


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: April 22, 2026

TO: Honorable Members of the Economic Development and Jobs Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Assignment No. 25-04-0292
Council File No. 19-0229-S2

SUBJECT: Fast Food Industry Predictive Scheduling and “Know Your Rights” Training

SUMMARY

Council adopted an amended Economic Development and Jobs Committee report (C.F. 19-0229-S2, Attachment A), as initiated by Motion (Soto-Martinez, Yaroslavsky—Price, Jr.), instructing the Chief Legislative Analyst (CLA), in consultation with the Bureau of Contract Administration (BCA) and City Attorney, to report to Council with recommendations on expanding the City’s Fair Workweek (FWW) Ordinance (Attachment B) to include fast food businesses and establishing a “Know Your Rights” training program for covered workers.

Specifically, our Office was instructed to report on the following:

- 1) expand the City’s FWW Ordinance to fast food businesses and estimate associated compliance and enforcement costs, provide a “clear” definition of fast food establishments, and collect data on fast food industry working conditions;
- 2) establish a “Know Your Rights” training program with potential curricula options for covered workers and include any information surrounding potential legal constraints and workplace training guidance from the State’s Fast Food Council;
- 3) evaluate the current state of the Quick Service Restaurant Industry and estimate the impact of additional operating costs on the viability of quick service restaurants inclusive of the impacts of the January 2025 wildfires; and
- 4) recommend actions that could protect small and minority-owned businesses from unintended impacts of the FWW expansion.

After consulting with the City Attorney and BCA, and soliciting feedback from numerous stakeholders from industry and labor (Attachment C), if Council wishes to expand the FWW Ordinance, this report recommends following State guidelines by defining “fast food” establishment as businesses identified in the North American Industry Classification System (NAICS) with subcodes 722513, 722514, and 722515 with 60 or more locations nationally. A detailed discussion of fast food industry occupations and fast food establishment definitions used by other jurisdictions is included below.

Additional recommendations include the establishment of a “Know Your Rights” training that is either two or six hours depending on Council preference. The proposed two-hour training would be limited to local Ordinances, whereas the six-hour training would cover additional common State labor law noncompliance issues. The report also includes policy options that could mitigate the unintended impacts of the Ordinance expansion on employers.

Based on existing previous scholarly literature identified in this report, the additional operating cost increases associated with expanding the FWW Ordinance to cover fast food establishments alongside a “Know Your Rights” training would cause minimal disemployment effects across the City. The operating cost increases are expected to raise prices in the fast food industry by no more than two percent.

RECOMMENDATION

That the City Council, if it chooses to extend the protections of the Fair Work Week (FWW) Ordinance to fast food establishments and require a “Know Your Rights” training for covered workplaces:

1. Request the City Attorney to draft the following amendments to the Los Angeles Municipal Code, Chapter XVIII, Article 5 (LAMC):
 - a. Revise LAMC Section 185.01 (D) to include businesses identified in the North American Industry Classification System (NAICS) within the food services subcategories 722513, 722514, and 722515 with 60 or more establishments nationally, as codified in California Labor Code Part 4.5.5 section 1474 et. seq.;
 - b. Revise LAMC Section 185 to include a Collective Bargaining Agreement (CBA) exemption, similar to that found in LAMC Section 186.08; and
 - c. Revise LAMC Section 185 to include a private right of action for covered workers.
2. Instruct the Bureau of Contract Administration (BCA) and City Administrative Officer (CAO) to report back on the personnel and budgetary resources necessary to enforce an expansion of the FWW Ordinance into fast food restaurants, as defined in this transmittal, and identify and select a “Know Your Rights” program trainer responsible for conducting an either 2-hour or 6-hour virtual training, similar to the process utilized in the Public Housekeeping Training.

BACKGROUND

Predictive scheduling laws are in effect in at least 11 different jurisdictions across the United States.¹ These laws typically require employers to: 1) Provide employees with advance notice of their work schedule along with a Good Faith Estimate (GFE) of their work hours; 2) Obtain

¹ Cities with predictive scheduling laws include Los Angeles, San Jose, San Francisco, Berkeley, Emeryville, Seattle, Philadelphia, New York City, Chicago, and Evanston. Oregon is the only state with a statewide predictive scheduling law.

written consent from workers for schedule changes; 3) Allow employees approximately 10 hours of rest between a closing and opening shift, referred to as “clopenings;” and 4) Offer new shifts and hours to current staff before hiring new employees. Predictive scheduling laws broadly aim to improve working conditions by providing employees with more stability in their work schedules and daily lives.

The City of Los Angeles’ predictive scheduling law—LAMC Section 185—is commonly referred to as the Fair Work Week Ordinance and has been effective since April 2023. It covers retail establishments located in the City with 300 or more employees globally. Proponents claim that predictive scheduling laws improve workers’ health and well-being, while opponents argue that such laws overburden business and reduce operational flexibility. Predictive scheduling laws vary widely across jurisdictions, such as in the number and types of workers that trigger coverage, whether or not new hours must be offered to current employees, and what details must be included in the GFE provided to employees, among other provisions.

Assembly Bill 1228 (Holden) substantially altered the regulatory landscape for fast food businesses in California. Chaptered in September 2023 and effective since April 1, 2024, the law mandates an hourly \$20 minimum wage standard for fast food employees and established a Fast Food Council within the California Department of Industrial Relations (DIR) to develop workplace training standards, rules, and regulations for the fast food industry.

Fast food establishments with fewer than 60 locations nationally along with fast food establishments operating inside airports, theme parks, convention centers, and gambling establishments, among other locations, are exempt from the minimum wage standard and regulations developed by the Fast Food Council. Off-site business locations where employees perform administrative, warehouse, or preparatory food production tasks are not counted toward the 60 establishment threshold.² Research regarding the impacts of AB 1228 on employment has shown mixed results, with scholars arguing it has reduced employment and others finding zero disemployment and small price increases.

In light of enhanced regulatory oversight of the fast food industry, Council instructed our Office to report with recommendations on expanding Los Angeles’ predictive scheduling law to cover fast food establishments and to implement a “Know Your Rights” training for fast food workers. Pursuant to Council instruction, our Office has consulted industry stakeholders, evaluated publicly available data, examined scholarly research, and analyzed the policies of comparable jurisdictions to inform the included recommendations, should Council wish to proceed with the expansion.

Defining Fast Food Establishments and Fast Food Workers

Our Office has been unable to locate a universal definition of fast food establishment, though definitions used across the United States generally relate to limited-service restaurants as defined in the North American Industry Classification System (NAICS). Limited-service restaurants are food or beverage establishments: 1) that primarily serve food or beverage items where patrons pay prior to eating; 2) where food is produced for immediate onsite or offsite consumption; and

² <https://www.dir.ca.gov/dlse/Fast-Food-Minimum-Wage-FAQ.htm>

3) with limited or no table service. Numerous scholars have therefore used NAICS subcode 722513 (“limited-service restaurants”) to identify fast food establishments.

