which will impact whether local labor laws apply to certain workers. Additionally, OLSE must regularly adjust its enforcement operations to accommodate new State laws like SB-423, SB-4, and SB-922, which expand labor requirements on specific construction projects. Our office is also tracking SB-497, SB-616, AB-1228, and SB-525 for expansion in worker protections that may intersect with local enforcement actions.

The timeline does not include pending legislation before the Board of Supervisors or measures that may be calendared as ballot initiatives for future elections.



RECORD
COLLECTIONS

OLSE COLLECTIONS FOR LABOR LAW VIOLATIONS
Fiscal Year 2022-2023



OLSE reached several key milestones in FY 22-23, most notably the highest ever in overall collections and worker restitution. In total, OLSE collected over \$21 million in restitution and penalties, including \$20 million in restitution collected for 14,094 workers. 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. This is the largest amount collected in OLSE’s history, exceeding amounts collected by other labor enforcement agencies with significantly greater resources.

HCSO investigations resulted in the greatest collection since the law was implemented 15 years ago and resulted in the largest portion of OLSE overall collections, leading all other labor laws. In FY 22-23, OLSE collected over \$14 million for HCSO cases, demonstrating effective compliance and ensuring San Francisco workers receive their right to health care.

Included in the \$20 million is a record collection year for Prevailing Wage enforcement, with \$2.9 million for 812 employees. These laws protect workers on City construction contracts and establish an even playing field for all.

