

**LEGISLATIVE DIGEST**

[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 \$17.00 per hour and followed thereafter by annual cost-of-living increases; to increase the minimum hourly compensation rate for employees under contracts with nonprofit corporations and public entities to minimum wage; 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 the minimum wage, which increased to \$15 per hour on July 1, 2018. That hourly rate applies to employees of City contractors who work in San Francisco. The hourly gross compensation under the MCO for airport workers and other employees who work outside San Francisco is currently \$14.02.

From 2004 through 2015, the MCO hourly compensation rate was, 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, hourly gross compensation would be as follows:

- Beginning on November 3, 2018 or the effective date of the ordinance, whichever is later, an hourly gross compensation of \$17.00 for employees under City contracts under jurisdiction of the airport and employees of City contractors other than nonprofit corporations or public entities. Beginning on July 1, 2019, the hourly gross

AMENDED IN COMMITTEE

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compensation rate would increase by the prior year's increase, if any, in the Consumer Price Index.

- Beginning on November 3, 2018 or the effective date of the ordinance, whichever is later, employees under City contracts with nonprofit corporations or public entities would receive the minimum wage as set forth in Administrative Code Section 12R.4.

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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