California State law, however, defines a “National fast food chain” as the following:

...A set of limited-service restaurants consisting of more than 60 establishments nationally that share a common brand, or that are characterized by standardized options for decor, marketing, packaging, products, and services, and which are primarily engaged in providing food and beverages for immediate consumption on or off premises where patrons generally order or select items and pay before consuming, with limited or no table service...”limited-service restaurant” includes, but is not limited to, an establishment with the North American Industry Classification System Code 722513.³

The definition cited above combines service options and food preparation characteristics used by fast food establishments across the United States and also identifies a specific NAICS subcode—the same generally used by scholars—but does not limit fast food establishments to the single NAICS subcode 722513.

AB 1228 State enforcement guidelines note that establishments featuring ice cream, coffee, boba tea, pretzels, cookies, or donuts could also be considered a fast food restaurant depending on service options and food preparation methods.⁴ Thus, NAICS subcodes 722514 (Cafeterias, Grill Buffets, and Buffets) and 722515 (Snack and Nonalcoholic Beverage Bars) may also be categorized as “fast food” because patrons pay prior to consuming food with limited or no table service and the establishment is primarily engaged in selling food and beverages for immediate consumption.

Our Office therefore recommends using three NAICS subcodes to identify “fast food” establishments in the City: 1) 722513 (Limited-Service Restaurants); 2) 722514 (Cafeterias, Grill Buffets, and Buffets); and 3) 722515 (Snack and Nonalcoholic Beverage Bars), a definition of “fast food” establishment aligned with recent scholarly research.⁵ Example establishments that fall under each of the above NAICS subcodes are shown below in Figure 1.

| Figure 1: Example Establishments defined as "Fast Food" | | |
|--|---------------------------------------|---------------------------------|
| NAICS Code | Industry Definition(s) | Establishment Example(s) |
| 722513 | Limited-Service Restaurants | McDonald's; Shake Shack |
| 722514 | Cafeteria, Grill Buffets, and Buffets | Golden Corral; Sizzler |
| 722515 | Snack and Nonalcoholic Beverage Bars | Starbucks; Dunkin' Donuts |

Fast Food Industry Working Conditions

The Motion requested an analysis of working conditions in fast food establishments. Working conditions concern workers and are defined in State law as wages, conditions affecting fast food

³ California Labor Code Part 4.5.5. Section 1474 (a)

⁴ <https://www.dir.ca.gov/dlse/Fast-Food-Minimum-Wage-FAQ.htm>

⁵ Goolsbee, Austan, Chad Syverson, Rebecca Goldof, and Joe Tatarka. 2025. *The Curious Surge of Productivity in U.S. Restaurants*. NBER Working Paper No. 33555.

restaurant employees' health and safety, security in the workplace, the right to take time off work for protected purposes, and the right to be free from discrimination and harassment in the workplace.⁶ Due to data limitations, the below discussion focuses on employee age, employment hours, wages, and injury rates.

While State law provides guidance for local jurisdictions when identifying fast food *establishments*, as noted above, there is less direction regarding the classification of individual-level fast food *workers*.⁷ To evaluate impacts on workers, our Office has therefore used Standard Occupational Classification (SOC) codes to reliably identify individual-level fast food worker occupations in the City.⁸

Because the 2024 5-Year ACS PUMS does not provide full 6-digit NAICS codes or a direct linkage between detailed industry and occupation classifications at the establishment level, our Office identified seven (7) occupations that are most likely employed in fast food establishments. These occupations serve as a proxy for analyzing working conditions among fast food workers.

The 2024 5-Year ACS PUMS dataset provides individual-level characteristics that allow for the analysis of hundreds of City-specific occupations. Data are aggregated by the Public Use Microdata Area (PUMA) geographic area that allow for regional analysis within the City.⁹ In order to be identified as a “fast food” worker in the PUMS data occupations listed in Figure 2, individuals **must also** be employed within the broader NAICS code of 722Z (Food Services and Drinking Places, except alcoholic beverages).

Figure 2 presents weighted counts of fast food workers gathered from the 2024 5-Year ACS PUMS. The total number of non-managerial or non-supervisory individuals employed in fast food living in the City of Los Angeles is estimated at 66,678, which is approximately half of the entire food services and drinking places industry employment (131,075).

The data displayed are estimates of individuals employed in the listed occupations that *live* in the City but do not specify where individuals *work*.¹⁰ Some food service occupations in the PUMS

⁶ California Labor Code Part 4.5.5. Section 1474 (h)

⁷ Individual-level data from sources such as the 5-Year American Community Survey (ACS) Public Use Microdata Sample (PUMS) and Current Population Survey Merged Outgoing Rotation Group (CPS-MORG) do not include NAICS subcodes 722513, 722514, or 722515. Instead, the 5-Year ACS PUMS and CPS-MORG datasets only include the broader categories of 722Z and 8680, an aggregation of NAICS and Census Industry Code food services and drinking establishment subcodes.

⁸ The SOC system is used by federal statistical agencies to classify workers and jobs into occupational categories for the purpose of collecting or analyzing data. The SOC system classifies all occupations in which work is performed for pay or profit and covers all jobs in the national economy, including occupations in the public, private, and military sectors. Census Occupational Classification codes are used by the CPS-MORG dataset and are broader occupational classifications than the SOC system.

⁹ Public Use Microdata Areas (PUMAs) are non-overlapping, statistical geographic areas that partition each state or equivalent entity into geographic areas containing no fewer than 100,000 people each and cover the entirety of the United States. The City of Los Angeles contains 25 PUMAs.

¹⁰ Place of Work (POW) PUMAs are less detailed than place of residence PUMAs. Whereas the City of Los Angeles includes 25 residence-based PUMAs that identify specific neighborhoods such as Koreatown, Sylmar, Baldwin Hills, and Boyle Heights, the POW PUMA (03700) spans the entire City.

data, such as Cashiers (41-2010) and Cooks (35-2010), are not disaggregated from other food service positions, which has led to overcounts in some of the below Citywide estimates. These data limitations preclude our Office from providing further precision regarding the occupations that would be covered by a potential expansion of the FWW law into fast food.

| SOC Code | Description | Citywide Estimate |
|--------------------------------------|---------------------------------|--------------------------|
| 35-2010 | Cooks | 27,687 |
| 35-2021 | Food Preparation Workers | 9,524 |
| 35-3023 | Fast Food and Counter Workers | 11,223 |
| 35-9011 | Cafeteria and Bartender Helpers | 2,839 |
| 35-9021 | Dishwashers | 2,153 |
| 37-201X | Janitors and Building Cleaners | 1,316 |
| 41-2010 | Cashiers | 11,936 |
| All Fast Food | | 66,678 |
| All Food Service and Drinking Places | | 131,075 |

