



Frequently Asked Questions

MCO



Office of Labor Standards Enforcement

Question 1: MCO vs Minimum Wage Ordinance (MWO)

- The MCO compensation rate and time-off provisions applies to San Francisco contracts and regardless of where the work is performed in the United States.
- Minimum Wage Ordinance applies its own wage limits and only applies to work that is performed in San Francisco. MWO applies to work performed on a San Francisco contract if the contractor has less than 5 employees and the work is performed in San Francisco.



Question 2: What are the thresholds for employee count and hours worked for the MCO and HCAO?

MCO	HCAO
5 workers for the firm	20 workers for the firm
No minimum hours threshold. Must comply with MCO for all workers who perform work on the San Francisco contract.	20 hours or more per week worked on the San Francisco contract. (HCSO may apply if HCAO doesn't apply)
Comply immediately	Comply by the first of the month after 30 days



Question 3: What's the difference if an employee works in San Francisco or outside of San Francisco?

- There is no difference to MCO compensation rates and time off provisions.



Question 4: Tell me more about how paid time off (PTO) and unpaid time off (UTO) works

- **PTO**

- Accrual rate is 0.04615.
- Caps at 96 hours.
- Rolls over to following calendar year.

- **UTO**

- Accrual rate is 0.0384.
- Caps at 80 hours.
- Rolls over to following year.

- Existing policies such as vacation and sick leave or providing time off upfront may be compliant. Contact OLSE to discuss how your firm implements time off.



Question 5: What changed July 1, 2020 with the MCO?

- MCO for-profit rate increased to \$18.24 from \$17.66.
- San Francisco Paid Sick Leave preemption is incorporated into the MCO.
- See our updated [MCO Rules and Regulations](#) which includes the latest clarification and details regarding the MCO effective July 1, 2020.



Question 6: What are the Rules and Regulations and should I read this document?

- The MCO Rules and Regulations took effect July 1, 2020 and it's best to review the document to understand how to comply with the MCO and its recent changes.
- Highlights for the Rules and Regulations:
 - ✓ MCO compensation rates, PTO, and UTO
 - ✓ Paid Sick leave Ordinance (PSLO) preemption
 - ✓ Notices and posters for employees
- See the MCO Rules and Regulations portion of the MCO/HCAO Webinar



Question 7: What is the MCO Rate for a project team with different types of entities?

- We are a nonprofit prime contractor, but our subcontractor is a for-profit company performing work on the contract. What rates should each of us pay?
- The MCO pay rate is decided by the type of firm (for-profit, non-profit, and public entity) that is performing work on the contract.
 - ✓ For example, the prime contractor that is a non-profit must meet the MCO non-profit rate of \$16.50. The for-profit subcontractor must meet the MCO for-profit rate of \$18.24.



Question 8: Are we responsible for the compliance of our subcontractor/subtenant?

- Yes, as a prime contractor/proposer, you are responsible for the compliance of your subcontractors/subtenants.
- **Best practice:**
- Inform your subcontractors/subtenants of their requirement to comply with the ordinances that apply to the whole project team on the contract.
- Refer subcontractors/subtenants to the webinars for them to do their own research about how to comply with the ordinances.
- Have the subcontractors/subtenants complete the MCO and HCAO Declaration Forms.



Question 9: Do I need to complete a Declaration Form?

- The MCO Declaration and HCAO Declaration Forms are required of contracts that are \$25,000 or more in a fiscal.
- Refer to the MCO/HCAO Webinar for further details regarding the Declaration Forms.

Best practice:

- Complete the Declaration Forms (including subcontractors/subtenants) even if the contract is under \$25,000.



Question 10: I have a Collective Bargaining Agreement (CBA) with a union, I'm in compliance. Right?

- It depends on if the language in the CBA is compliant. Regardless of the body that determines employee compensation and benefits for the firm performing work on the San Francisco Contract, compliance is required of the whole project team (primes and subcontractors/subtenants).

Be aware of:

- For union contracts, be aware of waiting periods for a worker to have access to medical insurance or use accrued time off.
 - The waiting period will typically mean the policy is non-compliant.



Question 11: I don't think we have been in compliance. What should I do?

- Give OLSE a call at 415-554-7903 and we will work with you to get an understanding of your firm's compensation and benefits and if there needs to be any action taken.
- We have our voluntary compliance program that works with contractors to provide cost discounts to firms working with us to resolve violations of the ordinances and to take the corrective actions to ensure compliance moving forward.
- See our Voluntary Compliance Audit segment of our MCO/HCAO Webinar for more details.



Contact OLSE

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