

City and County of San Francisco

**OFFICE OF LABOR
STANDARDS ENFORCEMENT**

Annual Report

Fiscal Year 2023-2024



REPORT HIGHLIGHTS

2023
—
2024



On January 4, 2024, the City and County of San Francisco established the nation's first municipal Labor and Employment Code, reinforcing the City's unwavering commitment to establish and enforce comprehensive worker protections. This milestone kicked off an exceptional year for the Office of Labor Standards Enforcement (OLSE), which reached new heights by resolving a record number of cases, benefiting more workers than ever before. Since its inception in 2001, OLSE has collected more than \$170 million on behalf of 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 while also summarizing OLSE's outcomes for Fiscal Year 2023-2024.



RECORD NUMBER OF CASES OPENED AND RESOLVED

- Opened **472** cases, more than any prior year
- Resolved **431** cases, highest ever



17,296 WORKERS AFFECTED

- OLSE resolved cases affecting **17,296** workers, the highest number in the OLSE's history



FIRST INTERAGENCY ENFORCEMENT ACTION WITH DOL AND DLSE

- Worked with the U.S. Department of Labor and the California Division of Labor Standards Enforcement to resolve OLSE's first triagency enforcement action, collecting **\$916,680** on behalf of 38 workers



OLSE COLLECTED OVER \$16 MILLION

- **\$14,193,401** in restitution
- **\$1,957,763** in penalties and fees



NEW LAWS IMPLEMENTED

- San Francisco Labor and Employment Code, effective January 4, 2024
- Housing Production - Prevailing Wage Requirements on Certain Housing Projects, San Francisco Planning Code Sec. 406b(1)(D), effective January 14, 2024
- Transfer Tax Reduction on Union Funded Affordable Housing Developments, effective October 21, 2024

I. BACKGROUND



OLSE administers more worker protection laws than any other local government agency in the country, overseeing groundbreaking policies like the nation's first minimum wage, paid sick leave, formula retail, and paid parental leave ordinances. Equally impressive is the Health Care Security Ordinance (HCSO), an innovative protection requiring health care expenditures for covered workers, a requirement unique to San Francisco. An additional milestone was achieved this year with the establishment of the first municipal Labor and Employment Code in the Country, encapsulating the City's vast portfolio of related laws.

San Francisco's influence has shaped labor policies nationwide. More than 60 U.S. cities and counties have enacted their own minimum wage laws, and more than 40 U.S. states, municipalities, and counties have adopted paid sick leave laws, following San Francisco's leadership. Additionally, cities such as New York, Chicago, and Seattle, have modeled their fair workweek laws after San Francisco's formula retail ordinance; cementing the city's role as a trailblazer in the advancement of worker rights.

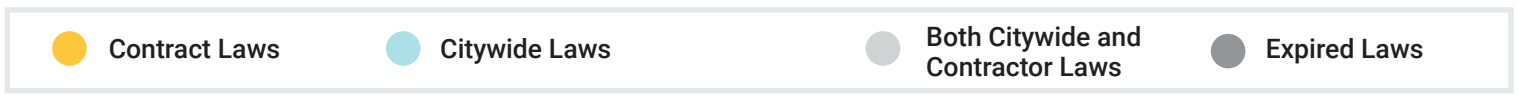
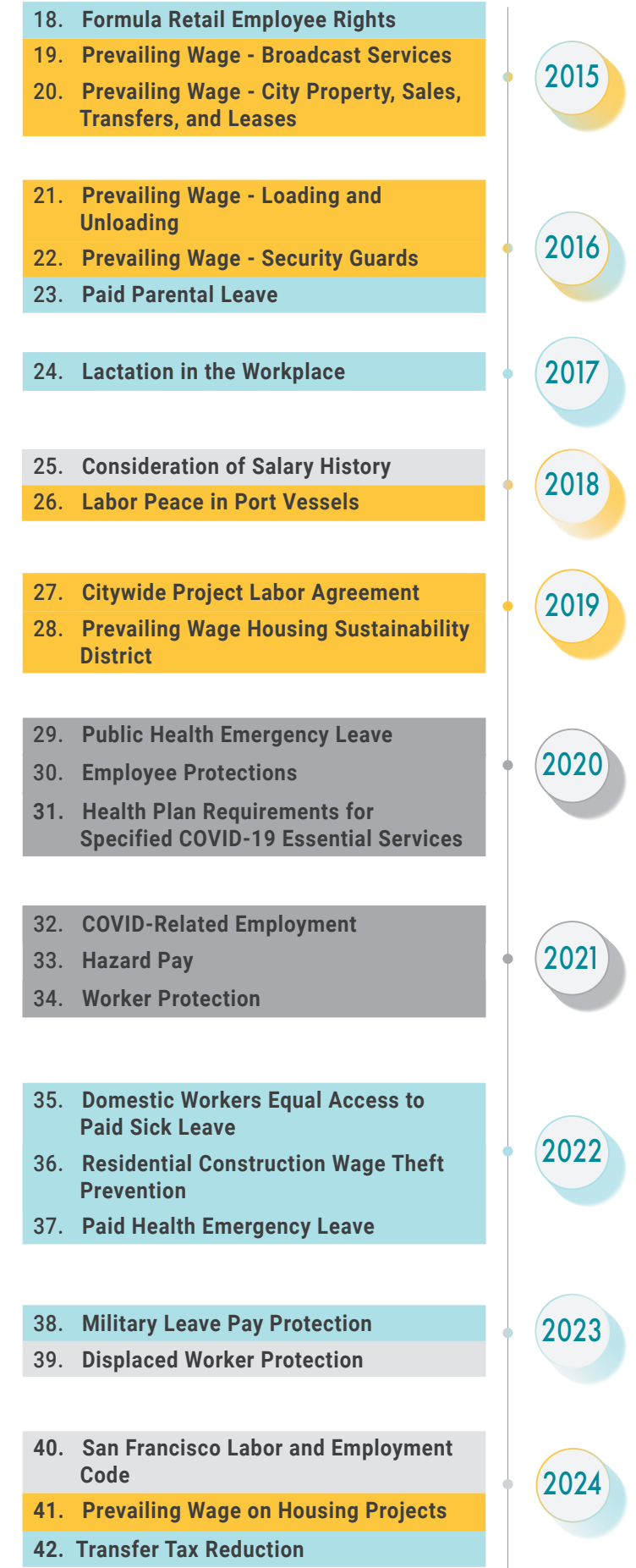
These laws become meaningful through effective implementation. Year after year, OLSE conducts outreach and enforcement initiatives to uphold the growing number of laws passed by the Board of Supervisors and local voters. These pages provide a legislative timeline, illustrating the history and evolution of labor policies in San Francisco. Some laws apply exclusively 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 enforced by OLSE.

