

Beverly Popek
Supervising Compliance Officer

This is a contract requirement with the City and County of San Francisco.

MCO: Covered Employer

- For-profit and nonprofit 5+ workers (permanent, temporary, intern, etc.) anywhere in the world
- with a City agreement (i.e. contract, grant, lease)
- includes subcontractors and subtenants

MCO: Covered Employee/Worker

- Anyone working for a covered employer on a City contract or leased property
- Worker/Employee is anyone doesn't matter if full-time, part-time, contract, intern, casual, etc.
- Can be located/performs work anywhere in the US.

More on Covered Employee/Worker



The MCO applies positions that don't fall under Prevailing Wage labor requirements (Chapter 6 or Chapter 21c).

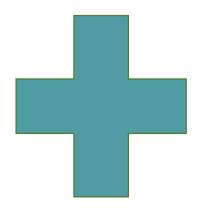
MCO positions are usually non-construction workers who work on the contract or leased property.

Common Examples:

- Professional Services: engineers, architects, planners, translators
- Construction Industry: project managers, schedulers, administrators
- Nonprofit Industry: Outreach workers, case managers, counselors, interns
- Health Care: Doctors, nurses, etc.

MCO = Wages + PTO







MCO: Requires Covered Employees to Receive (at least)

The minimum hourly compensation rate:

- 1. For Profit Rate is \$18.55* per hour, effective 7/1/21
 - Annual increases occur every July 1
- 2. Nonprofit Rate is \$17.34* per hour, effective 7/1/21
 - Increases shall be by an amount corresponding to the prior year's increase, if any, in the Consumer Price Index
 - The City must appropriate funds for such increases
- 3. Public Entities Rate is \$18.00* per hour, effective 7/1/21
 - Increases shall be by an amount corresponding to the prior year's increase, if any, in the Consumer Price Index
 - The City must appropriate funds for such increases



^{*} The rates change! Look up the current rate on our website.

MCO: Requires Covered Employees to Receive (at least)

- Paid Time Off (PTO) accrual rate is 0.04615 hours of paid time off per hours worked
 - ~12 days for 40 hour a week employee
 - PTO violations are the most common violations for the MCO
 - PTO is the property of the worker Needs to paid out upon termination
- Unpaid Time Off accrual rate is 0.03846 hours of unpaid time off per hour worked
 - ~10 days for full-time 40 hour a week employee
 - Unpaid sick time for an employee for themselves and/or family
 - Details & information in MCO Rules and Regulations
 - Employer may require employee to use all available paid time first
 - Not applicable for temporary or on-call employees



Annual Requirements

Posters/Notices

Know Your Rights Forms

 Available in multiple languages on the MCO Webpage: https://sfgov.org/olse/minimum-compensation-ordinance-mco

Keep on file for at least 3 years after the termination of your contract.

MCO Resources

 MCO Rules and Regulations: <u>https://sfgov.org/olse/sites/default/files/Final%20OLSE%20MCO%202020</u> <u>%20Rules%20-%20Posted%20March%2003.02.2020.pdf</u>

 Sign Up for MCO Updates: https://signup.e2ma.net/signup/1954430/1936532/

 SF Labor Laws for City Contractors Packages: Look in the "For Employers" section of MCO Webpage: https://sfgov.org/olse/minimum-compensation-ordinance-mco



Frequently Asked Questions



Question 1: MCO vs Minimum Wage Ordinance (MWO)

 The MCO compensation rate and time-off provisions applies to San Francisco contractors 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?

MCO

of workers: 5 workers for the firm.

Hours: No minimum hours threshold. Must comply with MCO for all workers who perform work on the City contract/property.

When? Comply immediately.

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.
- Minimum caps is 96 hours.
- Rolls over to following calendar year.

• UTO

- Accrual rate is 0.03846.
- Minimum cap is 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: When do the MCO rates change?

MCO for-profit rate – July 1

 MCO non-profit rate – The City must appropriate funds for such increases. TBD.

 MCO public entities rate –The City must appropriate funds for such increases. TBD.



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

https://sfgov.org/olse/sites/default/files/Final%20OLSE%20MCO%202020%20Rules%20-%20Posted%20March%2003.02.2020.pdf

- Highlights for the Rules and Regulations:
 - ✓ MCO compensation rates, PTO, and UTO
 - ✓ Paid Sick leave Ordinance (PSLO) preemption

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 pay at least the MCO non-profit rate. The for-profit subcontractor must [ay at least the MCO for-profit rate.

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.



