



Minimum Compensation Ordinance (MCO)

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Supervising Compliance Officer



Office of Labor Standards Enforcement

Minimum Compensation Ordinance (MCO)

1 of 3

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



Office of Labor Standards Enforcement

Minimum Compensation Ordinance (MCO)

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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



Minimum Compensation Ordinance (MCO)

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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



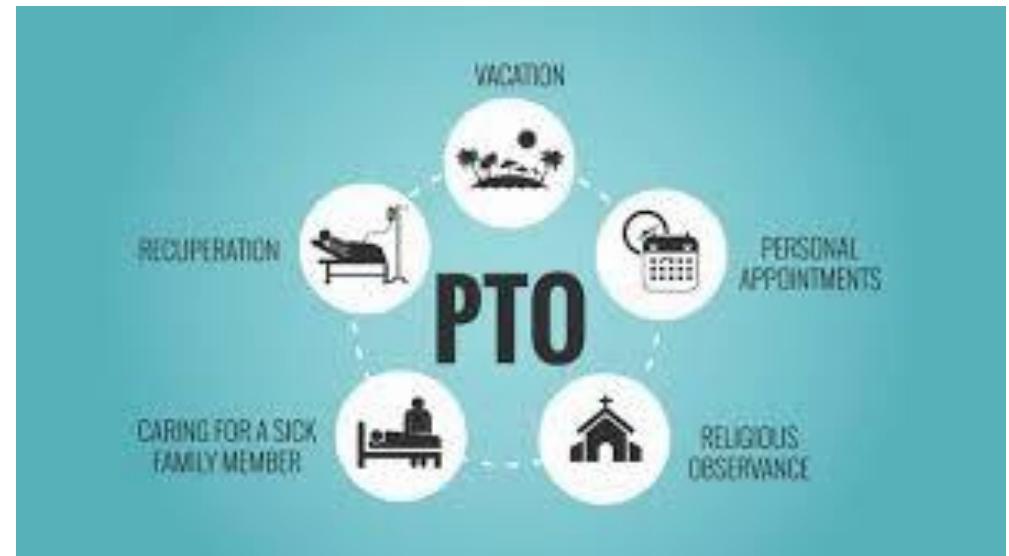
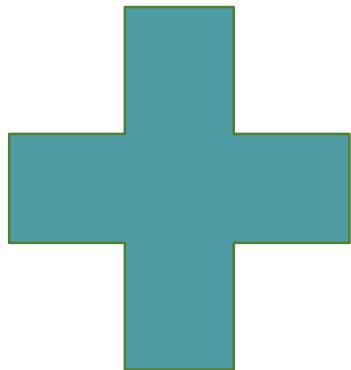
The MCO applies positions that don't fall under Prevailing Wage labor requirements (Chapter 6 or Chapter 21c).

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) (continued)

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



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 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/propose, 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



Office of Labor Standards Enforcement



Minimum Compensation Ordinance

NEW: MCO For-Profit Rate: Effective July 1, 2022, the MCO For-Profit rate increases to \$19.15 per hour.

OLSE Guidance: OLSE Guidance - MCO & The Coronavirus, Posted March 18, 2020

MCO Rules: OLSE released new  Rules Implementing the Minimum Compensation Ordinance on March 2, 2020. The Rules took effect on July 1, 2020.

- The new MCO Rules replace the prior MCO Regulations, issued by the Office of Contract Administration in 2002.

Email list! [Sign up](#) to receive periodic email updates about the Health Care Accountability Ordinance (HCAO) and the Minimum Compensation Ordinance (MCO).

Overview

The Minimum Compensation Ordinance (MCO) covers most City service contractors as well as tenants at the San Francisco International Airport. The law generally requires covered employers to provide to their covered employees:

1. No less than the MCO hourly wage in effect;
2. 12 paid days off per year (or cash equivalent); and
3. 10 days off without pay per year.



CONTRACTOR LAWS

Citywide Project Labor Agreement

- Prevailing Wage - Construction
- Prevailing Wage - Non-Construction

Minimum Compensation Ordinance

Health Care Accountability Ordinance

Sweatfree Contracting Ordinance

Fair Chance Ordinance

Consideration of Salary History



CITY AND COUNTY OF SAN FRANCISCO MINIMUM COMPENSATION ORDINANCE



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





Statutory Authority

The San Francisco Board of Supervisors passed the Minimum Compensation Ordinance in August 2000.

- [Minimum Compensation Ordinance, Administrative Code Section 12P](#)
- [MCO Amendments - September 2018](#)
- [MCO Non-profit Amendment - October 2018](#)

Forms and Documents - For Employers

MCO Know Your Rights - Employers must maintain copies signed by covered employee.

- [English](#) [Spanish](#) [Chinese](#) [Filipino](#)

MCO Poster - Must be displayed at each workplace.

- [English](#) [Spanish](#) [Chinese](#) [Filipino](#)

MCO Subcontractor Information Form

- [Subcontractor Information Form](#) - This form must be filled out by the Prime Contractor, who is responsible for the SubContractor's Compliance.

Complete MCO/HCAO Rerource packets to download

- [MCO/HCAO Packet for City Contractors](#)
- [MCO/HCAO Packet for SFO Contractors](#)
- [MCO/HCAO Packet for SFO Leases and Concessions](#)



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MCO Nonprofit Working Group: Report, Findings, & Recommendations

- [Report](#)

MCO Webinars

- [MCO and HCAO for SFO Food and Retail Concessionaires - Effective July 1, 2021](#)
 - Password: OISFwebinars01



Filing a Complaint - For Employees

MCO Complaint Form

- English [Spanish](#) [Chinese](#) [Filipino](#)

For City Departments

- MCO Contractor Compliance Declaration ([Word](#)) ([PDF](#))
- [List of Exemptions for the MCO \(PDF\)](#)

The following forms may be found on the City's Intranet:

- MCO Form P-360 Exemption & Waiver
- HCAO Form P-365 Exemption & Waiver

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311 - Service 24x7



City and County of San Francisco



MCO Unit

Phone: (415) 554-7903

Email: mco@sfgov.org

Website: www.sfgov.org/olse

MCO

<https://sfgov.org/olse/minimum-compensation-ordinance-mco>



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