

Office of Labor Standards

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Department Overview

The mission of the Office of Labor Standards (OLS) is to advance labor standards through thoughtful community and business engagement, strategic enforcement, and innovative policy development, with a commitment to race and social justice. The Office of Labor Standards focuses on the implementation of labor standards for workers that perform work within Seattle city limits. As of September 1, 2022, there are 17 such standards, established through City ordinances:

- **Paid Sick and Safe Time Ordinance** requires employers with one or more full-time equivalent employees to provide paid sick and safe time;
- **Fair Chance Employment Ordinance** restricts how employers can use conviction and arrest records during the hiring process and course of employment;
- **Minimum Wage Ordinance** establishes a minimum hourly wage that increases each year based on rates set by ordinance and adjusted for the rate of inflation;
- **Wage Theft Ordinance** requires employers to provide written notice of employment information and pay all compensation due by reason of employment (including wages and tips) on a regular pay day;
- **Secure Scheduling Ordinance** establishes scheduling requirements for covered retail and food service establishments to provide schedule predictability and increased access to hours;
- **Domestic Workers Ordinance** provides protections for domestic workers and establishes a Domestic Workers Standards Board; and
- **Commuter Benefits Ordinance** requires employers to provide commuter benefits on a pre-tax basis.
- **Independent Contractor Protections Ordinance** requires commercial hiring entities to provide certain pre-contract disclosures, payment disclosures, and requiring timely payment of contracts.

Two ordinances protect the rights of drivers for transportation network companies (TNCs) (i.e. Uber and Lyft):

- **Transportation Network Company Driver Deactivation Rights Ordinance** gives TNC drivers the right to challenge unwarranted deactivations before a neutral arbitrator, and creates a Driver Resolution Center to provide representation for drivers; and
- **Transportation Network Company Minimum Compensation Ordinance** requires that TNCs provide a minimum guaranteed per-trip payment that is at least the equivalent of Seattle's large employer minimum wage plus compensation for reasonable expenses.

These two laws will be preempted by State law and no longer enforceable by the City of Seattle beginning on January 1, 2023.

Four ordinances protect the rights of hotel workers:

- **Hotel Employee Safety Protections Ordinance** requires employers to take certain steps to prevent and report violent and harassing conduct by guests and to support employees who report this conduct;
- **The Protecting Hotel Employees from Injury Ordinance** limits the workload of employees who clean hotel rooms to reduce the frequency and occurrence of injuries associated with room cleaning;
- **The Improving Access to Medical Care for Hotel Employees Ordinance** requires employers to provide employees working in large hotels with increased access to medical care; and
- **The Hotel Employees Job Retention Ordinance** requires employers to take certain actions to reduce job insecurity in the hospitality industry.

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OLS is also responsible for the administration of three additional temporary ordinances that grant protections to certain workers during the COVID-19 civil emergency and that are enforceable for up to three years after the conclusion of the civil emergency:

- **Paid Sick and Safe Time for Gig Workers**, requiring covered transportation network and food delivery network companies to provide paid sick and safe time to gig workers during, and for 180 days following the conclusion of, the COVID-19 civil emergency.
- **Premium Pay for Gig Workers**, requiring covered food delivery network companies to provide premium pay to gig workers.
- **Grocery Employee Hazard Pay**, requiring certain grocery businesses to pay hazard pay to employees during the civil emergency. The requirement to pay hazard pay was suspended on September 1, 2022, but OLS retains enforcement responsibilities until September 1, 2025.

On January 13, 2024, an eighteenth labor standard will go into effect:

- **App-Based Worker Minimum Payment Ordinance**, establishing minimum pay requirements, and transparency and flexibility standards for certain app-based workers.