The timeline only reflects the initial passage of each law and does not capture subsequent amendments. Nearly half of the laws have annually adjusted rates, and many have been legislatively amended (in some cases multiple times) resulting in significant changes in enforcement. For example, in 2022, the Family Friendly Workplace Ordinance was amended to establish the right to a flexible or predictable working arrangement barring a demonstration of undue hardship, whereas previously the law only provided the right to a consideration process. This marked a substantial change in employment protection and led to an exponential increase in complaints.

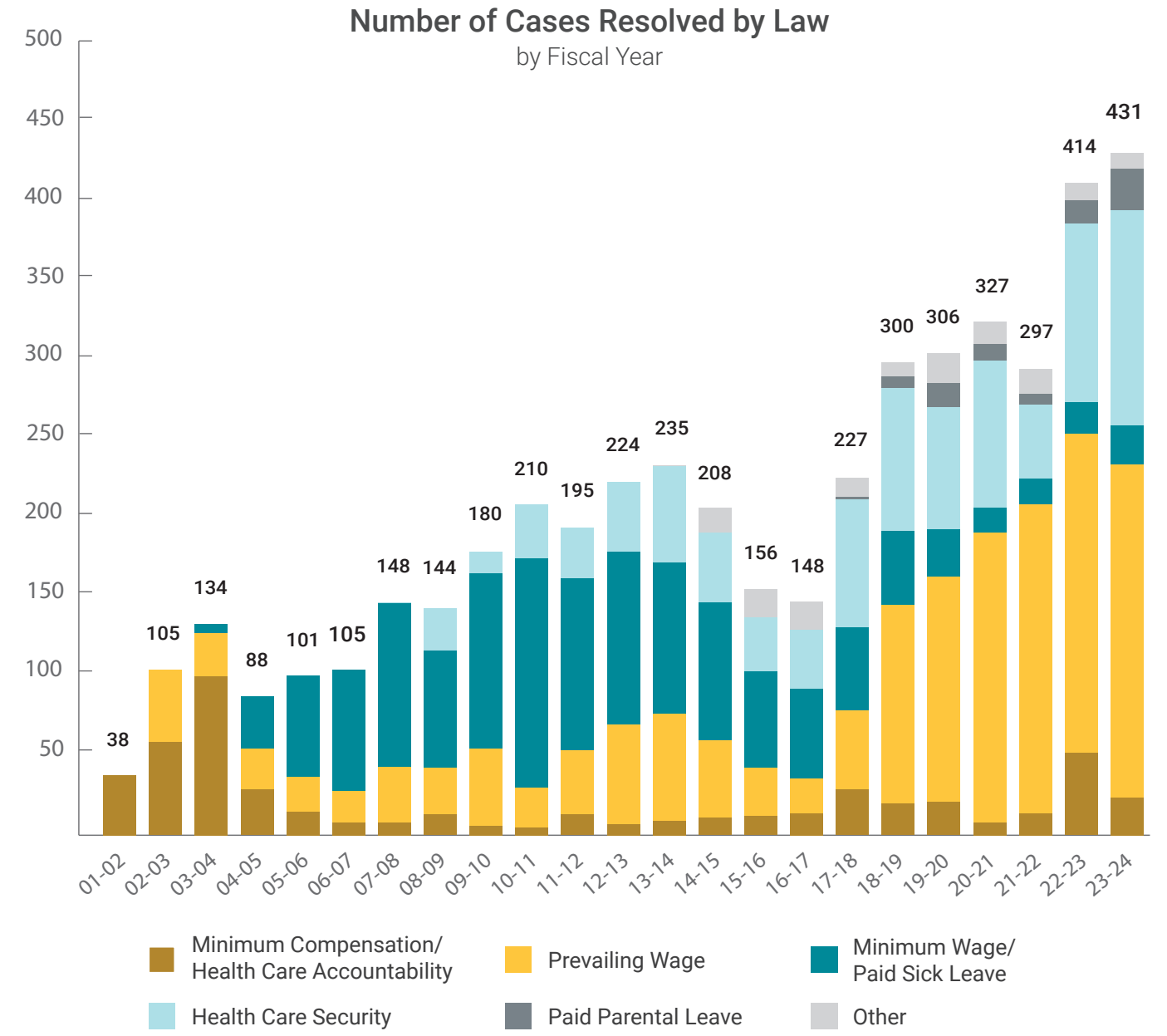
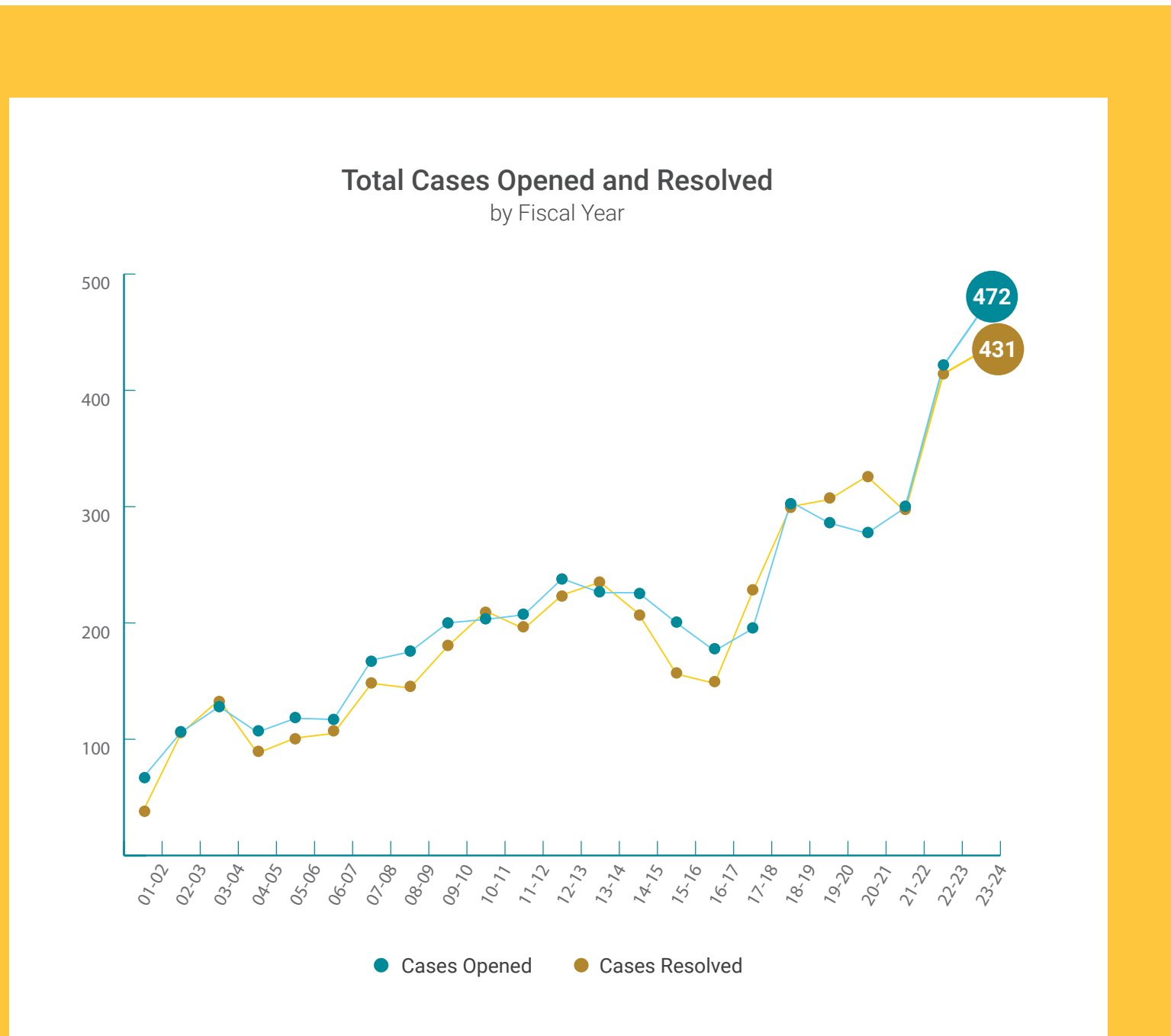
Although not reflected in the timeline, OLSE also monitors new state and federal legislation that could affect local enforcement. For example, in FY 23-24, OLSE amended its guidance to address the changes to paid sick leave under CA SB 616. OLSE regularly adjusts its enforcement operations to accommodate new State laws such as SB-423, SB-4, and SB-922, which expand labor requirements for certain construction projects. Our office is also tracking AB-2374 and AB-2451, which propose expansions in worker protections that may intersect with local enforcement actions.