Figure 3 presents weighted estimates of average weekly hours, average yearly earnings (inflation-adjusted 2024 dollars), and median age for the occupations listed in Figure 2 according to the 2024 ACS-PUMS. Occupational groups that are specifically listed as fast food employment identified by the US Census Bureau—Fast Food and Counter Workers—have a median age of 24. Thus, it is likely that approximately half or more of employed fast food workers in the City are below the age of 31, which is lower than the estimated median age of 34 for retail workers (Attachment D).

| SOC Description | Weekly Hours | Median Age | Yearly Earnings (\$) |
|--------------------------------------|---------------------|-------------------|-----------------------------|
| Cooks | 35 | 38 | 28,229 |
| Food Preparation Workers | 33 | 35 | 24,280 |
| Fast Food and Counter Workers | 28 | 24 | 20,683 |
| Cafeteria and Bartender Helpers | 32 | 38 | 29,587 |
| Dishwashers | 32 | 42 | 21,217 |
| Janitors and Building Cleaners | 32 | 50 | 21,023 |
| Cashiers | 28 | 22 | 18,258 |
| All Fast Food | 32 | 31 | 24,299 |
| All Food Service and Drinking Places | 34 | 32 | 33,769 |

Figure 4 presents figures from the Quarterly Census of Employment and Wages (QCEW) as of September 30, 2025 (Q3 2025), which tracks average weekly earnings for all individuals employed in NAICS codes 722, 722511, 722513, 722514, and 722515 compared to all other private sector industries in Los Angeles County. Unlike the ACS-PUMS dataset that allows for

disaggregation between supervisorial and front-line workers, the QCEW dataset combines all employed individuals by establishment. The QCEW does not collect data on hours worked.

Average limited-service restaurant earnings (\$602) are lower than full-service restaurants (\$750) and are similar to cafeterias, grill buffets, and buffets (\$604) and snack and nonalcoholic beverage bars (\$608). The average weekly earnings for individuals employed in private sector food service industries is less than half of the average weekly earnings for all private sector industries in Los Angeles County.

Figure 4: Average Weekly Earnings, Select LA County Industries

| NAICS Code | Industry Description | Avg Weekly Earnings (\$) |
|------------------------|--|--------------------------|
| 722 | Food Services and Drinking Places | 681 |
| 722511 | Full-service restaurants | 750 |
| 722513 | Limited-service restaurants | 602 |
| 722514 | Cafeterias, grill buffets, and buffets | 604 |
| 722515 | Snack and nonalcoholic beverage bars | 608 |
| All Private Industries | | 1,516 |

Figure 5 presents the number of injuries and illnesses per 100 full-time equivalent workers in California for food services and drinking places as recorded by the California Survey of Occupational Injuries and Illnesses (SOII) in 2024. Injury and illness rates are calculated by the US Bureau of Labor Statistics in cooperation with California’s Department of Industrial Relations to provide standardized estimates of the expected number of workplace injuries and illnesses for every 100 full-time workers per year irrespective of workforce size or projected number of employment hours.

Individuals employed at limited-service restaurants (NAICS subcode 722513) and snack and nonalcoholic beverage bars (722515) have higher nonfatal injury/illness rates than the total statewide private industry average, whereas full-service restaurants (NAICS code 722511) nonfatal injury/illness rates are below the statewide private industry average. Across all food services and drinking places industries, the nonfatal injury/illness rate is higher in food services and drinking places than the statewide average for all private industries in California. Injury/illness rates for NAICS subcode 722514 are unavailable.

Figure 5: Nonfatal Injury/Illness Rates, Select California Industries

| NAICS Code | Industry Description | Injury/Illness Rate |
|------------------------|--|---------------------|
| 722 | Food Services and Drinking Places | 3.4 |
| 722511 | Full-service restaurants | 2.5 |
| 722513 | Limited-service restaurants | 3.7 |
| 722514 | Cafeterias, grill buffets, and buffets | N/A |
| 722515 | Snack and nonalcoholic beverage bars | 3.9 |
| All Private Industries | | 2.9 |

State of the Quick Service Restaurant Industry

Our Office analyzed two publicly available datasets to examine the current state of the fast food industry in the Los Angeles region. Industry stakeholders have communicated to our Office that restaurant operators have experienced declining profitability and revenue since the passage of AB 1228. Although possible, fast food profitability cannot be verified with publicly available data. Our Office has therefore used publicly available records of fast food employment and fast food establishments identified in the NAICS.

First, the County Business Patterns (CBP) dataset includes zip code-level counts of businesses, which allows for City-level analysis. The CBP dataset, however, does not yet include data for 2025, which precludes our Office from evaluating the impacts of the January 2025 wildfires on the fast food industry (Attachment D).

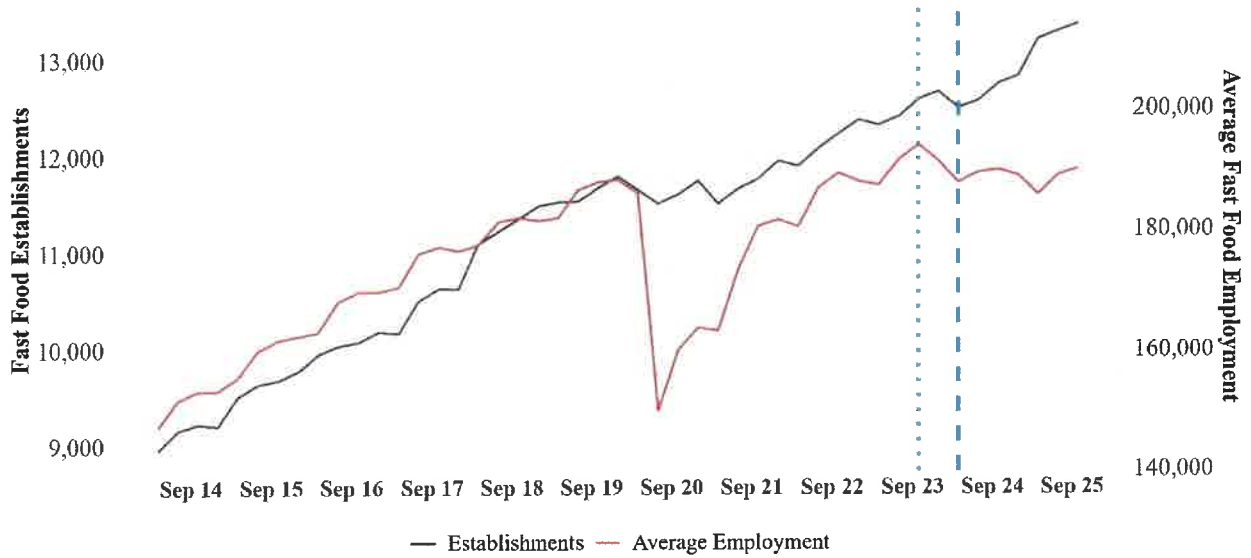
Second, the QCEW dataset includes a quarterly count of employment and wages reported by employers covering more than 95 percent of U.S. jobs available at the county, state, and national levels by detailed industry. The QCEW is used widely by public policy and economics scholars to evaluate employment and business growth because it is a near-universal census of all establishments by detailed industry across the U.S.