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

 The MCO Declaration Form is required of contracts that are \$25,000 or more in a fiscal year.

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 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.

Question 11: Are workers under 18 years of age covered under the MCO?

Yes, unless if the **Contracting Department** determines that an exclusion applies.

Speak to your contracting department to determine.

Question 12: We have summer interns. How do we comply with the PTO requirement of the MCO for them?

Answer depends on what the interns do.

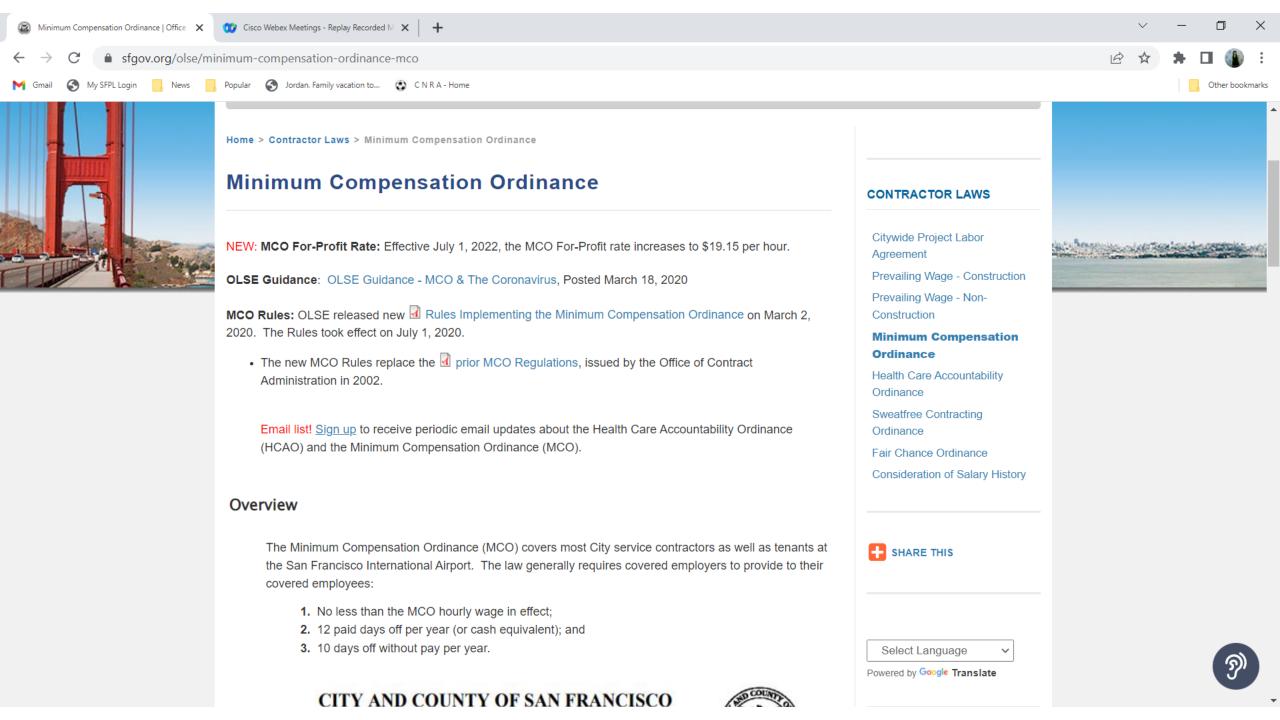
- 1. Learning stipend.
- 2. Work by the hour PTO required.

Since the duration of the summer interns is very short, most companies who employ interns usually pay out the PTO every pay period rather than keep a PTO bank for them. If they keep a PTO bank, they must pay out the accrued PTO upon termination. Employers decide how to comply.