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



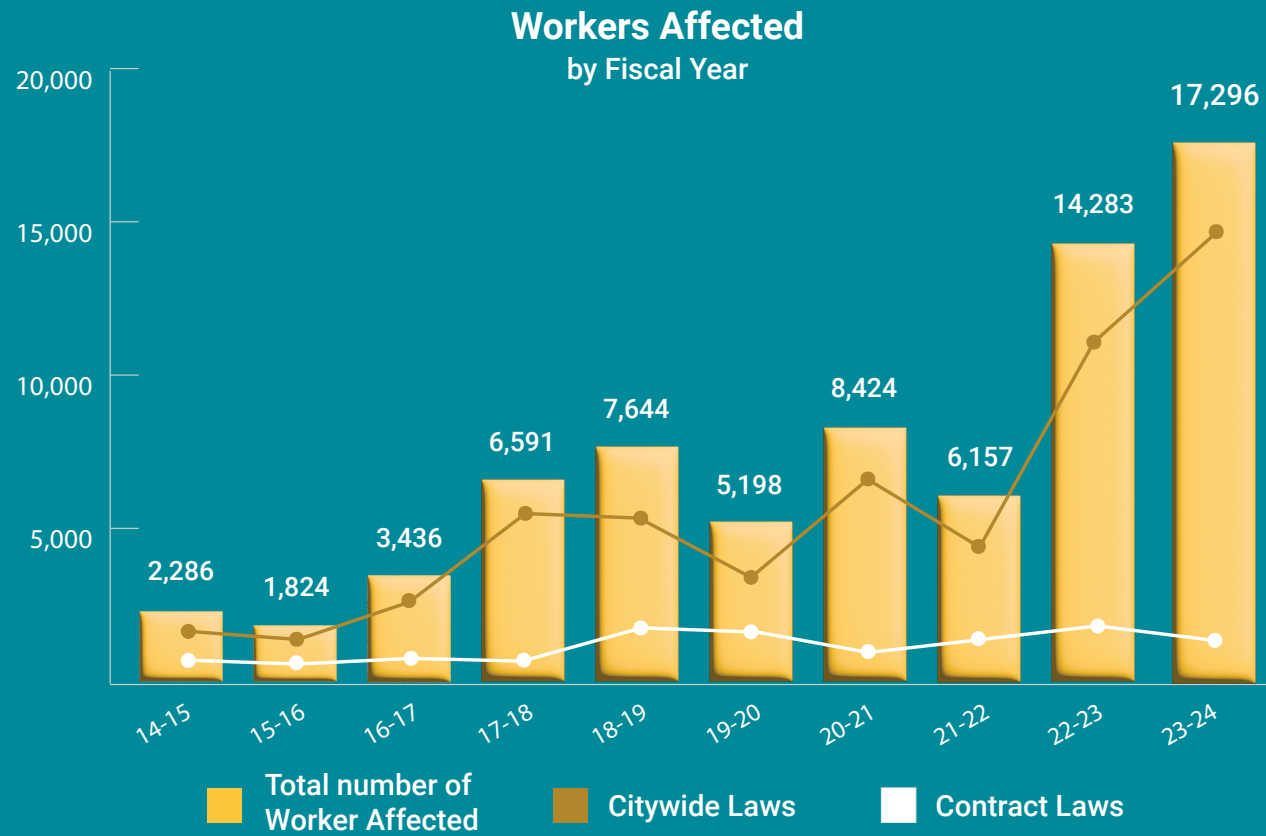
II. RECORD NUMBER OF CASES OPENED AND RESOLVED

In FY 23-24, OLSE opened and resolved more cases than any prior year. Staff opened 472 cases, which represents a 58% increase from just two years prior, and successfully resolved 431 cases. This achievement is the result of collaborative efforts across teams, ongoing engagement with workers and employers, and the legal support of the City Attorney's Office.



For the seventh consecutive year, Prevailing Wage enforcement led to significant increases in case resolution, contributing to a 5% increase in OLSE's case settlement. In addition, OLSE maintained a strong pace in opening and resolving HCSO investigations. These outcomes are a direct result of OLSE's proactive stakeholder engagement, which drives improved compliance, and ensures timely resolution of all labor complaints. This