

REVISED LEGISLATIVE DIGEST
(Substituted, 4/25/2017)

[Administrative Code - Increasing the Minimum Compensation Hourly Rate]

Ordinance amending the Administrative Code to increase the minimum hourly compensation rate for employees of City contractors other than nonprofit corporations or public entities to \$15.86 per hour on July 1, 2017, \$16.86 per hour on July 1, 2018, and followed thereafter by annual cost-of-living increases; and to require that City contractors pay the minimum hourly compensation rate to employees who perform any work funded under an applicable contract with the City.

Existing Law

The Minimum Compensation Ordinance (“MCO”) generally requires City contractors to provide their covered employees with no less than the MCO hourly compensation rate. The MCO covers most City service contractors, as well as those who hold leases or perform work at San Francisco International Airport.

For contracts and contract amendments with parties other than Nonprofit Corporations or public entities, the MCO hourly gross compensation is currently is \$13.64 per hour.

On July 1, 2017, the minimum wage will increase to \$14 per hour. That hourly rate will apply to City contractors, except for those who hold leases or perform work at San Francisco International Airport.

From 2004 through 2015, the MCO hourly compensation rate has been, on average, \$1.86 per hour higher than the minimum wage.

To be a “Covered Employee” under the MCO, the employee of a contractor must generally perform at least four hours per week during a pay period on work funded by the contract with the City within the geographic boundaries of the City or on City-owned or controlled property, or ten hours per week if the work is performed elsewhere in the United States and not on City-owned or controlled property.

Amendments to Current Law

For contracts and contract amendments with parties other than Nonprofit Corporations or public entities, hourly gross compensation would be as follows:

- Beginning on July 1, 2017, an hourly gross compensation of \$15.86.
- Beginning on July 1, 2018, an hourly gross compensation of \$16.86.

- Beginning on July 1, 2019, the hourly gross compensation rate would increase by the prior year's increase, if any, in the Consumer Price Index.

This ordinance would expand the definition of "Covered Employee" such that an employee would be "covered" by the MCO if he or she performed any work funded by a contract with the City during a pay period.

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