QCEW employment data records the number of covered workers who worked during, or received pay for, the pay period that included the 12th day of the month, and is tabulated monthly. Covered employees include most corporate officials, all executives, all supervisory personnel, all professionals, all clerical workers, many farmworkers, all wage earners, all piece workers, and all part-time workers. The overwhelming majority of QCEW employment coverage are employed individuals and establishments in the private sector.

QCEW administrative establishment data consists of quarterly Unemployment Insurance (UI) tax reports filed with the California Employment Development Department (EDD), which is required of the overwhelming majority of State employers. An establishment is an economic unit, such as a farm, factory, or store that produces goods or provides services. It is typically at a single physical location address and engaged in one, or predominantly one, type of economic activity for which a single NAICS code may be applied. In the rare occurrence a single physical location address encompasses two or more distinct and significant activities, each activity should be recorded as a separate establishment if separate records are kept and the various activities are classified under different NAICS codes.

Figure 6 plots the total number of private sector establishments and average number of private sector employees identified under NAICS subcodes 722513, 722514, and 722515 in Los Angeles County from January 1, 2014 (Q1 2014) through September 30, 2025 (Q3 2025), using the most recently available records from the QCEW. QCEW releases quarterly counts of establishments by NAICS subcode and monthly counts of employment. The employment figures presented in Figure 6 are reported as quarterly averages for easier comparison.

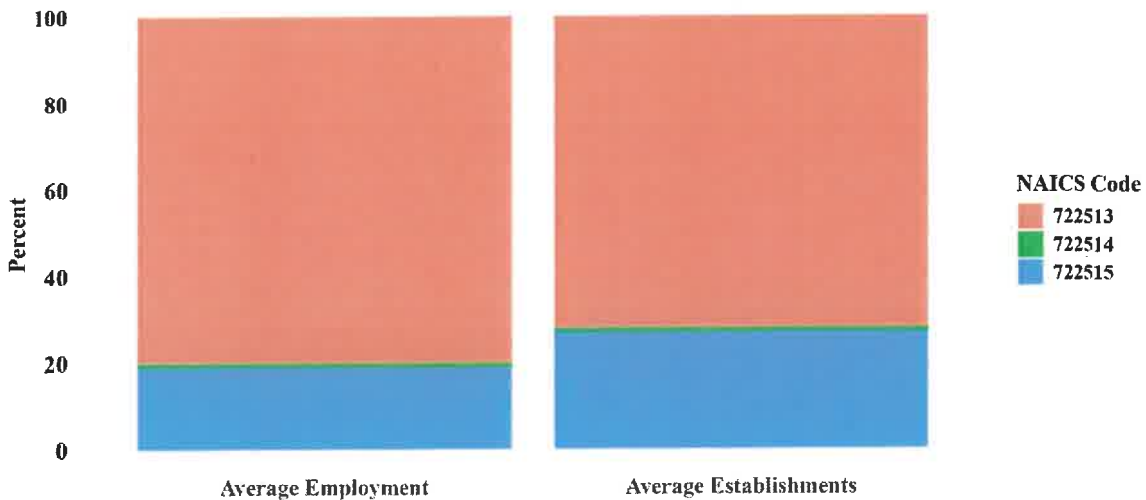
Figure 6: LA County Fast Food Establishments and Employment



As shown in Figure 6, the number of establishments classified as fast food in Q3 2025 in Los Angeles County is the highest on record at 13,363, while the average number of individuals employed in fast food in Q3 2025 is currently 189,784, a 2 percent decline from the average employment peak of 193,737 in Q3 2023. The dotted blue line indicates AB 1228’s signing date (September 28, 2023), and the dashed blue line its effective date (April 1, 2024).

Figure 7 displays averages of the information presented in Figure 6 across all years and shows that 80 percent of private sector fast food employment and 72 percent of private sector fast food establishments in Los Angeles County between Q1 2014 and Q3 2025 are classified under NAICS subcode 722513. NAICS subcode 722515 accounts for 19 percent of total fast food employment and 27 percent of all fast food establishments, while subcode 722514 represents approximately one percent of fast food employment and one percent of fast food establishments.

Figure 7: Employment and Establishments by NAICS Code



Studies Evaluating AB 1228

Our Office has identified two scholarly papers that evaluate the effects of AB 1228 on California employment, but not any detailed analyses that examine Los Angeles specifically. The papers discussed below draw different conclusions surrounding the effects of AB 1228 on employment in California, with one paper finding a statewide employment reduction of approximately three percent and the other finding no effect on employment and small price increases. Both papers restrict their definition of fast food establishment to NAICS subcode 722513.

Jeffrey Clemens, Olivia Edwards, and John Meer released a working paper in July 2025 that argues AB 1228 has reduced fast food employment across California while raising wages for fast food workers compared to fast food workforces in other states.¹¹ The authors estimate that relative to September 2023, fast food employment in California declined by approximately 2.6 percent. Prior to AB 1228's implementation, employment in California's fast food sector outpaced national trends. After the enactment of AB 1228, the study estimates that California fast food employment fell between 2.3 and 3.9 percent. These effects ultimately translate into an estimated net loss of 18,000 jobs across California due to AB 1228's implementation.

Denis Sosinskiy and Michael Reich released an updated version of a previous working paper in April 2026 that argues AB 1228 caused fast food worker wages to rise approximately 11 percent, did not cause widespread disemployment, and moderately raised prices.¹² The authors find that the law led to short-run price increases of around 3 percent initially, which declined to approximately 1.5 percent three quarters after the law was implemented. The study estimates that approximately 70 percent of workers in limited-service restaurants (NAICS subcode 722513) and 70 percent of workers in snack and non-alcoholic beverage bars (NAICS subcode 722515) are covered by AB 1228.

Los Angeles' Fair Work Week Ordinance and Comparable Jurisdictions

Below is a summary of predictive scheduling laws in four jurisdictions: the City of Los Angeles, New York City, the city of Seattle, and the state of Oregon. The jurisdictions examined vary widely in the types and number of workers that activate predictive scheduling regulations, with some requiring the industry to include hundreds of employees whereas others require coverage with only 20 or 30 employees. Studies that have evaluated the effectiveness of predictive scheduling laws have noted the importance of set aside funds for implementation, which includes training and outreach for supervisory employees and workers.

Los Angeles' Fair Work Week Ordinance

LAMC Section 185, also known as the Fair Work Week Ordinance (FWW), has been effective since April 1, 2023 and applies to retail businesses with 300 or more employees globally (Attachment B).¹³ The FWW Ordinance requires the following of employers:

¹¹ Clemens, Jeffrey, Olivia Edwards, and Jonathan Meer. 2025. *Did California's Fast Food Minimum Wage Reduce Employment?* NBER Working Paper No. 34033.

¹² Sosinskiy, Denis, and Michael Reich. 2026. *Effects of a \$20 Minimum Wage: Evidence from Granular Data on Wages, Employment and Prices.* Institute for Research on Labor and Employment Working Paper.