year's accomplishments, reflected in the accompanying charts, underscore OLSE's commitment to protecting workers and upholding labor standards.

III. OLSE IS WORKING FOR WORKERS



Collections Recovered for Workers
Fiscal Year 2023-2024

Ordinance	Amount	Workers Affected
Health Care Security	\$9,634,461	7,050
Formula Retail Employee Rights	\$24,150	27
Prevailing Wage	\$1,634,456	929
Minimum Compensation & Health Care Accountability	\$161,758	260
Minimum Wage & Paid Sick Leave	\$1,342,217	70
Paid Parental Leave	\$645,377	43
Other OLSE Laws	\$750,982	8,917
Total Restitution for Workers	\$14,193,401	17,296

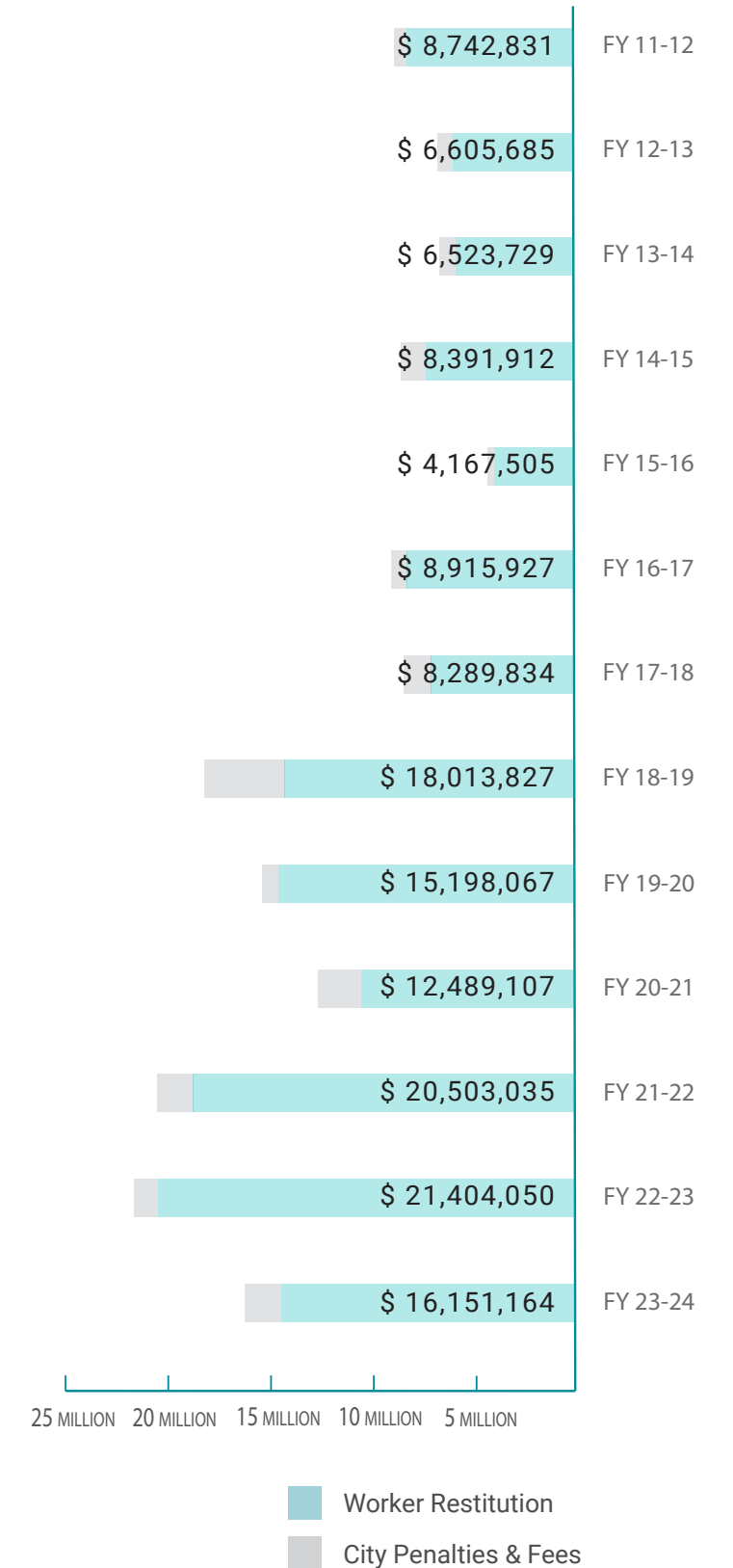
In FY23-24, OLSE settlements benefited a record number of workers. The office successfully collected back wages, penalties, and other remedies for 17,296 workers. Through comprehensive audits, OLSE staff worked diligently to identify all workers impacted by labor law violations.