COLLECTIONS RECOVERED FOR WORKERS

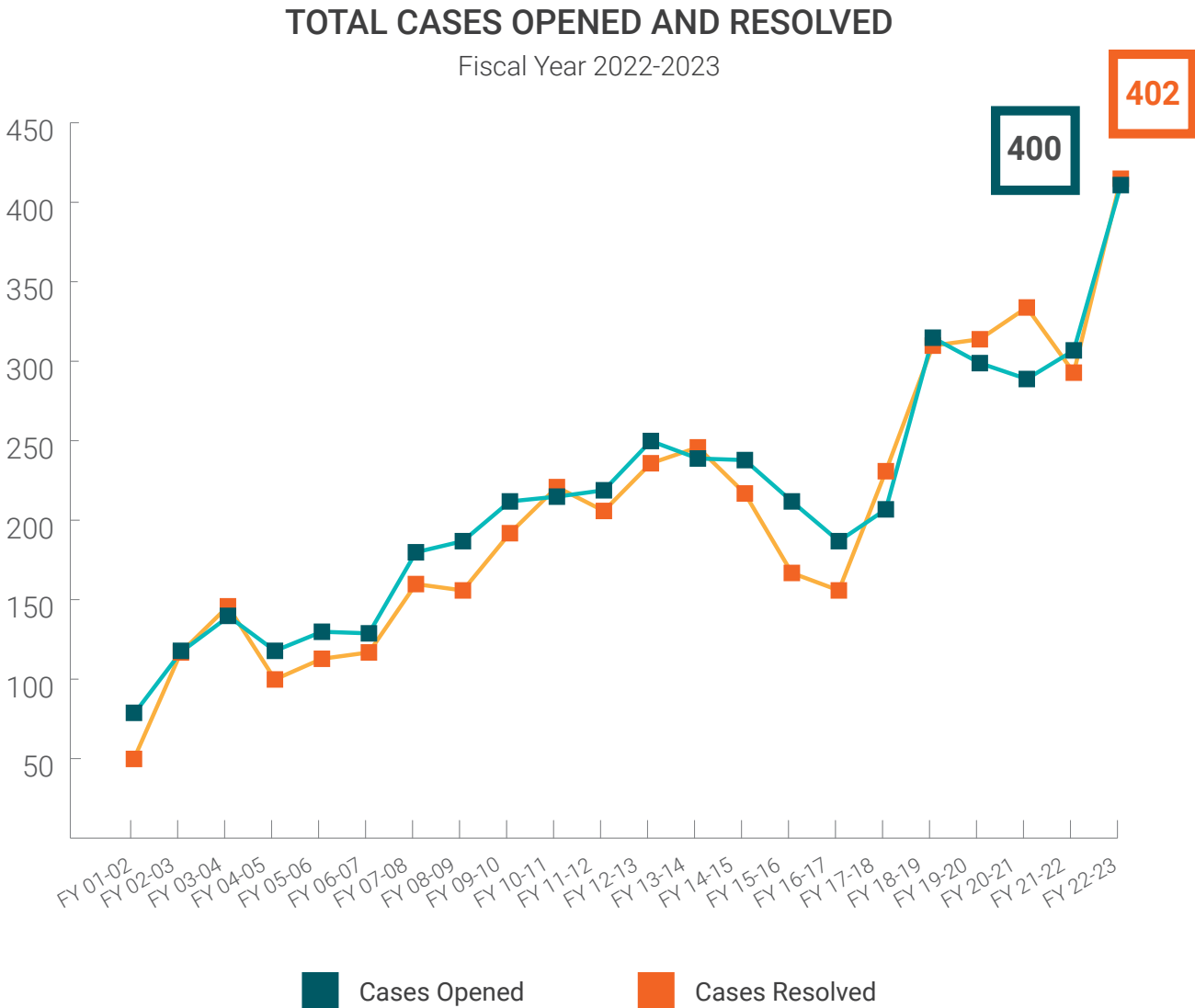
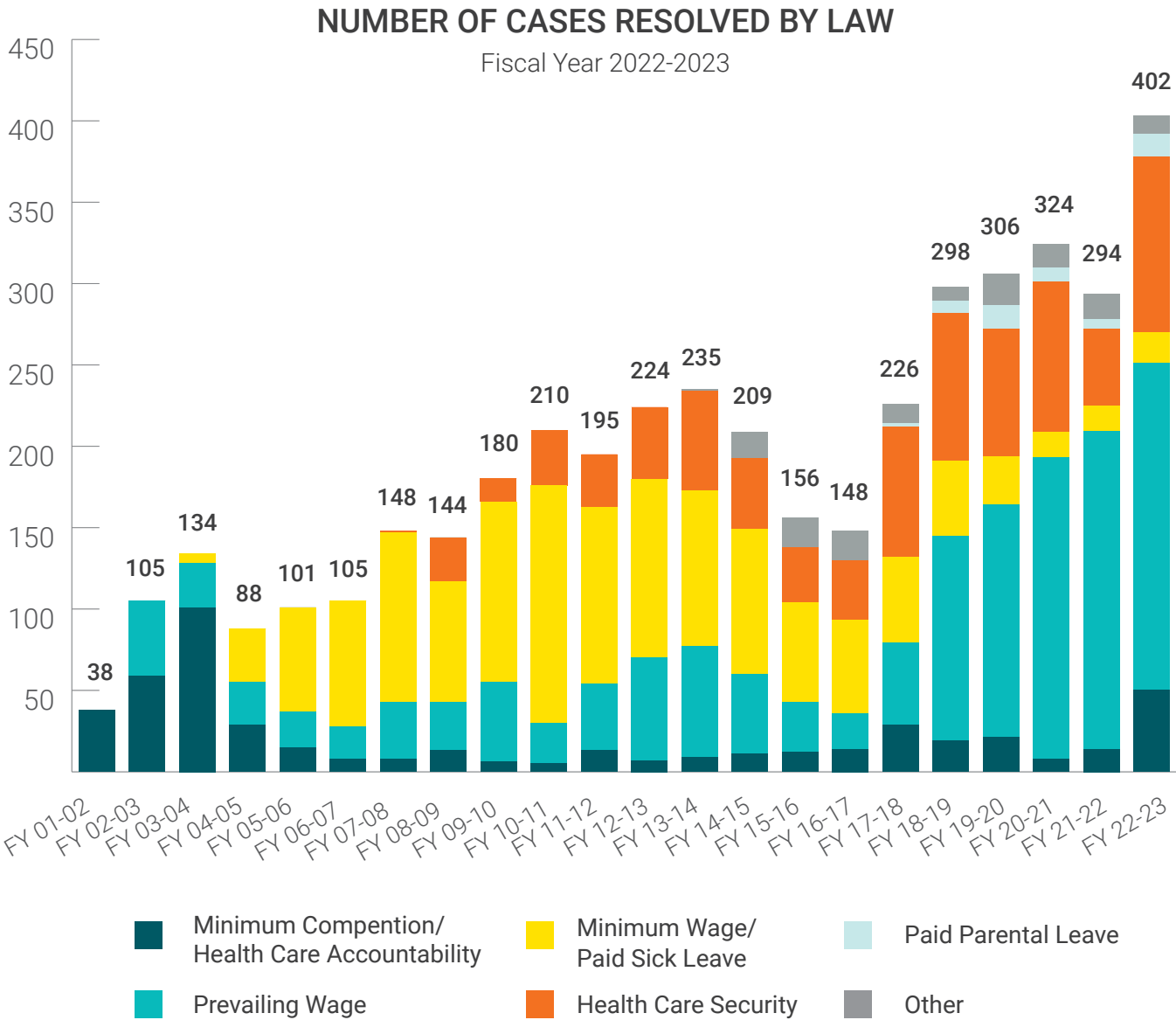
Fiscal Year 2022-2023