¹³ Retail businesses are defined as those identified in the NAICS within the retail trade categories and subcategories 44 through 45, which comprises establishments primarily engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. Retail stores are fixed point-of-sale locations that are designed to attract a high volume of walk-in customers. Examples of establishments in the retail

- Provide advanced notice of employees' work schedule at least 14 calendar days before the start of the work period and a written GFE of the employees' work schedule prior to hiring and within days 10 of a worker's request;
- Provide predictability pay,¹⁴ for employer-initiated changes to work schedules made less than 14 days before the start of the work period;
- Provide premium pay to workers of time-and-a-half for shifts that start fewer than 10 hours from their previous shift; and
- Offer additional work hours to current employees before the employer can hire new workers.

The FWW Ordinance further entitles employees to request a preference for hours, shift times, or work locations that can be accepted or can be declined in writing by the employer. The current Designated Administrative Agency (DAA) responsible for FWW Ordinance enforcement is the City's Bureau of Contract Administration's (BCA) Office of Wage Standards (OWS).

The FWW Ordinance includes a Collective Bargaining Agreement (CBA) waiver and has a three-year statute of limitations.

New York City's Fair Workweek Law

The New York City Fair Workweek Law has been effective since November 26, 2017, and applies to retail employers with 20 or more employees and fast food establishments with 30 or more locations nationwide.¹⁵ The law requires an advance schedule notice of 14 days for fast food establishments and 72 hours for retail firms that is measured from the first day in the workweek instead of the first day of the employee's shift.

Industry stakeholders have communicated to our Office that the New York City predictive scheduling law is particularly burdensome.

trade sector include automobile dealers, hardware retailers, food and beverage retailers, and grocery and supermarket retailers.

¹⁴ Predictability Pay is compensation provided when an employer initiates certain changes to an employee's work schedule. An employee is entitled to one (1) hour of pay at their regular rate when the employer adds more than 15 minutes to a scheduled shift or changes the date, time, or location of a shift. Predictability Pay is also required when the employer reduces a shift by at least 15 minutes and assigns an on-call shift but does not require the employee to work; in such cases, the employee must be paid for the hours not worked at one-half their regular rate of pay.

¹⁵ New York City does not use NAICS codes to define fast food or retail establishments. NYC Administrative Code Section 20-1201 defines a fast food establishment as any establishment that (i) has as its primary purpose serving food or drink items; (ii) where patrons order or select items and pay before eating and such items may be consumed on the premises, taken out or delivered to the customer's location; and (iii) that offers limited service. Retail establishments are defined as businesses engaged in the sale of consumer goods at one or more stores within the city. "Consumer goods" means products that are primarily for personal, household, or family purposes, including but not limited to appliances, clothing, electronics, groceries, and household items.

New York City’s Fair Workweek Law also requires the following of employers:

- Provide employees with a regular schedule that is a predictable, regular set of recurring weekly shifts, which is considered more stringent than a GFE;
- Provide a Notice of Discharge to terminated fast food employees that includes the date of discharge, whether the discharge was for just cause or a “bona fide” economic reason, and the “precise reason(s)” the employee was discharged;
- Rehire previously laid off staff in order of seniority;
- Obtain written consent from employees if a scheduled shift stretches beyond a 15-minute grace period;
- Allow employees at least 11 hours of rest time between shifts (“clopenings”); and
- Provide predictability pay with varying amounts, with more money awarded to employees for schedule changes occurring closer to the scheduled shift and less money for schedule shifts that occur beyond 7 days, with amounts depending on the amount of notice provided to employees.

The DAA for New York City’s Fair Workweek Law is the Department of Consumer and Worker Protection (DCWP). New York City’s Fair Workweek Law includes a CBA waiver for retail workers but not for fast food employees. The law further requires employer retention records for three years and has a two-year statute of limitations.

Seattle’s Secure Scheduling Ordinance

Seattle’s Secure Scheduling Ordinance (SSO), Seattle Municipal Code 14.22, grants scheduling protections for Seattle employees at large retail and food service employers and has been effective since July 1, 2017. The law applies to retail and food service establishments with 500 or more employees globally.¹⁶ Food establishments include both full-service restaurants and limited-service restaurants, but full-service restaurants must also have at least 40 full-service locations worldwide to be covered.

Seattle’s SSO applies to employees who are covered by Seattle’s Minimum Wage Ordinance, who work at a fixed point of sale location, *and* who provide at least 50 percent of their employment services in a physical location that is within the geographic boundaries of Seattle.

Seattle’s SSO requires the following of employers:

- Provide a GFE of the median hours employees can expect to work and a copy of the Secure Scheduling Poster, which provides information regarding workers’ rights;

¹⁶ Seattle Municipal Code 14.22 defines a “food services establishment” as NAICS code 722 and associated subcodes; “retail” is defined as NAICS codes 441 through 453998.

- Provide employees with a written schedule 14 days in advance and must pay an employee for schedule changes if the change occurs within 14 days of the scheduled shift;
- Allow employee 10 hours of rest between a closing and opening shift unless the employee agrees to less rest time;
- Offer additional hours to internal employees before hiring an external applicant, subcontractor, or temporary employee through a staffing agency and post notice of additional hours for three (3) days; and
- Engage in an “interactive process” by speaking with employees regarding their scheduling preferences and must grant requests surrounding “major life events” unless there is a “bona fide” business reason to deny it.

The DAA for Seattle’s SSO is the Office of Labor Standards (OLS). The SSO includes a CBA exemption and has a three-year statute of limitations.

Set-aside funds to study the SSO were included in the enacting legislation, which has produced two reports analyzing the impacts of the law. As mandated by the Ordinance, the Seattle Office of City Auditor engaged a team of researchers with expertise in working conditions to evaluate the law’s impacts in its first and second year of implementation. An additional scholarly paper was published by two authors affiliated with the first two evaluations.

The first impact study was released in December 2019 and found that the SSO increased the share of workers receiving their schedules at least 14 days in advance by 20 percent, but did not lead to a decline in employer-initiated shift changes. The share of workers who were compensated through predictability pay more than doubled as a result of the SSO. Work hours, reports of closing and opening shifts spaces less than 10 hours apart (“clopenings”), on-call, and canceled shifts were unaffected. Managers were generally aware of the SSO, but many reported they lacked sufficient knowledge to fully comply with the law. Managers expressed significant confusion as to when a schedule change requires predictability pay.

The second impact study was released in two parts—February 2021 and December 2022—and found the SSO had generally positive impacts on workers by increasing the share of workers with advanced schedules, increasing workers’ satisfaction with their work schedule and job, and decreasing the share of workers reporting last minute shift timing changes without pay. The authors noted that interviewed managers reported compliance with the law, but did not follow certain provisions, such as written GFES for new workers. Managers still expressed uneven knowledge surrounding the law.