OLSE's efforts resulted in the collection of over \$16 million in restitution and penalties, including back wages, benefits, penalties, and interest paid directly to workers. This figure represents actual payments made by employers to current and former workers, making it the third highest restitution amount collected in OLSE's history.

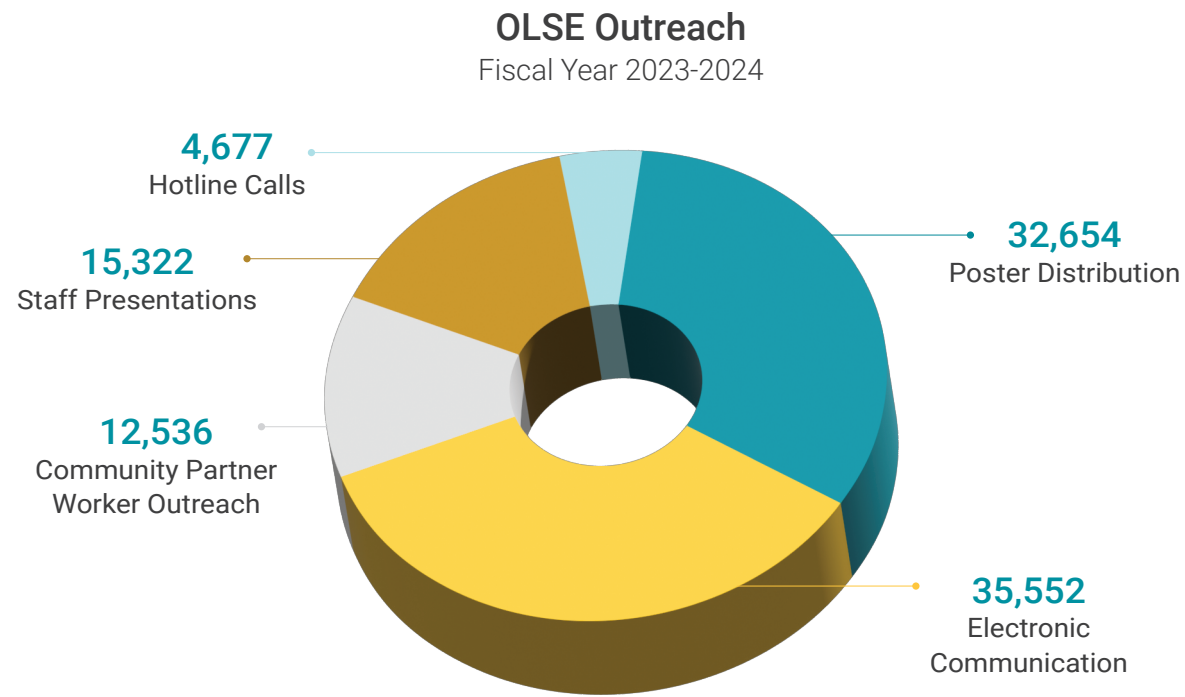
Once again, HCSO investigations yielded the highest collections since the law's implementation 15 years ago. This represents the largest portion of OLSE's overall collections, surpassing all other labor laws. In FY 23-24, OLSE collected almost \$10 million in restitution for 7,050 workers through HCSO cases, demonstrating effective enforcement efforts. These collections underscore OLSE's commitment to ensure that San Francisco workers receive access to health care.

Another area of notable success was Prevailing Wage enforcement, which collected \$1.6 million for 929 workers. These laws protect workers on City construction contracts and level the playing field for all.

Total Collections for Labor Law Violations



IV. EFFECTIVE PUBLIC ENGAGEMENT



OLSE's commitment to public outreach and education continued to deliver impactful results. In FY 23-24, OLSE recorded over 100,000 points of contact with the public, a continuation of last year's milestone. Staff presentations reached over twice as many people compared to just two years ago. By offering webinars and on-demand content, OLSE has made San Francisco labor laws more accessible to workers. On average, OLSE's website now receives nearly 33,000 views per month.

Employer Engagement

OLSE remains committed to proactive informational outreach to employers. In FY 23-24, staff continued to interact with employers and community representatives through various channels, including annual mailings, webinars, electronic communications, hotline calls, and City contract meetings. These efforts help to ensure that employers remain informed and compliant with San Francisco's labor laws.