OLS provides education and technical assistance to the business and worker communities. As a part of these efforts, OLS manages the **Community Outreach and Education Fund** to foster collaboration between OLS and the community with funds to develop awareness and understanding of the worker rights provided by Seattle's labor standards. The office also manages the **Business Outreach and Education Fund** which provides technical assistance to small businesses to increase compliance with Seattle's labor standards. The fund emphasizes outreach to businesses owned by low-income and historically disenfranchised communities who typically are not served by traditional outreach methods. OLS manages the **Driver Resolution Center** contract which funds a community organization that provides no-cost, culturally appropriate, consultation, support, legal services and outreach to TNC drivers that are facing deactivation. The Driver Resolution Center funding and associated work will conclude at the end of 2022 due to State preemption.

OLS also provides administrative and policy support to two community boards and commissions: The Labor Standards Advisory Commission and the Domestic Worker Standards Board.

Budget Snapshot

| | 2021 Actuals | 2022 Adopted | 2023 Proposed | 2024 Proposed |
|------------------------------|------------------|-------------------|------------------|------------------|
| Department Support | | | | |
| Other Funding - Operating | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |
| Total Operations | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |
| Total Appropriations | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |
| Full-Time Equivalents Total* | 30.00 | 34.00 | 33.00 | 33.00 |

** FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here*

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Budget Overview

The 2023-24 Proposed Budget adjusts funding and staffing levels to reflect the evolving responsibilities of the Office of Labor Standards (OLS). In early 2022 Washington State passed ESHB 2076 which creates a state level Transportation Network Company tax and preempts the City from enforcing the Transportation Network Company (TNC) Driver Minimum Compensation and TNC Driver Deactivation Rights Ordinances starting on January 1, 2023. OLS received \$3.8 million in TNC tax revenue in the 2022 Adopted Budget to fund driver resolution services through a Driver Resolution Center (DRC) and to enforce the TNC Driver Minimum Compensation Ordinance. The 2023-24 Proposed Budget reduces 1.0 FTE and eliminates the TNC work in the department.

In addition to the TNC-related reductions, OLS will also see a reduction from the general operating expense budget to assist the City in its efforts to balance the general fund. This is a 19% reduction to the unprogrammed operating expense budget and was identified by OLS as the least harmful reduction the department could take. The Proposed Budget reduces the amount allocated to contract for outreach related to independent contractor provisions. The Proposed Budget prioritizes enforcement related work by preserving a Civil Rights Analyst position.

The 2023-24 Proposed Budget seeks to avoid any additional reductions to the OLS budget to maintain the necessary staffing levels of OLS. Current vacancies will be filled to support implementation of the recently passed Pay Up legislation.

Lastly, the 2023-24 Proposed Budget makes several technical adjustments to the OLS budget including an annual wage increase for staff, increased costs for internal central services, and the removal one-time items from the previous year's budget.

Incremental Budget Changes

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| | Dollars | FTE |
|--|-------------------|--------------|
| 2022 Adopted Budget | 12,130,660 | 34.00 |
| Baseline | | |
| Baseline Revenue Changes | - | - |
| Remove 2022 One-Time Adds | (560,650) | - |
| Citywide Adjustments for Standard Cost Changes | 44,671 | - |
| Appropriations for 2022 Annual Wage Increase (AWI) | 160,417 | - |
| Proposed Operating | | |
| Dissolution of City-Level Driver Resolution Center | (3,500,000) | - |
| Abrogate TNC Strategic Advisor 1 | (162,395) | (1.00) |
| Reduction to Community Outreach Funds for Independent Contractor Protections Ordinance | (143,835) | - |
| Reduce General Operating Expense Budget | (87,810) | - |
| Proposed Technical | | |
| Office of Labor Standards Fund Balancing Entry | - | - |
| OLS Fund Revenue Updates | - | - |

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| | | |
|-----------------------------------|----------------------|---------------|
| Total Incremental Changes | \$(4,249,602) | (1.00) |
| Total 2023 Proposed Budget | \$7,881,058 | 33.00 |

Description of Incremental Budget Changes

Baseline

Baseline Revenue Changes

Revenues \$(2,013,783)

This is a technical change to remove one-time budget items from the baseline revenue budget.