Daniel Schneider and Kristen Harknett use pre- and post-policy survey data from Seattle workers and find that the law has had positive impacts on workers’ schedule predictability and stability

and has led to increases in workers' well-being, sleep quality, and economic security.¹⁷ The study did not evaluate the law's impact on business profitability, managerial knowledge of the law, or employment effects.

Oregon's Fair Workweek Act

Oregon has the only statewide predictive scheduling law in the United States, which has been effective since July 1, 2018. The law covers employers with 500 or more employees globally in the retail, hospitality, and food services industries.¹⁸ Salaried employees and employees hired by worker leasing companies are exempt.

Oregon's Predictive Work Scheduling Law requires the following of employers:

- Provide a GFE of the median hours employees can expect to work in a typical month;
- Provide employees with a written schedule 14 days in advance of the first day of the work schedule, which must be posted in a conspicuous location;
- Allow employees at least 10 hours of rest following the end of the previous calendar day's work shift;
- Provide premium pay for one hour at the employee's regular rate of pay if an employer adds more than 30 minutes of work to a shift or meets other criteria; and
- Provide one-half of an employee's regular rate of pay, per hour, for each scheduled hour they do not work if an employer subtracts hours from their shift.

The DAA responsible for enforcement of Oregon's Fair Workweek Act is the Bureau of Labor and Industries (BOLI). Oregon's Fair Workweek Act has a three-year statute of limitations with a private right of action and does not require employers to offer additional hours to current staff before hiring outside employment.

Oregon Revised Statutes (ORS) Section 653.432 also allows employers to maintain a standby list of employees whom the employer may request to work additional hours to address unanticipated business needs. Employees are not required to be included on the standby list, may request to be removed from the standby list, and are not required to accept additional hours offered by the employer. Employers are strictly prohibited from retaliating against employees who do not agree to be on the standby list, request to be removed from the list, or decline additional work hours as a result of being on the standby list. Industry stakeholders have communicated to our Office that the standby list should be considered to allow businesses and workers greater flexibility in an industry that frequently encounters unpredictable demand.

¹⁷ Harknett, Kristen, Daniel Schneider, and Véronique Irwin. "Improving Health and Economic Security by Reducing Work Schedule Uncertainty." *Proceedings of the National Academy of Sciences* 118, no. 42 (2021): e2107828118.

¹⁸ Oregon Revised Statutes (ORS) Section 653.412 defines 1) "retail establishment" as NAICS retail trade categories and subcategories 44 through 45; 2) "hospitality establishment" as NAICS subcodes 721110 and 721120; and 3) "food services establishment" as NAICS code 722 and its associated subcodes.

Our Office met with BOLI Wage and Hour Division staff to discuss the standby list, which is not present in the Los Angeles, New York City, and Seattle predictive scheduling laws.

In that meeting, our Office was directed to a peer-reviewed paper written by sociologists affiliated with the University of Oregon that relies on interviews with 71 workers and 27 managers and supervisors in more than 80 establishments across Oregon covered by the law.¹⁹ The paper argues that the standby list “undermines” employers’ obligations to pay for last-minute schedule changes because signing the list “ostensibly” indicates that workers are not entitled to predictability pay.

The study further notes that approximately 75 percent of interviewed workers indicated they were forced onto the voluntary standby list as a condition of employment and over half of interviewed workers had not heard of the legislation. Unfamiliarity with the law was also common with supervisors and management: one-third of managers interviewed by the authors reported that they did not know about the law.

A summary table comparing the Los Angeles, New York City, Seattle, and Oregon predictive scheduling laws is included as Figure 8, which has been adapted from Petrucci et al. (2022). Retail establishments are covered in all of the predictive scheduling laws displayed in Figure 8, and Los Angeles is currently the only city that does not cover fast food establishments.

Figure 8: Main Provisions of Predictive Scheduling Laws

| Provision | Jurisdiction | | | |
|----------------------------------|--------------------------------|---|--|---|
| | Los Angeles | New York City | Seattle | Oregon |
| Covered industries | Retail | Retail, fast food | Retail, food | Retail, food, hospitality |
| Coverage terms | 300 or more employees globally | Fast food chains with 30 or more nationwide locations; retail employers with 20 or more employees locally | Food and retail employers with 500 or more employees globally; full-service restaurants also require 40 or more locations globally | Retail, food, and hospitality employers with 500 or more employees globally |
| GFE/Stable schedule notice | 2 weeks | 72 hours retail; 2 weeks fast food | 2 weeks | 2 weeks |
| Right to rest ("clopening") time | 10 hours | 11 hours | 10 hours | 10 hours |
| Offer hours to current workers | Yes | Yes, based on seniority | Yes | No |
| Predictability Pay grace period | 15 minutes | 15 minutes | 15 minutes | 30 minutes |

The number of locations and minimum employees required to prompt coverage varies widely across jurisdiction: Los Angeles requires 300 or more employees globally, whereas New York City requires retail employers with 20 or more employees locally. The GFE and right to rest

¹⁹ Petrucci, Larissa, Lola Loustaunau, Ellen Scott, and Lina Stepick. “Persistent Unpredictability: Analyzing Experiences with the First Statewide Scheduling Legislation in Oregon.” *ILR Review* 75, no. 5 (2022): 1133–58.

times are highly similar, with GFEs being generally two weeks and the right to rest mandating between 10 and 11 hours.

Compliance and Enforcement Costs

Expanding FWW protections to fast food establishments would grant an estimated 46,674 workers in Los Angeles new workplace protections that would be enforced by the Office of Wage Standards (OWS).²⁰ Studies evaluating predictive scheduling laws have found a substantial segment of workers and managers covered by the law are unaware of its details. OWS has communicated to our Office that ensuring fast food industry compliance would be more difficult than retail establishments. The fast food landscape includes a number of individual franchisees that would be covered by this proposed expansion, thus outreach and compliance would be more difficult than large retailers, many of which are already known to City personnel.

Council is considering a CLA report (C.F. 23-0932) that enhances the authority and capability of OWS. Recommended actions in that report would revise existing complaint triage practices and recommend the hiring of at least 13 new positions to enforce labor standards in the City. The new positions identified in the pending transmittal could be used for FWW expansion enforcement, which would be needed due to understaffing in the OWS. FWW violations in the City are overwhelmingly systemic violations that span multiple workers and can be extremely complex. As such, OWS has further recommended the inclusion of a private right of action in the event of inadequate enforcement.

Fast Food “Know Your Rights” Training Program

“Know Your Rights” training programs across the United States have been primarily associated with educational programs providing information surrounding the U.S. Constitution, civil rights laws, and immigration laws.²¹ These trainings are frequently offered by national non-profits such as the American Civil Liberties Union (ACLU), locally based community organizations such as the Coalition for Humane Immigrant Rights (CHIRLA), or governmental entities like the Los Angeles County Office of Immigrant Affairs. These trainings, however, are not typically focused on narrow occupations or industries and are not mandatory for businesses. Our Office was unable to identify an analogous program in the United States where a jurisdiction required specific industries to receive workplace training concerning employment laws.