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, Mission Action, Filipino Community Center, La Raza Centro Legal, South of Market Community Action Network and

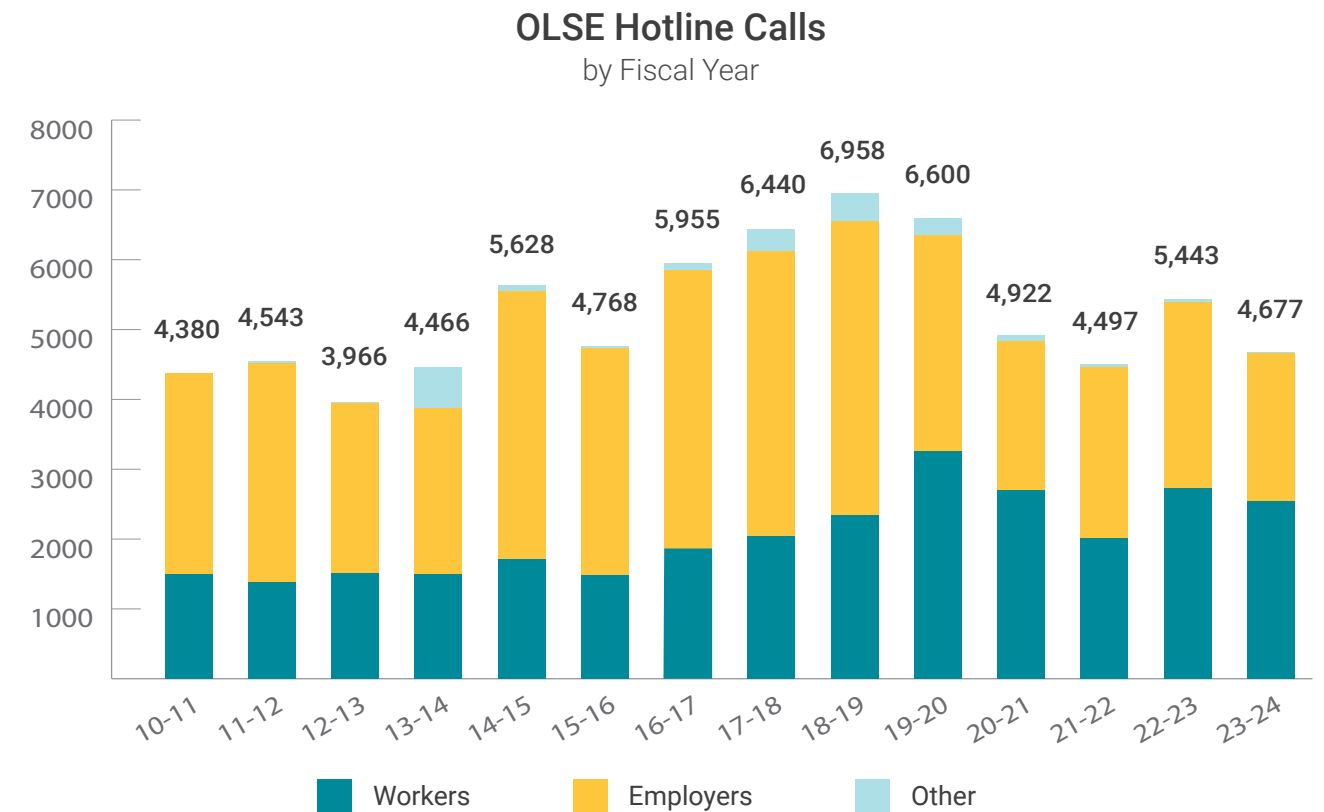
Trabajadores Unidos Workers United). These organizations disseminate information on workers' rights in low-income and immigrant communities, provide individualized worker rights consultations, and encourage workers to file complaints regarding law violations.

In FY 23-24, OLSE's community contractors reported reaching out to 12,536 workers in targeted communities. Their outreach efforts led to a 23% increase in labor rights consultations, and assistance to 613 workers. This increase reflects the return of in-person consultations and the program's effectiveness in helping workers connect with the appropriate enforcement agencies.

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 23-24, OLSE expanded the information available on its website, enabling visitors to find answers to many of their questions. Despite the shift, the call volume remained consistent with averages from previous years, reflecting ongoing inquiries from both workers and employers. While many questions are handled via email, the hotlines remain an important resource towards achieving OLSE's goal of ensuring equitable access.



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.

In FY 23-24, pursuant to its contract, Worker Rights Consortium (WRC), conducted inspections and corrected labor violations in factories producing textiles for City departments. WRC continues to work with the SPAG to improve the enforcement model and reinforce the intent of the ordinance.

VI. PROJECT LABOR AGREEMENT

In FY 23-24, with an expanding portfolio of covered projects, OLSE continued to meet the growing demands of the Citywide Project Labor Agreement (PLA). To date, 26 projects have been awarded under the Citywide PLA, with a total value of \$456 million. OLSE successfully conducted 28 pre-job meetings, transitioned 2 Local Business Enterprises (LBE) from exempt to covered status mid-project, and successfully closed out 3 projects. In Addition, OLSE hosted two Joint Administrative Committee meetings—one in January and one in July 2024. Greg Hardeman of Elevator Constructors Local 8, Eddie Reyes of Ironworkers Local 377, and Bill Blackwell of Plumbers Local 38 joined City officials to review the PLA's administrative responsibilities.

VII. ADVANCING WORKER PROTECTIONS

OLSE enforces labor and employment protections for all covered workers, regardless of their immigration status. The Department of Homeland Security's (DHS) Deferred Action Process offers a commitment not to pursue deportation against an individual whose employer is the subject of a labor agency investigation. As part of this process, OLSE has submitted Statements of Interest to verify individuals who worked for employers under investigation for violating San Francisco laws. The promise of deferred action gives these individuals the confidence to cooperate with compliance staff without the threat of immigration-related retaliation.

OLSE also conducted outreach to undocumented workers and those seeking immigration assistance. Through virtual and in-person presentations, OLSE has explained how vulnerable workers benefit from these protections.

VIII. LOOKING FORWARD

In fiscal year 2023-2024, OLSE continued to break new ground while simultaneously establishing higher standards of excellence in labor enforcement. Whether it's by resolving a record number of investigations or by issuing millions of dollars in worker restitution, OLSE stands out among all other related enforcement agencies.

Never satisfied with success, OLSE will continue to expand public engagement and implement operational efficiencies, ultimately strengthening the atmosphere of labor compliance while elevating standards for workers and employers.