Webpage Tour









Date of Increases and Rates

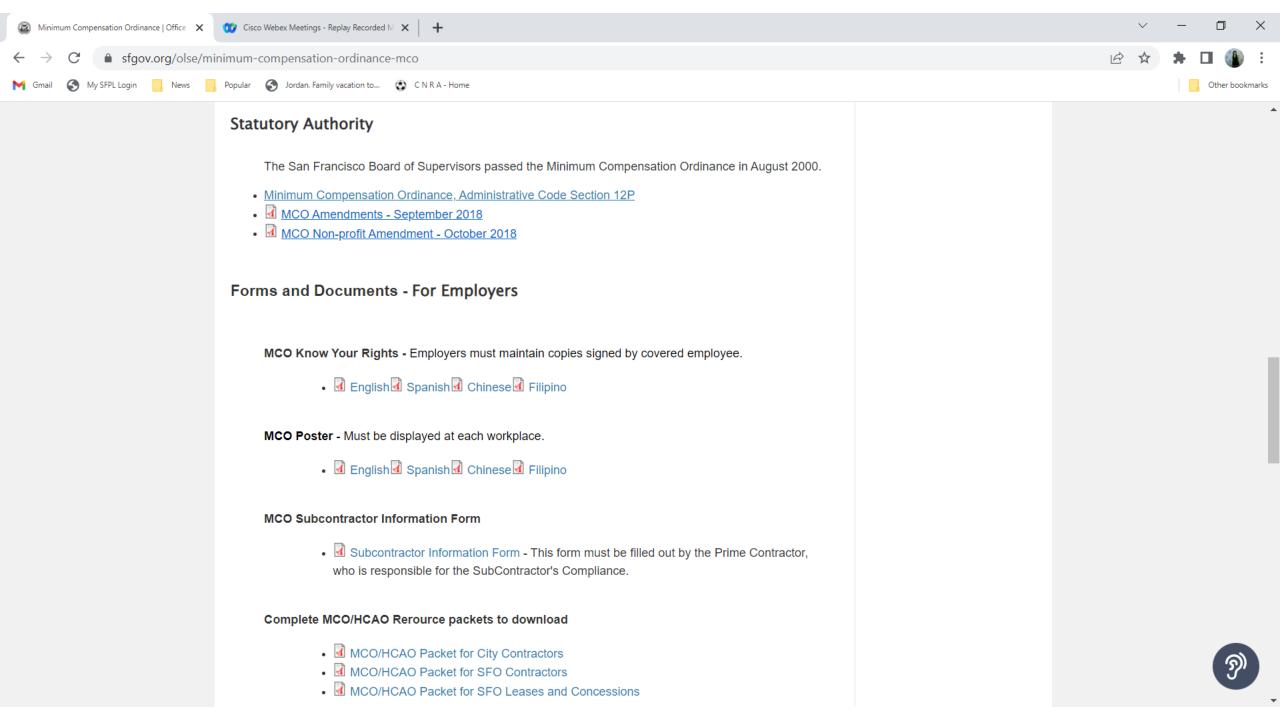
	For-Profit	Non-Profit	Public Entities
7/1/2022	\$19.15	TBD	TBD
7/1/2021	\$18.55	\$17.34	\$18.00
2/1/2021	\$18.24	\$17.05	\$17.50
12/8/2020	\$18.24	\$17.05	\$17.25
9/1/2020	\$18.24	\$16.50	\$17.25
7/1/2020	\$18.24	\$16.50	\$16.50