Employers have communicated to our Office their assessment that a “Know Your Rights” training is not only duplicative and preempted by State law, but also overly burdensome to employers. Labor stakeholders have cited the workers’ and supervisors’ unfamiliarity with local laws as reasons to implement a workplace training program covering fast food establishments across the City, in addition to purported instances of workplace noncompliance such as wage theft.

²⁰ Our Office follows the estimate contained in Sosinkiy and Reich (2026) that finds approximately 70 percent of workers are covered by AB 1228. The total number of workers covered in the City of Los Angeles by a potential expansion of the FWW Ordinance into fast food establishments, as defined by State law, is therefore approximately 46,674 (66,858 * .7).

²¹ See: <https://www.aclunc.org/our-work/know-your-rights/>; <https://www.chirla.org/resources/know-your-rights/>; and <https://oia.lacounty.gov/kyr/>

Potential Legal Constraints

AB 1228 grants the Fast Food Council authority over fast food restaurant workplace training. The full Fast Food Council has met a total of three times, with the most recent meeting occurring on September 11, 2024. The following evaluates relevant State law that raise concerns that the City is preempted from requiring a comprehensive training program for fast food workers. Due to preemption concerns, it is recommended that the City refrain from workplace trainings specifically related to State or Federal law, which could be ruled duplicative and determined to be illegal. However, options may be available to provide limited training.

SB 399, also known as the “Captive Audience” ban, effective since January 1, 2025, barred employers from requiring staff to attend “employer-sponsored” meetings or to “participate in, receive, or listen” to any employer communications regarding “religious or political matters.” This law was struck down by the Eastern District of California on September 30, 2025, which held that the law’s prohibition on discussing “political matters,” which includes unionization, was overly broad because it barred all speech on those topics. Thus, employers have a right to express their views on unionization under the National Labor Relations Act (NLRA), so long as those communications aren’t “coercive.”

SB 294 (Reyes), known as the “Workplace Know Your Rights Act,” was chaptered on October 12, 2025, and requires employers on or before February 1, 2026, and annually thereafter, to provide a stand-alone written notice to each current employee of specified workers’ rights. The notice is required to include the following descriptions of workers’ rights: 1) workers’ compensation benefits, including disability pay and medical care for work-related injuries or illness; 2) the right to notice of inspection by immigration agencies; 3) protection against unfair immigration-related practices against a person exercising protected rights; 4) the right to organize a union or engage in concerted activity in the workplace; and 5) Constitutional rights when interacting with law enforcement at the workplace. Additional regulations required to be in the included notice to employees are currently being developed by the Labor Commissioner.

Know Your Rights Proposed Program Structure

After examining existing law and consulting with the City Attorney and OWS, our Office believes legal obstacles exist regarding the implementation of a required “Know Your Rights” training program specifically covering the fast food industry. Recently passed legislation known as the “Workplace Know Your Rights Act,” the authority granted to the Fast Food Council regarding fast food industry workplace training standards, and the September 30, 2025 court decision relating to “captive audience” meetings, requires any training program be carefully crafted so it is not preempted by State law.

These potential legal constraints associated with preemption concerns under State law lead our Office to offer two training program options. The first option includes a two-hour training program limited to Citywide Ordinances, whereas the second option includes Citywide Ordinances and multiple instances of common State law violations unaddressed by the Fast Food Council.

We recommend both training options be performed virtually to address employer concerns regarding offsite workplace injuries and associated insurance costs.

Similar to the process outlined in LAMC Section 182.22, Public Housekeeping Training, we recommend that Council grant OWS the authority to release a Statement of Qualifications to identify an approved training provider capable of conducting training for labor standards set by City Ordinances. Such training curricula may include a detailed discussion and examination of common wage theft practices in the City, examples of which are usually fact-specific and exhibit variation in complexity. Training criteria could also include the following elements.

Overview of Local Labor Standards

Los Angeles' labor laws such as the Citywide Minimum Wage Ordinance (MWO), the FWW Ordinance, and the Los Angeles OWS Ordinance, among others, are not covered under State law. Under a proposed 2-hour training, workers would learn about the local regulatory environment in Los Angeles, such as the MWO, the FWW Ordinance, the Fair Chance Initiative for Hiring Ordinance (FCIHO), and the OWS Ordinance, which authorizes local labor law enforcement in the City.

The MWO, LAMC Section 187, applies to all workers in the City and represents a minimum payment for any work that is performed for pay or profit within the City of Los Angeles' borders and entitles covered workers to paid sick leave. Alleged violations include refusal to pay the full wages to which workers are entitled, paid sick leave violations, withheld employer information, workplace retaliation violations, and inadequate posting of materials.

The FWW Ordinance, LAMC Section 185, requires information be provided to retail workers, which includes a GFE of their work hours and no shifts without rest that are less than 10 hours apart, among other key workplace regulations. Many instances of FWW violations are fact-specific, thus the training program should spend considerable time explaining what constitutes predictability pay and how new shifts should be assigned to current employees under the law.

The Fair Change Initiative for Hiring Ordinance (FCIHO), LAMC Section 189, also known as the Ban-the-Box Ordinance, regulates hiring practices in the City. Employers are precluded from including information in an employment application that seeks disclosure of an applicant's criminal history. The Ordinance further precludes employers from inquiring about or requiring the disclosure of an applicant's criminal history unless and until a conditional offer of employment has been made to the applicant.

The OWS provides an opportunity for workers to submit claims either personally or with the help of a Community Based Organization (CBO). Claims alleging violations of any of the above Ordinances may be submitted through OWS.

Most Common State Labor Law and Wage Violations

Commonly alleged workplace violations in the food services industry relate to worker misclassification, meal and rest breaks, overtime and gratuities violations, and wage theft. State enforcement personnel offer a free seminar that discusses examples of common labor law violations that includes highly specific examples as a service to employers, workers, and governmental entities seeking to better understand labor law

noncompliance. A potential 6-hour workplace law training could include the following types of State law violations in addition to the local Ordinances currently enforced by the City noted above.

Worker Misclassification

According to State regulators, worker misclassification is one of the core workplace noncompliance trends faced by enforcement personnel. Employers can misclassify workers—designate an employee an independent contractor when they truly serve as an employee—for a diverse mixture of financial, legal, and organizational reasons, some of which may be unintentional. Employers may misclassify workers to avoid expenses that include, but are not limited to, payroll taxes, unemployment insurance, workers' compensation insurance, overtime pay, and health insurance benefits. Managerial and supervisory unfamiliarity with State and local labor laws has been identified by scholars of predictive scheduling laws as a major reason for noncompliance.

Under a proposed “Know Your Rights” training, a portion of the allotted training would be reserved to conduct what State officials refer to as the “ABC Test,” to differentiate between independent contractors and employees. Under an ABC Test, a worker is considered an employee unless the hiring entity satisfies **all three** of the following: A) the worker is free from control and direction, both under contract and in fact; B) the individual performs work that is outside the usual course of the hiring entity's business; and C) the worker has their own independently established business of the same type as the work performed. Training sessions will include instances of misclassification examples and what resources are available to workers that have been victimized by noncompliance alongside employers that may be unwittingly breaking the law.