Remove 2022 One-Time Adds

Expenditures \$(560,650)

This is a technical change to remove one-time budget adds from the baseline budget. The adjustment removes \$500,000 for the Domestic Worker Standards Board Recommendations and \$60,650 for the set up and initial implementation costs of the Independent Contractor Legislation Resourcing.

Citywide Adjustments for Standard Cost Changes

Expenditures \$44,671

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including rates from the Department of Finance & Administrative Services, Seattle Information Technology Department, Seattle Department of Human Resources, and for healthcare, retirement, and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Appropriations for 2022 Annual Wage Increase (AWI)

Expenditures \$160,417

This centrally administered change adjusts appropriations to reflect an annual wage increase in 2022, as outlined in the agreements between certain City unions, for personnel costs included in this department. These agreements were not finalized until after the 2022 budget had been adopted. This change includes ongoing cost increases to salary, FICA, Medicare, retirement, overtime and temporary labor. There is no increase assumed from 2022 to 2023.

Proposed Operating

Dissolution of City-Level Driver Resolution Center

Expenditures \$(3,500,000)

This item removes \$3.5 million in appropriation backed by Transportation Network Company (TNC) Tax revenues to support the Driver Resolution Center (DRC). Washington State passed ESHB 2076 which created a state led TNC Tax and preempted the Driver Deactivation Rights Ordinance, starting January 1, 2023. The DRC contract is currently based around the Driver Deactivation Rights Ordinance and will be dissolved once the current contract ends in December 2022.

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Abrogate TNC Strategic Advisor 1

| | |
|---------------------|-------------|
| Expenditures | \$(162,395) |
| Position Allocation | (1.00) |

This item abrogates the Strategic Advisor 1 position funded by the TNC Tax. Washington State passed ESHB 2076 which created a state led TNC Tax and preempted OLS activities related to TNC. This position will not have a TNC related body of work to perform in 2023.

Reduction to Community Outreach Funds for Independent Contractor Protections Ordinance

| | |
|--------------|-------------|
| Expenditures | \$(143,835) |
|--------------|-------------|

This item reduces funding for community outreach related to the Independent Contractor Protections ordinance by \$143,835 in 2023 and 2024. OLS has already executed contracts with community organizations through 2023 and can use existing resources and the remaining \$17,165 for outreach in 2023 and 2024.

Reduce General Operating Expense Budget

| | |
|--------------|------------|
| Expenditures | \$(87,810) |
|--------------|------------|

This item reduces OLS' general operating expense appropriation for 2023-24. This reflects a 19% reduction to the total appropriation for general operating expenses and is being reduced as part of the effort to reduce expenditures for the biennium.

Proposed Technical

Office of Labor Standards Fund Balancing Entry

| | |
|----------|-----------|
| Revenues | \$477,881 |
|----------|-----------|

This is a technical item to record a fund balancing entry for the OLS Department Fund, which are primarily managed by this department.

OLS Fund Revenue Updates

| | |
|----------|---------------|
| Revenues | \$(2,713,700) |
|----------|---------------|

This item decreases revenue from the General Fund to the Office of Labor Standards fund to reflect the budget changes described above.

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Expenditure Overview

| | 2021 Actuals | 2022 Adopted | 2023 Proposed | 2024 Proposed |
|---|------------------|-------------------|------------------|------------------|
| Appropriations | | | | |
| OLS - BO-LS-1000 - Office of Labor Standards | | | | |
| 00190 - Office of Labor Standards Fund | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |
| Total for BSL: BO-LS-1000 | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |
| Department Total | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |
| Department Full-Time Equivalents Total* | 30.00 | 34.00 | 33.00 | 33.00 |

* FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here

Budget Summary by Fund Office of Labor Standards

| | 2021 Actuals | 2022 Adopted | 2023 Proposed | 2024 Proposed |
|--|------------------|-------------------|------------------|------------------|
| 00190 - Office of Labor Standards Fund | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |
| Budget Totals for OLS | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |

