

[Administrative Code - Minimum Compensation Ordinance]

Ordinance amending the Administrative Code to increase the minimum hourly compensation rate for employees of nonprofit City contractors incrementally to \$23.00 per hour by January 1, 2026, with annual increases every July thereafter based on increases in the Consumer Price Index; to increase the minimum hourly compensation rate for employees of public entity City contractors incrementally to \$25.50 per hour by January 1, 2027, with annual increases every July thereafter based on increases in the regional Consumer Price Index for certain workers; and to modify the exemption to minimum compensation requirements for youth employees in summer and after-school programs.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font. **Additions to Codes** are in *single-underline italics Times New Roman font*. **Deletions to Codes** are in *strikethrough italics Times New Roman font*. **Board amendment additions** are in double-underlined Arial font. **Board amendment deletions** are in ~~strikethrough Arial font~~. **Asterisks (* * * *)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Chapter 12P of the Administrative Code is hereby amended by revising Sections 12P.2 and 12P.3, to read as follows:

SEC. 12P.2. DEFINITIONS.

As used in this Chapter the following capitalized terms shall have the following meanings:

* * * *

1 (i) "Covered Employee" shall mean:

2 * * * *

3 (4) Notwithstanding the foregoing, the term "Covered Employee" shall exclude
4 the following Employees of a Contractor that is a Nonprofit Corporation:

5 (A) Any Employee who is either (i) under the age of 19 and is a participant
6 in a youth employment or training program employed as an after-school or summer Employee on or
7 after the effective date of the ordinance in Board of Supervisors File No. 230646; ~~eighteen (18) and is~~
8 ~~claimed as a dependent for federal income tax purposes and is employed as an after school or summer~~
9 ~~Employee;~~ or (ii) employed as a trainee in a bona fide training program consistent with Federal
10 law, which training program enables the Employee to advance into a permanent position;
11 provided, however, these exemptions only apply when the Employee does not replace,
12 displace, or lower the wage or benefits of any existing position or Employee; and,

13 (B) Any disabled Employee of a Contractor, which disabled Employee: is
14 covered by a current sub-minimum wage certificate issued to the Contractor by the U.S.
15 Department of Labor; or would be covered by such a certificate but for the fact that the
16 Contractor is paying a wage equal to or higher than the minimum wage.

17 * * * *

18
19 **SEC. 12P.3. MINIMUM COMPENSATION COMPONENTS.**

20 (a) Minimum Compensation shall consist of the following:

21 (1) (A) For Contracts and Contract Amendments with parties other than
22 Nonprofit Corporations or public entities, hourly gross compensation shall be as follows:-

23 (i) Beginning on November 3, 2018 or the effective date of the
24 ordinance in Board File No. 170297, whichever is later, an hourly gross compensation of
25 \$17.00.

1 (ii) In order to prevent inflation from eroding the value of this rate,
2 on July 1, 2019, the the1 hourly gross compensation rate shall increase by an amount
3 corresponding to the prior year's increase, if any, in the Consumer Price Index. Annually
4 thereafter on July 1, the hourly gross compensation in effect for the prior calendar year shall
5 increase by an amount corresponding to the prior year's increase, if any, in the Consumer
6 Price Index.

7 (B) For Contracts and Contract Amendments with Nonprofit
8 Corporations, hourly gross compensation shall be ~~\$16.50 as of July 1, 2019. In order to prevent~~
9 ~~inflation from eroding the value of this rate, on July 1, 2020 \$18.93 as of July 1, 2023, \$20.25 as of~~
10 ~~July 1, 2024, \$21.55 as of July 1, 2025, \$23.00 as of January 1, 2026,~~ and annually thereafter on
11 July 1, the hourly gross compensation in effect for the prior ~~calendar~~fiscal year shall increase
12 by an amount corresponding to the prior calendar year's increase, if any, in the Consumer
13 Price Index. For the purpose of the annual adjustment on July 1, 2026, the gross compensation rate in
14 effect for the prior fiscal year shall be \$23.00.