Ordinance	Amount	Workers Affected
Health Care Security	\$14,115,522	11,863
Formula Retail Employee Rights	\$265,331	288
Prevailing Wage	\$2,875,680	812
Minimum Compensation & Health Care Accountability	\$1,913,342	907
Minimum Wage & Paid Sick Leave	\$167,564	29
Paid Parental Leave	\$439,691	189
Other OLSE Laws	\$170,982	6
Total Restitution for Workers	\$19,948,112	14,094

CASES OPENED
AND RESOLVED

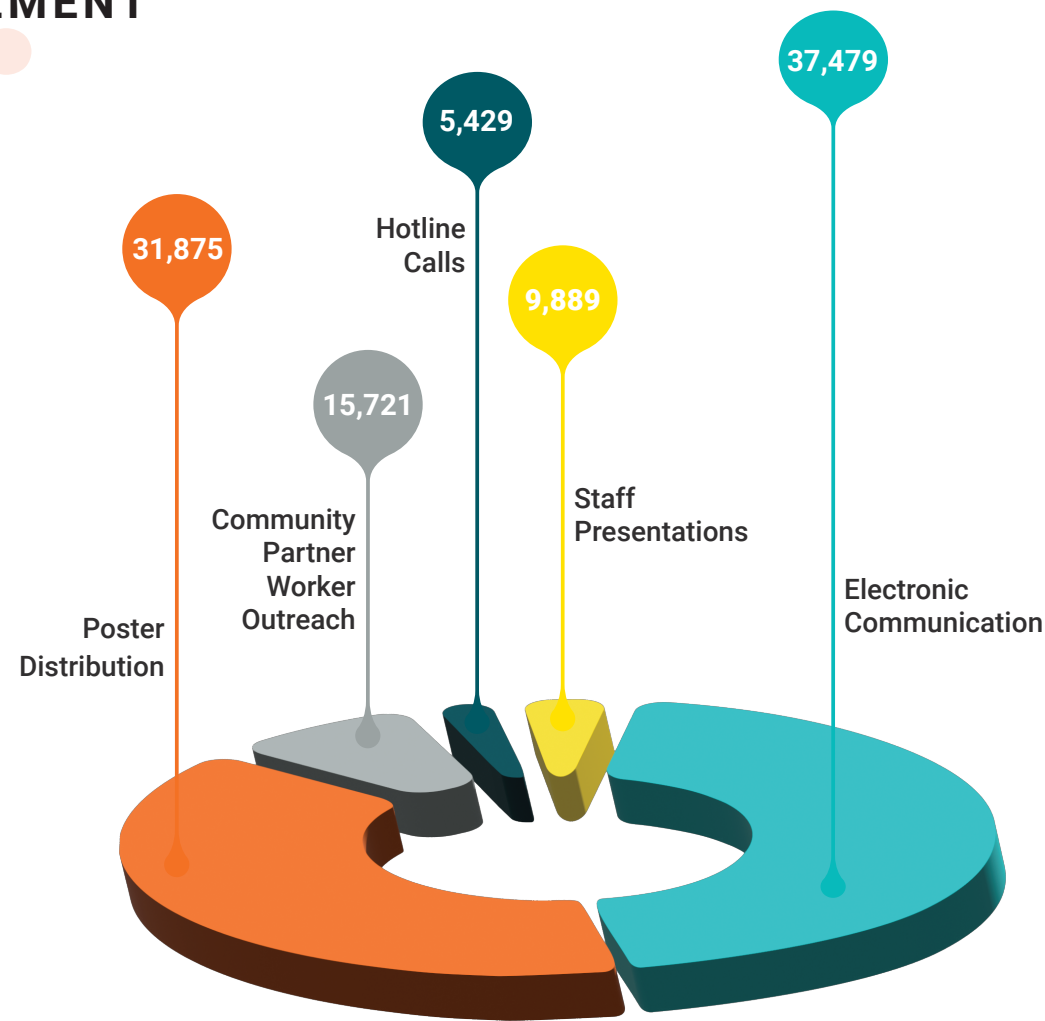
FY 22-23 was a banner year for OLSE in initiating and resolving cases. OLSE staff opened 400 cases and settled 402. As City businesses reopened and workers returned on-site, OLSE saw a 34% increase in cases opened. Despite the challenges created by the pandemic and additional laws being passed, OLSE staff exceeded the prior year’s resolution rate and maintained a standard of responsiveness San Francisco workers have come to expect.