Always with eyes on the future of our ever-changing city, OLSE will continue to build on relationships with business groups, labor unions, and community advocates to provide the highest level of public service.



APPENDIX A: OLSE LAWS

Division 1: San Francisco Citywide Labor Laws

L.E.C. Article 1 Minimum Wage

Requires employers in San Francisco to pay employees a minimum hourly wage rate. The rate will increase based on the Consumer Price Index increase. Covers all employers with employees in San Francisco.

L.E.C. Article 2 Professional Services Minimum Contractual Rate

Requires contracting entities to pay independent contractors no less than the San Francisco minimum wage.

L.E.C. Article 11 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. Covers all employers with employees in San Francisco.

L.E.C. Article 12 Domestic Worker Equal Access to Paid Sick Leave

Establishes a portable paid sick leave system for domestic workers. Covers domestic workers paid as employees or as independent contractors.

L.E.C. Article 13 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.

L.E.C. Article 14 Paid Parental Leave

Requires employers to provide supplemental compensation to employees receiving California Paid Family Leave benefits to bond with a new child. Covers employers with 20 or more employees worldwide.

L.E.C. Article 15 Military Leave Pay Protection Act

Requires employers to provide supplemental compensation to employees on military duty for up to 30 days. Covers businesses with 100 or more employees worldwide.

L.E.C. Article 21 Health Care Security

Requires employers to spend a minimum hourly amount on health care for each covered employee. Covers for-profit employers with 20 or more workers worldwide and non-profit employers with 50 or more workers worldwide.

L.E.C. Article 31 Lactation in the Workplace

Requires employers to provide employees with breaks and appropriate space to express breast milk. Covers all employers with employees in San Francisco.

L.E.C. Article 32 Family Friendly Workplace

Requires employers to provide flexible or predictable work arrangements for employees with caregiving responsibilities. Covers employers with 20 or more employees worldwide.

L.E.C. Article 41; L.E.C. Article 42 Formula Retail Employee Rights

Regulates scheduling, part-time work, and hiring at large chain businesses. Covers formula retail employers with 40 or more locations worldwide and 20 or more employees in San Francisco.

L.E.C. Article 81 Residential Construction Wage Theft Prevention

Requires a Bond to be posted and certifications of compliance for private residential projects to cover worker restitution if there are violations. Covers private projects that add or create 10 or more residential or sleeping units.

Public Health Emergency Leave (April 17, 2020 - 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. Covers businesses with 500 or more employees worldwide.

Employee Protections (May 1 2020 - March 10, 2021)

Provides health and safety protections for workers, including the provision of protective equipment, social distancing, and "no contact" delivery options. Covers on-demand delivery services.

COVID-Related Employment Protections (March 7, 2021 - 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. Covers all employers with employees in San Francisco.

COVID Related Hazard Pay (March 22, 2021 - 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. Covers grocery stores and drug stores with 500 or more employees worldwide, including at least 20 employees in San Francisco.

Worker Protection (April 26, 2021 - February 28, 2023)

Provides workers with items such as face coverings, gloves, hand sanitizer and disinfectants; 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. Covers grocery stores, drug stores, restaurants, and on-demand delivery services.

Division 1 and 2: San Francisco Labor Laws which apply Citywide and to City Contracts

L.E.C. Article 61; L.E.C. Article 141 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. Covers all employers with employees in San Francisco and City contractors.

L.E.C. Article 71 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. Covers certain contractors as defined in the law and rules.

L.E.C. Article 142; Police Code 49 Fair Chance

Regulates employers' use of arrest and conviction records in hiring and employment decisions. Covers all employers with 5 or more employees worldwide and City Contractors of any size.

Division 2: San Francisco Labor Laws which apply to City Contracts

S.F. Admin. Ch. 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. Covers Public Works contractors.

L.E.C. Article 102.2 Prevailing Wage for Janitorial Services

Requires janitorial service contractors to pay prevailing wage rates set by the Board of Supervisors. Covers janitorial services contractors.

L.E.C. Article 102.3 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. Covers contractors with employees performing work in public off-street parking lots, garages or auto storage facilities.

L.E.C. Article 102.4 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. Covers contractors, leaseholders, and permit holders with theatrical workers.

L.E.C. Article 102.5 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. Covers contractors with workers engaged in hauling of solid waste.

L.E.C. Article 102.6 Prevailing Wage for Moving Services

Requires moving services contractors to pay prevailing wage rates set by the Board of Supervisors. Covers moving services contractors.

L.E.C. Article 102.7 Prevailing Wage for Motor Bus Services

Requires motor bus service contractors to pay prevailing wage rates set by the Board of Supervisors. Covers motor bus services contractors.

L.E.C. Article 102.8 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. Covers Contractors, leaseholders, permit holders with workers engaged in exhibit, display, or trade show work at a special event.

L.E.C. Article 102.9 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. Covers contractors, leaseholders, permit holders with workers engaged in broadcast services on City property.

L.E.C. Article 102.10 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. Covers 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.

L.E.C. Article 102.11 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.

L.E.C. Article 111 Minimum Compensation

Requires contractors to pay a minimum compensation rate and to provide paid and unpaid time off. Covers city service contractors with 5 or more employees.

L.E.C. Article 121 Health Care Accountability

Requires contractors to provide health benefits that meet the minimum standards set by the City. Covers city service contractors with 20 or more employees (and non-profits with 50 or more).

L.E.C. Article 151 Sweatfree Contracting

Prohibits contractors that supply textiles and apparel from manufacturing those goods in sweatshop conditions. Covers city contractors that supply textiles and apparel.

S.F. Admin. Ch. 23 Sec. VIII Labor Peace Agreement for Port Vessel Operations

Requires Labor Peace Agreements between employers operating excursion vessels under a Port lease and labor organizations. Covers employers operating excursion vessels.