15 (C) For Contracts and Contract Amendments with public entities, hourly
16 gross compensation shall be ~~\$16.00 as of February 1, 2019, \$16.50 as of July 1, 2019, \$17.50 as of~~
17 ~~July 1, 2020, \$18.00 as of July 1, 2021, and \$18.75 as of July 1, 2022. In order to prevent inflation~~
18 ~~from eroding the value of this rate, on July 1, 2023, \$19.25 as of July 1, 2023, \$20.25 as of September~~
19 ~~1, 2023, \$20.75 as of January 1, 2024, \$21.50 as of July 1, 2024, \$22.00 as of January 1, 2025, \$22.50~~
20 ~~as of July 1, 2025, \$23.00 as of January 1, 2026, \$25.00 as of September 1, 2026, \$25.50 as of January~~
21 ~~1, 2027,~~ and annually thereafter on July 1, the hourly gross compensation rate in effect for the
22 prior fiscal year shall increase by an amount corresponding to the prior calendar year's
23 increase, if any, in the Consumer Price Index for urban wage earners and clerical workers for the
24 San Francisco-Oakland-Hayward metropolitan statistical area. For the purpose of the annual
25

1 adjustment on July 1, 2027, the gross compensation rate in effect for the prior fiscal year shall be
2 \$25.00.

3 (D) The increases in hourly gross compensation, and Consumer Price
4 Index increases, specified in subsections (a)(1)(B)-(C), shall go into effect only if the City
5 appropriates funds for the increases under the fiscal and budgetary provisions of the Charter,
6 and the Controller certifies that such funds are sufficient to pay for the increased hourly gross
7 compensation. If the Controller certifies that the appropriated funds are sufficient to support a
8 proportion of the increased hourly gross compensation rate and Consumer Price Index
9 increase, then the hourly gross compensation rate shall increase by that proportion only.

10 (E) For Contracts and Contract Amendments covered by Section 12P.4
11 of this Chapter 12P, hourly gross compensation shall be, as of November 3, 2018 or the
12 effective date of the ordinance in Board File No. 170297, whichever is later, \$17.00. In order
13 to prevent inflation from eroding the value of this rate, on July 1, 2019, the hourly gross
14 compensation rate shall increase by an amount corresponding to the prior year's increase, if
15 any, in the Consumer Price Index. Annually thereafter on July 1, the hourly gross
16 compensation in effect for the prior calendar year shall increase by an amount corresponding
17 to the prior year's increase, if any, in the Consumer Price Index.

18 * * * *

19
20 Section 2. Effective Date; Retroactivity.

21 (a) This ordinance shall become effective 30 days after enactment. Enactment
22 occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or
23 does not sign the ordinance within ten days of receiving it, or the Board of Supervisors
24 overrides the Mayor's veto of the ordinance.
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1 (b) Upon the effective date of this ordinance, the wage increases in this ordinance
2 shall be retroactive to July 1, 2023.

3
4 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
5 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
6 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
7 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
8 additions, and Board amendment deletions in accordance with the "Note" that appears under
9 the official title of the ordinance.

10
11 APPROVED AS TO FORM:
12 DAVID CHIU, City Attorney

13 By: /s/
14 JON GIVNER
15 Deputy City Attorney

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City and County of San Francisco
Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 230646

Date Passed: July 25, 2023

Ordinance amending the Administrative Code to increase the minimum hourly compensation rate for employees of nonprofit City contractors incrementally to \$23.00 per hour by January 1, 2026, with annual increases every July thereafter based on increases in the Consumer Price Index; to increase the minimum hourly compensation rate for employees of public entity City contractors incrementally to \$25.50 per hour by January 1, 2027, with annual increases every July thereafter based on increases in the regional Consumer Price Index for certain workers; and to modify the exemption to minimum compensation requirements for youth employees in summer and after-school programs.

June 15, 2023 Budget and Appropriations Committee - RECOMMENDED

July 11, 2023 Board of Supervisors - CONTINUED ON FIRST READING

Ayes: 10 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Safai,
Stefani and Walton
Excused: 1 - Ronen

July 18, 2023 Board of Supervisors - PASSED ON FIRST READING


Ayes: 10 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Ronen, Safai,
Stefani and Walton
Noes: 1 - Preston

July 25, 2023 Board of Supervisors - FINALLY PASSED


Ayes: 10 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Ronen, Safai,
Stefani and Walton
Noes: 1 - Preston

File No. 230646

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 7/25/2023 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor

7/28/23

Date Approved