OLSE’s success is a result of cross-team collaborations, prolonged engagement with workers and employers, and legal support from the City Attorney’s Office. For the seventh year in a row, Prevailing Wage enforcement continued to increase case resolution, ultimately driving OLSE's case settlement numbers to an overall 37% increase. OLSE also sustained its pace in the receipt and resolution of HCSO cases. Never resting on our laurels, OLSE continued to improve processes, ensuring timely resolution of labor complaints for workers. These successes are reflected in this year’s accomplishments, as presented in these charts.



EFFECTIVE PUBLIC ENGAGEMENT

OLSE OUTREACH
Fiscal Year 2022-2023



OLSE continued its successes in public engagement, totaling over 100,000 points of contact, a more than 15% increase from last year. By offering webinars and on-demand content explaining San Francisco labor laws, OLSE has the greatest accessibility for workers and employers in its history. On average, OLSE’s website receives over 35,000 views per month.

Employer Engagement

OLSE is committed to proactive informational outreach to employers. In FY22-23, staff continued to interact 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 may be more vulnerable to 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.

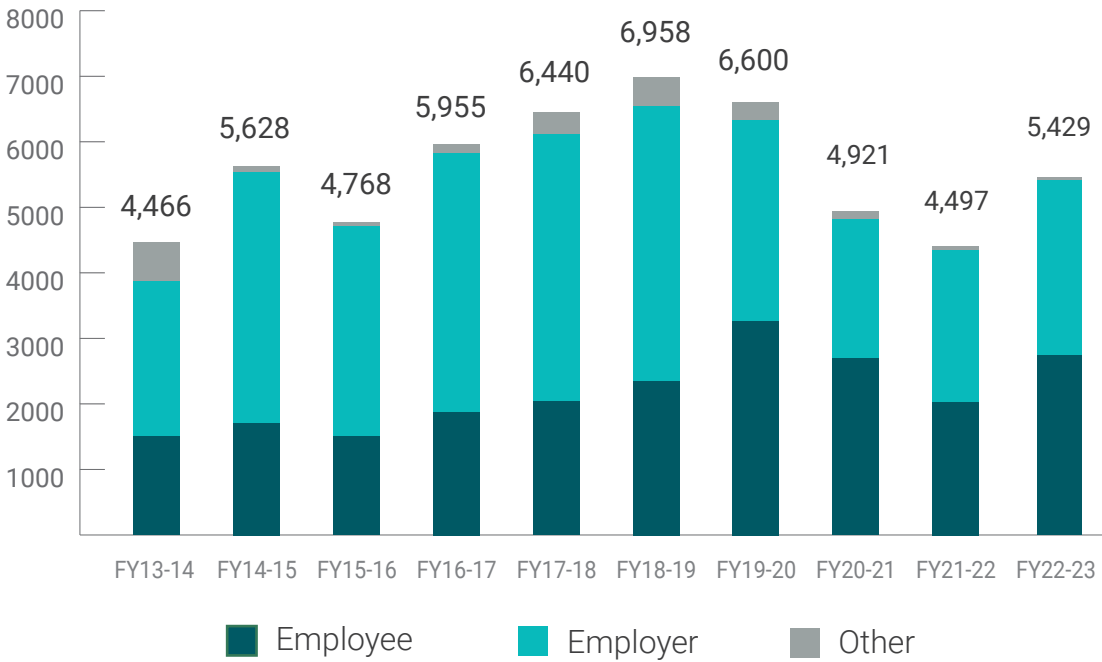
In FY22-23, OLSE’s community contractors reported an increase in outreach to 15,721 workers in targeted communities and consultations on labor rights with 499 workers. This increase reflects the return to in-person outreach and the use of other modes of communication, like Facebook Live and WeChat.

Multilingual Telephone Hotlines

OLSE maintains 12 separate multilingual phone hotlines, each dedicated to a specific ordinance or policy area. Callers are assisted in English, Spanish, Cantonese, Mandarin, Filipino, or any other language upon request.