S.F. Admin. Ch. 6.27 PLA 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. Covers contractors on public works projects issued by SF Public Works and Recreation and Parks Dept. that meet specified dollar thresholds.

S.F. Admin. Ch. 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. Covers entities that buy, lease or receive a transfer of City property.

Health Plan Requirements for Specified COVID-19 Essential Services Contracts

(2023 - February 28, 2023)

Covered contractors must offer their covered employees and covered employees' dependents health plan benefits that meet the minimum standards prepared by the Health Director. Covers city contractors that enter into a COVID-19 essential services contract for food service, delivery of food, or janitorial services.

Prevailing Wage Housing Sustainability District

Requires prevailing wage for work performed on projects located in the Central SoMa HSD. Covers project owners and contractors.

Other Laws

SB-423 Streamlined Housing Approvals

Requires construction workers on eligible multifamily projects to be paid prevailing wages, meet apprenticeship requirements, and use a skilled and trained workforce unless exempt.

SF Planning 406b(1)(D) Prevailing Wages on certain housing projects

Requires that all construction workers on certain affordable housing units be paid prevailing wages.

SB-616 Amends California’s Paid Sick Leave

Modifies the alternate accrual rate to ensure that employees accrue no less than 40 hours (or 5 days) of paid sick leave by the 200th calendar day of employment, or within each calendar year or 12-month period.

Article 12-C of the Business and Tax Regulations Code Section 1108.8 Transfer Tax Reduction for Affordable Housing

Reduces real property transfer tax rates for transfers of qualified residential rental properties certified by OLSE that are built and financed by labor organizations.

2024 RATE CHART

LAW	RATE	START DATE	END DATE
Minimum Wage	\$18.67	7/1/2024	6/30/2025
Minimum Compensation	\$20.96	7/1/2024	6/30/2025
Health Care Accountability	\$6.75	7/1/2024	6/30/2025
Health Care Security (20-99 workers)	\$2.34	1/1/2024	12/31/2024
Health Care Security (100+ workers)	\$3.51	1/1/2024	12/31/2024
Health Care Security (20-99 workers)	\$2.56	1/1/2025	12/31/2025
Health Care Security (100+ workers)	\$3.85	1/1/2025	12/31/2025
Paid Parental Leave Weekly Cap	\$2,700	1/1/2024	12/31/2024

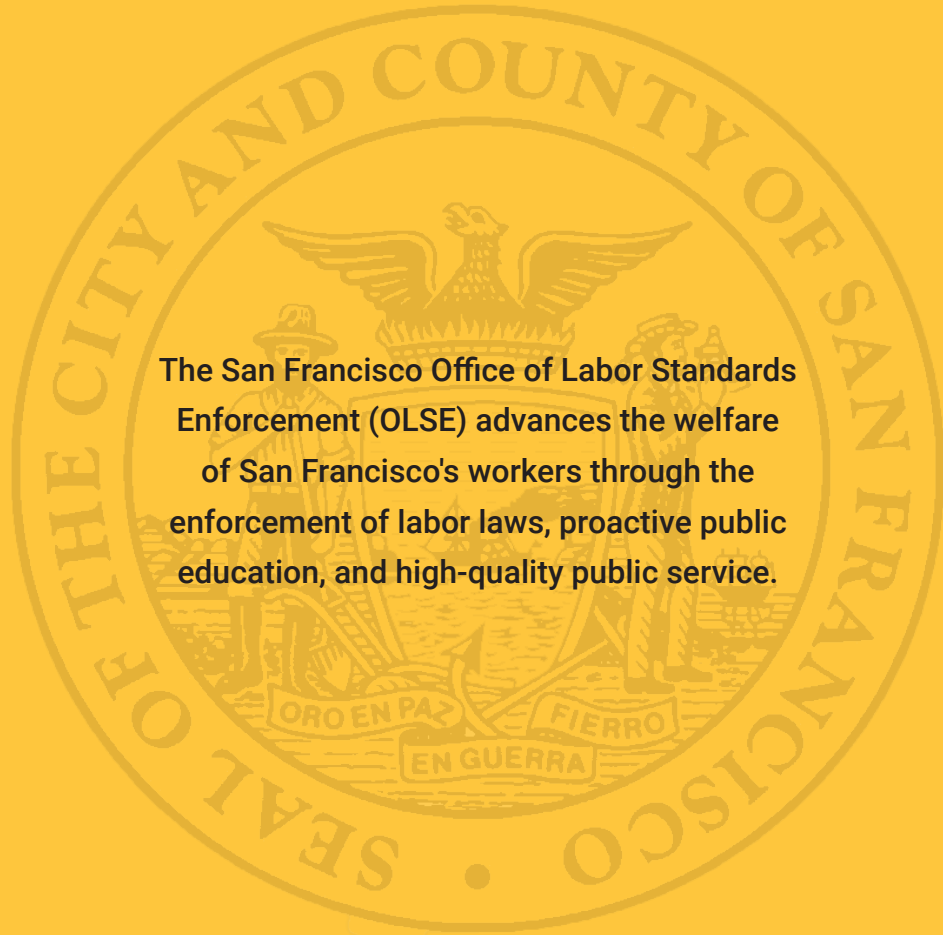
APPENDIX B: MCO AND HCAO WAIVER

OLSE has authority to waive the requirements of the Minimum Compensation Ordinance and the Health Care Accountability Ordinance under the narrow circumstances specified in San Francisco Labor and Employment Code Articles 111 and 121. L.E.C. Code Sections 111.6(a) and 121.5(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 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
FY 23 - 24	15	15
TOTAL	55	61

In FY23-24, OLSE approved 15 MCO waivers and 15 HCAO waivers. These waivers were granted for the reasons of sole source contracts and no vendors who comply, which fall under the San Francisco Labor and Employment Code subsections of 111.7(a)(i)b), 111.7(c), 121.6(a)(i), and 121.6(a)(3).

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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.