Revenue Overview

2023 Estimated Revenues

| Account Code | Account Name | 2021 Actuals | 2022 Adopted | 2023 Proposed | 2024 Proposed |
|--|-------------------------------------|------------------|-------------------|------------------|------------------|
| 360420 | Other Judgments & Settlements | 40,288 | - | - | - |
| Total Revenues for: 00100 - General Fund | | 40,288 | - | - | - |
| 397000 | Operating Transfers In Summ | - | - | 975,252 | 1,453,133 |
| 397010 | Operating Transfers In | 8,055,457 | 10,677,527 | 6,427,925 | 6,476,047 |
| Total Revenues for: 00190 - Office of Labor Standards Fund | | 8,055,457 | 10,677,527 | 7,403,177 | 7,929,180 |
| 400000 | Use of/Contribution to Fund Balance | - | 1,453,133 | 477,881 | - |
| Total Resources for: 00190 - Office of Labor Standards Fund | | 8,055,457 | 12,130,660 | 7,881,058 | 7,929,180 |
| Total OLS Resources | | 8,095,745 | 12,130,660 | 7,881,058 | 7,929,180 |

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Appropriations by Budget Summary Level and Program

OLS - BO-LS-1000 - Office of Labor Standards

The purpose of the Office of Labor Standards Budget Summary Level is to implement labor standards for workers performing work inside Seattle's city limits . This includes investigation, remediation, outreach and education, and policy work related to existing labor standards and those that the City may enact in the future.

| Program Expenditures | 2021 Actuals | 2022 Adopted | 2023 Proposed | 2024 Proposed |
|--------------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| Business Outreach & Education | 570,091 | 600,000 | 600,000 | 600,000 |
| Community Outreach & Education | 1,447,891 | 1,500,000 | 1,500,000 | 1,500,000 |
| Office of Labor Standards | 6,090,360 | 10,030,660 | 5,781,058 | 5,829,180 |
| Total | 8,108,343 | 12,130,660 | 7,881,058 | 7,929,180 |
| Full-time Equivalents Total* | 30.00 | 34.00 | 33.00 | 33.00 |

**FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here*

The following information summarizes the programs in Office of Labor Standards Budget Summary Level:

Business Outreach & Education

The purpose of the Business Outreach and Education program is to facilitate assistance and outreach to small businesses owned by low-income and historically disenfranchised communities, who typically are not served by traditional outreach methods, to increase awareness and compliance with Seattle's labor standards.

| Expenditures/FTE | 2021 Actuals | 2022 Adopted | 2023 Proposed | 2024 Proposed |
|-------------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| Business Outreach & Education | 570,091 | 600,000 | 600,000 | 600,000 |

Community Outreach & Education

The purpose of the Community Outreach and Education program is to strengthen the collaboration between OLS and the community by funding community-based organizations and enhancing their capacity to increase awareness and understanding of Seattle's labor standards among populations and industries with low-wage jobs and that experience high-incidents of workplace violations including: female-identifying workers, workers of color, immigrant and refugee workers, LGBTQ workers, workers with disabilities, veterans and youth workers.

| Expenditures/FTE | 2021 Actuals | 2022 Adopted | 2023 Proposed | 2024 Proposed |
|--------------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| Community Outreach & Education | 1,447,891 | 1,500,000 | 1,500,000 | 1,500,000 |

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The purpose of the Office of Labor Standards Program is to develop and implement labor standards that advance workplace equity for employees working inside Seattle's city limits. This includes enforcement outreach and education, and policy work.

| Expenditures/FTE | 2021 Actuals | 2022 Adopted | 2023 Proposed | 2024 Proposed |
|-----------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| Office of Labor Standards | 6,090,360 | 10,030,660 | 5,781,058 | 5,829,180 |
| Full Time Equivalents Total | 30.00 | 34.00 | 33.00 | 33.00 |