In FY 22-23, the overall call volume returned to the amount received in prior years, with OLSE receiving calls from workers and employers alike. Additionally, the increase in information on OLSE’s website allows employers to find answers to their questions. Although OLSE staff answer many employer questions by email, the hotlines remain an important resource in meeting OLSE's goal of guaranteeing equitable access.

OLSE HOTLINE CALLS
Fiscal Year 2022-2023



SWEATFREE CONTRACTING ORDINANCE

San Francisco’s Sweatfree Contracting Ordinance, adopted by the Board of Supervisors in 2005, prohibits contractors that 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.

In FY 22-23, OLSE renewed its contract with Worker Rights Consortium (WRC) to conduct factory inspections under the ordinance. WRC continues to work with SPAG to address proposed improvements to the enforcement model.

PROJECT LABOR AGREEMENT

In FY 22-23, with an expanding portfolio of covered projects, OLSE continued to meet the demands of the Citywide Project Labor Agreement (PLA). To date, there are 23 projects awarded under the Citywide PLA, amounting to \$327 million. On June 7, 2023, OLSE hosted the first Joint Administrative Committee meeting, with representatives Greg Hardeman of Elevator Constructors Local 8, Eddie Reyes of Iron Workers Local 377, and Bill Blackwell of Plumbers Local 38 joining three City representatives to address administrative responsibilities of the PLA.

NEW LAWS PASSED

In FY22-23, the Board of Supervisors passed one new law and significantly amended an existing law. In February 2023, the Military Leave Pay Protection Act became operative, establishing OLSE as the agency responsible for outreach and enforcement. OLSE promptly posted administrative guidance to assist employers with the new law.

In May 2023, the Displaced Worker Protection Act was amended significantly, including newly authorized enforcement by OLSE. A rulemaking hearing was held on June 22, 2023, and rules were published on June 30, 2023.

FY 22-23 also saw the implementation of the Public Health Emergency Leave Ordinance, which became operative in October 2022. Additionally, the Residential Construction Wage Theft Prevention Ordinance was amended. OLSE continued its joint efforts with the Department of Building Inspection and Controller's Office to ensure proper implementation.

LOOKING FORWARD

OLSE collected more worker restitution than in any prior year, and possibly more than any other municipal or state labor enforcement agency in the country, but this is not an indication that San Francisco has more wage violations. If anything, it’s the opposite. Through proactive outreach, along with consistent and equitable enforcement actions, OLSE has established a strong atmosphere of labor compliance throughout the City, ultimately protecting workers and leveling the playing field for employers.

Leading the nation through its efforts, OLSE will continue to seek creative solutions while implementing new labor policies in an ever-changing workplace. Never complacent with success, OLSE will continue to expand its partnerships with business groups, labor unions, and community advocates to serve the City in a manner that will elevate everyone.



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 \$18.07 as of July 1, 2023. The rate will increase based on the Consumer Price Index increase on July 1, 2024.	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 provide flexible or predictable work arrangements for 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 to March 8, 2023	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 to February 28, 2023	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.
Military Leave Pay Protection Act	Requires employers to provide supplemental compensation to employees on military duty for up to 30 days.	Businesses with 100 or more employees worldwide.

Part 2: 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	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.
Displaced Worker Protection Act	Requires certain successor contractors and subcontractors to retain covered employees for at least 90 days after the termination of a covered service contract and includes notification requirements.	Certain contractors as defined in the law and rules.

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 and 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 and Leases	Requires an entity that buys, leases or receives a transfer of City property to abide by prevailing wage requirements for construction and 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 and 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 and 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 and apparel from manufacturing those goods in sweatshop conditions.	City contractors that supply textiles and 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 and 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 AND 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
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
FY 19 - 20	3	5
FY 20 - 21	5	6
FY 21 - 22	10	9
FY 22 - 23	15	16
TOTAL	55	61