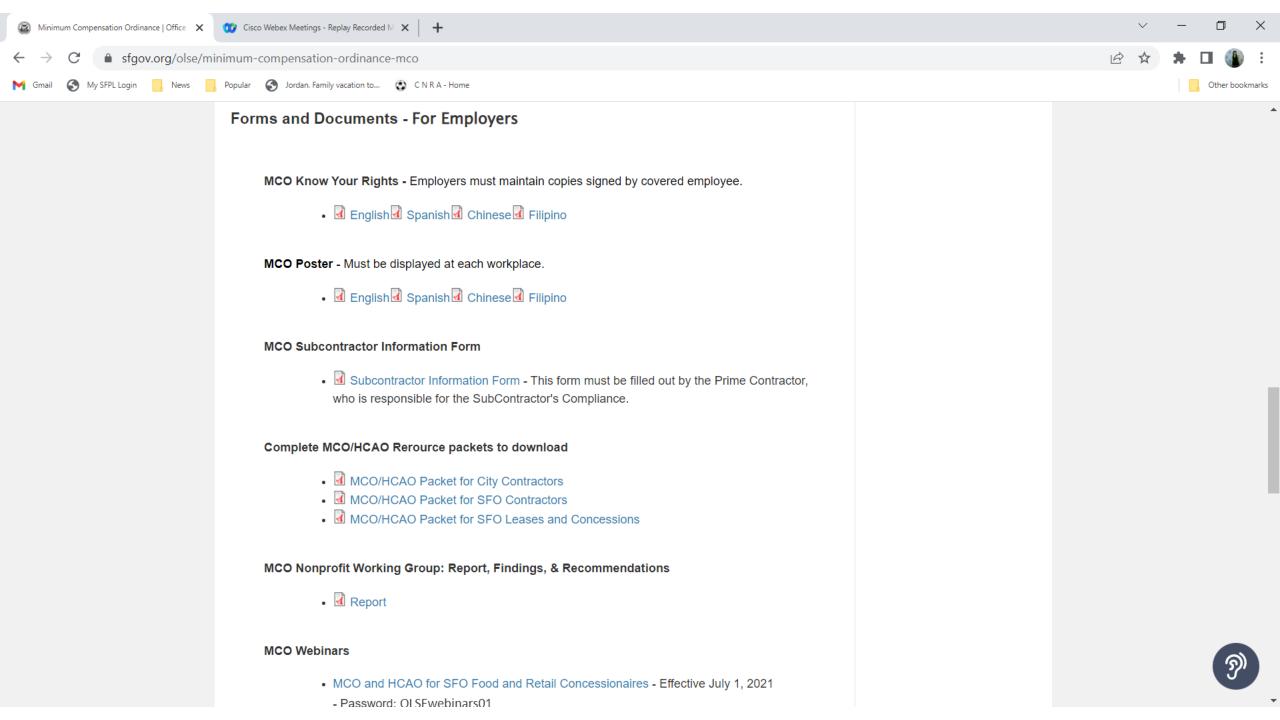
• Historical MCO Wage Rates

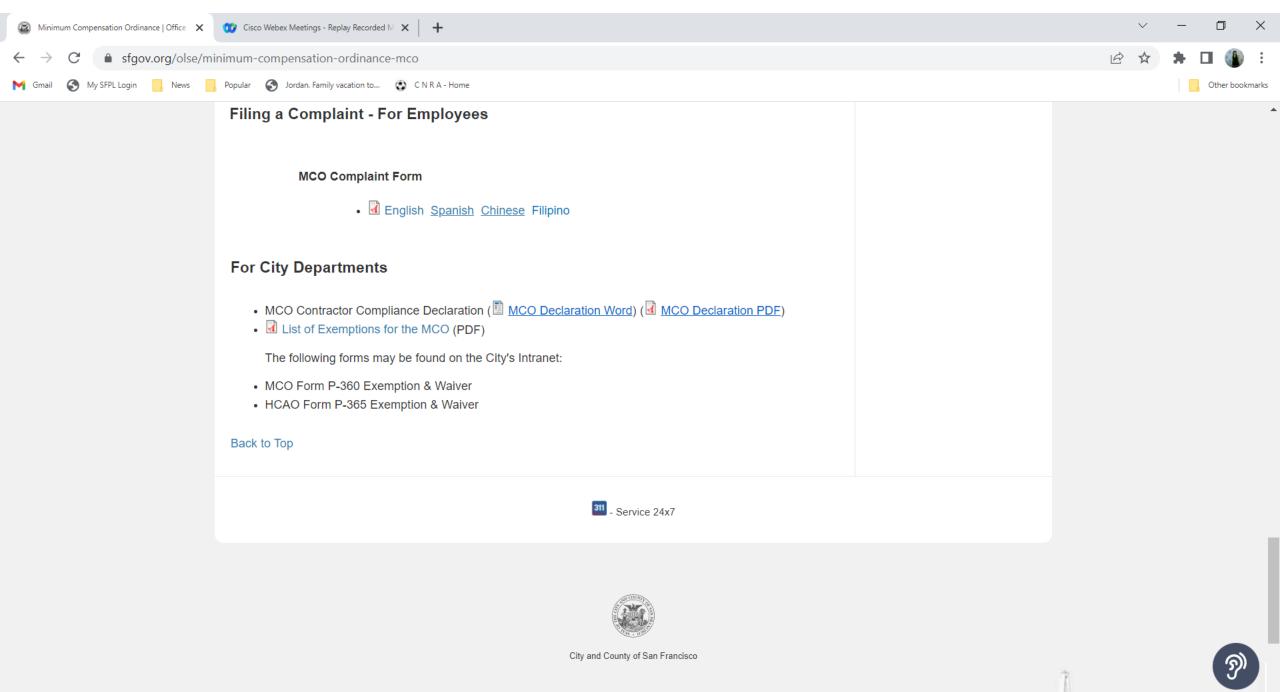
If you have questions about the San Francisco Minimum Compensation Ordinance or wish to report a violation of the law, call 415-554-7903 or email mco@sfgov.org.

Statutory Authority









MCO Unit

Phone: (415) 554-7903

Email: mco@sfgov.org

Website: www.sfgov.org/olse

MCO

https://sfgov.org/olse/minimum-compensationordinance-mco