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SF worker scheduling law has resulted in job cutbacks

By Michael Saltsman | May 19, 2016 | Updated: May 19, 2016 5:08pm



Photo: Russell Yip, The Chronicle

San Francisco was the first city to require private employers to provide for all employees' paid sick leave, and was among the first cities to embrace a local minimum-wage requirement.

San Francisco prides itself on being a city of firsts. The political benefits of being first are self-evident, but the economic drawbacks can also be significant. A new evaluation of the city's **Formula Retail Employee Rights Ordinance** suggests it may join the city's other firsts as a lesson in unintended consequences.

San Francisco was the first city to require private employers to provide for all employees' paid sick leave, and was among the first cities to embrace a local minimum-wage requirement. Keeping with this trend, the city in 2014 became the first to pass a law to limit how and when certain businesses schedule their employees.

The city's scheduling ordinance took effect in July 2015, and **requires** certain formula retail establishments — a term that covers large chain restaurants and retailers — to provide employees with work schedules two weeks in advance, with a penalty of up to

four hours of pay for subsequent changes. Among other provisions, employers also have to provide up to four hours of pay for scheduled on-call shifts when the employee is told not to report, and offer additional work to certain part-timers before hiring more staff.

These provisions wouldn't appear out of place in a collective bargaining agreement, and with good reason: Through a series of **public records requests**, my organization confirmed that labor unions and their allies drafted the basic ideas underpinning the "bill of rights," planned out the strategy to gain support from the Board of Supervisors, and added self-interested expansions of the bill's scope.

The ordinance was pitched as a means to assist retail employees who lack "sufficient" hours. However, a subsequent analysis of Census Bureau data suggests the problem was overstated. In our **report**, Aaron Yelowitz of the University of Kentucky estimates that just 13.9 percent of the affected part-timers at San Francisco's formula retail establishments are working that schedule involuntarily. (One explanation for the desired part-time schedule: 28 percent of the affected employees were students, compared with 6.7 percent of the entire city workforce.)

To gauge how their employers are responding to scheduling restrictions, a market research survey team spoke with 52 affected businesses six months after the law took effect. In response to the ordinance, 1 in 5 surveyed businesses had cut back on the number of part-time hires, and a similar number were scheduling fewer employees per shift. In a cruel irony, more than one-third of responding businesses were offering employees less

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flexibility.

Proponents of the ordinance may be satisfied to see employers offering fewer part-time positions — for them, it's a feature rather than a bug of the ordinance. But these changes are cold comfort for the majority of formula retail employees who sought these positions because of the schedule flexibility they offered. As Sacramento lawmakers weigh a similar law for employers statewide, SB878 authored by state Sen. Connie M. Leyva, D-Chino (San Bernardino County), they'd be wise to consider the trade-offs between workplace fairness and workplace flexibility.

Michael Saltsman is the research director at the Employment Policies Institute, which receives support from businesses, foundations and individuals.

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