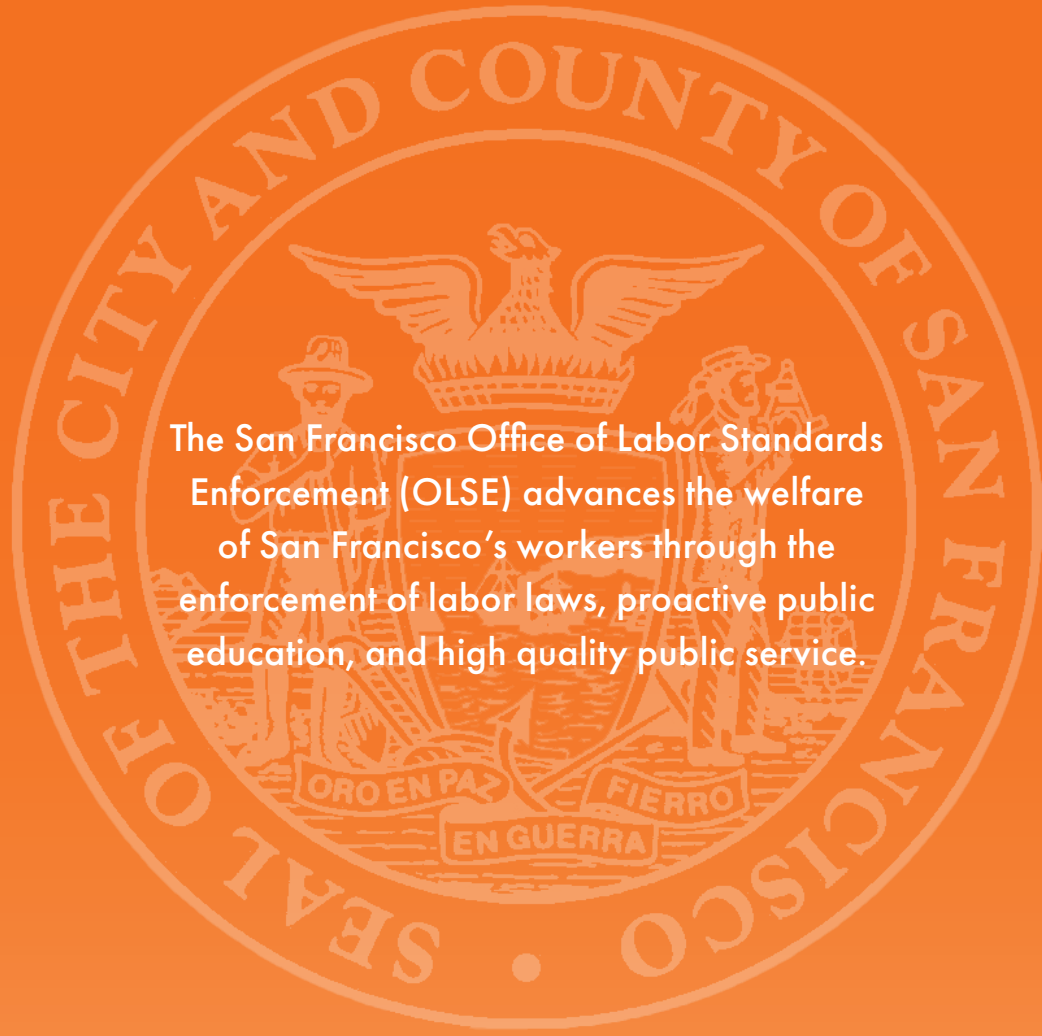
In FY22-23, OLSE approved 15 MCO waivers and 16 HCAO waivers. These waivers were granted for the reasons of sole source contracts, no vendors who comply, and public interest which fall under the San Francisco Administrative Code subsections of 12P.7(a)(i)b), 12P.7(c), 12Q6(a)(i), 12.Q.6(a)(3), and 12G.2(g).

2023 RATE CHART

LAW	RATE	START DATE	END DATE
Minimum Wage Ordinance	\$18.07	7/1/2023	6/30/2024
Minimum Compensation Ordinance	\$20.22	7/1/2023	6/30/2024
Health Care Accountability Ordinance	\$6.35	7/1/2023	6/30/2024
Health Care Security Ordinance (20-99 workers)	\$2.27	1/1/2023	12/31/2023
Health Care Security Ordinance (100+ workers)	\$3.40	1/1/2023	12/31/2023
Health Care Security Ordinance (20-99 workers)	\$2.34	1/1/2024	12/31/2024
Health Care Security Ordinance (100+ workers)	\$3.51	1/1/2024	12/31/2024
Paid Parental Leave Ordinance Weekly Cap	\$2,700	1/1/2023	12/31/2023



Office of Labor Standards Enforcement
 City Hall, Suite 430
 1 Dr. Carlton B. Goodlett Place
 San Francisco, CA 94102
 415-554-6235
 www.sf.gov/OLSE



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.

