

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to a Los Angeles Freelance Worker Protections law.

Recommendations for Council action:

1. REQUEST the City Attorney to prepare and present a Freelance Worker Protections Ordinance consistent with Recommendation Nos. 3-11 in the March 15, 2022 Bureau of Contract Administration (BCA) report, attached to the Council File.
2. AUTHORIZE the Office of Wage Standards (OWS), BCA to promulgate and enforce rules and regulations to implement Freelance Worker Protections Ordinance in a manner consistent with the Minimum Wage Ordinance with said rules and regulations having the force and effect of law, and as such may be relied upon by freelance workers, hiring parties, and other parties to determine their rights and responsibilities.
3. AUTHORIZE the OWS to establish a navigation program that provides information and resources to freelance workers who may be aggrieved. with said navigation program to provide general court information including but not limited to:
  - a. Information on court procedures for filing claims in small claims court.
  - b. Information on obtaining translation and interpretation services, and other courtroom services.
  - c. A list of organizations that can be used to identify attorneys.
  - d. Organizations providing outreach and education, and/or legal assistance to independent contractors.
4. AMEND Recommendation No. 3 in the March 15, 2022 BCA report to use a definition of "Hiring Party" similar to the definition of "Commercial Hiring Entity" in the City of Seattle's Contractor Protections Ordinance.
5. AMEND Recommendation Nos. 5 and 6 in the March 15, BCA report to make the annual threshold \$600 or more.
6. DIRECT that the navigation program detailed above in Recommendation No. 3 shall not include legal advice from the OWS; however, if the OWS refers a Freelance Worker to a community organization through the navigation program, the community organization is not precluded from providing legal advice.
7. AUTHORIZE the OWS to establish a tracking program to collect and track information about complaints alleging violations of the Freelance Worker

Protections Ordinance with the following:

- a. The OWS will send a survey six months after a freelance worker was referred to the navigation program to track the results of the resolution of the freelance worker's claims.
  - b. The survey shall ask whether or not the freelance worker pursued any such claims in court or through an alternative dispute resolution process, and whether or not the Hiring Party ultimately paid any or all of the compensation the freelance worker alleged was due, or if the matter was resolved in a different manner.
  - c. The survey will state clearly that response to the survey is voluntary.
  - d. The information collected will include, at minimum:
    - i. The identity of the hiring party alleged to have violated the Ordinance.
    - ii. The freelance worker's occupation.
    - iii. The section of the Ordinance that was alleged to have been violated.
    - iv. The value of the contract.
    - v. The response or non-response from the hiring party.
  - e. Data gathered will enable the OWS and the City to evaluate program effectiveness.
8. DIRECT the OWS, beginning a year after the Freelance Worker Protections Ordinance takes effect, to submit a report to the City Council every year describing the status of the implementation of this policy, as described in the above recommendations and the March 15, 2022 BCA report, attached to the Council File, with said report to include:
- a. Data regarding the value of contracts associated with complaints received.
  - b. Data regarding the type of hiring party associated with complaints received.
9. AUTHORIZE the following positions:
- a. One Senior Management Analyst (Class Code 9171)
  - b. One Management Analyst (Class Code 9184)

10. DIRECT the OWS to report in regard to resources needed to implement the program.

11. ESTABLISH an effective date of July 1, 2023.

Fiscal Impact Statement: None submitted by the BCA. Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On June 28, 2022, your Committee considered a March 15, 2022 BCA report relative to a Los Angeles Freelance Worker Protections law. According to the BCA, in response to instruction from Council, the OWS in the BCA is submitting a report on recommendations for a Los Angeles Freelance Worker Protections law. According to a study by the Freelancers Union and Upwork, 57 million Americans, or 35 percent of the workforce, performed freelance work in 2019, an increase of 5 million since 2014. The study states that freelance work contributes almost \$1 trillion, or 5 percent of GDP to the economy. However, late or non-payment continues to be a challenge for many freelancers whose work Minimum Wage Ordinance. The Freelancers Union states that 60 percent of freelancers are very/somewhat concerned about late or non-payment for work.

The Freelancers Union also reports that some 71 percent of freelancers have faced difficulty getting paid, and that the average loss per freelancer totaled almost \$6,000 in 2014. More specifically, over 75 percent of freelancers in the film and television, construction and building, and communications industries reported issues with getting paid on time. In 2018, a Gallup, Inc. survey reported that 39 percent of independent contractors reported problems with timely and accurate payment as compared to 18 percent of employees in traditional employment. In 2016, the City of New York enacted the "Freelance Isn't Free Act," and in 2021, the City of Seattle passed which will take effect later this year. Without laws such for breach of contract, which can be expensive, time consuming, and challenging if there is no written contract. The City can provide protections similar to these other city laws which will strengthen the ability for freelancers to collect full payment. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the BCA report, as amended. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

<b>COUNCILMEMBER</b>	<b>VOTE</b>
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	YES
HARRIS-DAWSON:	ABSENT

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6/28/22

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**