Meal and Rest Breaks

In California, an employer must provide employees a 30-minute meal break if they work more than 5 hours in a day. However, if an employee works 6 hours or less, the meal break can be waived by mutual consent of the employer and employee. A second meal period of not less than thirty minutes is required if an employee works more than ten hours per day. This second break can be waived only if the employee works 12 hours or less, both the employee and employer agreed to waive it, and the first meal break was not skipped.

In general, in order to satisfy its obligation to provide a meal period, an employer must relieve employees of all duty, relinquish control over their activities, permit them a reasonable opportunity to take an uninterrupted 30-minute break, and must not impede or discourage employees from taking their meal period.

Meal and rest break training curricula as part of a “Know Your Rights” training could include examples of meal and rest break compliance, such as instances of workers receiving the entitled number of rest breaks based upon hours worked and how employers can legally secure meal and rest break waivers through mutual consent.

Wage Theft

Wage theft is common in food services establishments relative to other occupations and can take a number of different forms, such as paychecks with insufficient amounts, meal and rest break violations, and overtime violations. Training participants should learn about multiple forms of wage theft common in fast food and discuss real-life scenarios, which may be fact-specific and difficult to categorize. Individuals conducting this training should pay careful attention to the current status of workplace customs for attending workers, attempting to identify if more commonly found violations are occurring—such as meal and rest break violations—or more sophisticated methods of wage theft are being deployed by the business. Employees subject to wage theft in any form are encouraged to submit forms with the OWS, which has the authority to investigate claims and penalize wage theft violations in the City.

Additional Labor Costs and Viability of Quick Service Restaurants

Assuming that approximately 46,674 workers in the City would be subject to the FWW Ordinance expansion and the “Know Your Rights” training described in this transmittal, a substantial number of businesses would likely adjust their operations to absorb the operating cost increases. Figure 6 suggests employment in Los Angeles County is either falling or plateauing since the implementation of AB 1228, whereas the number of fast food establishments have shown consistent growth.

Our Office did not perform a sophisticated econometric study, which would have required substantially more data and more time to execute. As such, the below projections have been drawn from studies by researchers at the University of Washington and University of California, Los Angeles (UCLA) that examine wage increases impacting food services establishments in Seattle and Los Angeles.

Seattle raised its minimum wage to as much as \$11 an hour in 2015 and to as much as \$13 in 2016. Researchers affiliated with the University of Washington examined the effects of these increases on employment and hours for covered workers.²² Washington is one of four states that collects hours worked data as part of its Unemployment Insurance (UI) wage reporting system, which allows for rare precision regarding the impact of the wage policies on employment hours. The authors find that the minimum wage increases boosted earnings for the intended occupational groups, but that employers absorbed these increases by cutting hours and by declining to hire new workers. Employment hours reductions were particularly common for less experienced workers and overall employee turnover declined.

Los Angeles established a \$15 hourly minimum wage in 2016, which required the CLA to commission a study evaluating its effects on employment within three years. The study was performed by researchers at the University of California, Los Angeles (UCLA), which found the wage increases successfully raised wages for minimum wage workers and did not cause any detectable employment losses (C.F. 14-1371). The UCLA study did not evaluate reductions in working hours and did not estimate price passthrough.

²² Jardim, Ekaterina, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor, and Hilary Wething. 2022. “Minimum-Wage Increases and Low-Wage Employment.” *American Economic Journal: Economic Policy* 14 (2): 263–314.

Operating cost increases in fast food establishments are commonly associated with price increases.²³ Thus, a “Know Your Rights” workplace training funded by employers alongside additional administrative costs due to FWW implementation would likely prompt employers to recover those expenses, either through an increase in prices or through reductions in employment hours. The extent of price passthrough, however, remains a subject of considerable debate in academic literature. A meta-analysis by Sara Lemos that examines price passthrough effects in over 25 published studies finds that most studies estimate a 10 percent minimum wage increase raises food prices by no more than 4 percent and overall prices by no more than 0.4 percent,²⁴ with more recent studies corroborating this finding.²⁵

Our Office estimates that approximately 46,674 fast food workers in the City covered by AB 1228 work an average of 32 hours per week. Assuming covered fast food employees work 52 weeks per year and earn \$20 an hour, this totals approximately \$1.553 billion in annual aggregate wage income. Thus, a 10 percent wage increase would be equivalent to \$155.3 million additional annual aggregate income for covered fast food workers in the City. Figure 9 multiplies the assumed hourly wage for covered workers, weekly hours, annual income per worker, and the number of workers to estimate the total annual aggregate income for fast food workers covered by AB 1228 in the City.

Figure 9: Total Fast Food Worker Income in the City

| Component | Value | Calculation | Result |
|-------------------------------|--------|-------------|-----------------|
| Covered Workers (C) | 46,674 | | |
| Weekly Hours (H) | 32 | | |
| Hourly Earnings (E) | 20 | | |
| Weeks Worked (W) | 52 | | |
| Weekly Earnings per Worker | | H*E | \$640 |
| Annual Earnings per Worker | | \$640*W | 33,280 |
| Total Annual Aggregate Income | | C*33,280 | \$1,553,310,720 |

Our Office received a report from fast food industry representatives produced by Oxford Economics (“the Report”), which estimates the entire cost to employers of FWW expansion and the “Know Your Rights” training at \$1,932 per worker per year and across all fast food restaurants in Los Angeles at \$54.7 million per year.²⁶ The Report estimates include payroll tax

²³ Aaronson, Daniel. 2001. “Price Pass-Through and the Minimum Wage.” *The Review of Economics and Statistics* 83 (1): 158–69; Basker, Emek, and Muhammad Taimur Khan. 2016. “Does the Minimum Wage Bite into Fast-Food Prices?” *Journal of Labor Research* 37 (2): 129–48.

²⁴ Lemos, Sara. 2008. “A Survey of the Effects of the Minimum Wage on Prices.” *Journal of Economic Surveys* 22: 187–212.

²⁵ Allegretto, Sylvia, and Michael Reich. 2018. “Are Local Minimum Wages Absorbed by Price Increases? Estimates from Internet-Based Restaurant Menus.” *ILR Review* 71 (1): 35–63; Ashenfelter, Orley, and Štěpán Jurajda. 2022. “Minimum Wages, Wages, and Price Pass-Through: The Case of McDonald’s Restaurants.” *Journal of Labor Economics* 40 (51): S179–201.

²⁶ The Report estimates there are 1,610 fast food establishments and 26,404 fast food workers in the City. Our Office was unable to replicate the figures produced in the Report. A detailed discussion of the Report is included in the Appendix (Attachment D).

and employee travel costs associated with an eight hour in-person “Know Your Rights” training covering 26,404 fast food workers. If the Report’s estimates are adjusted to account for the 46,674 covered workers estimated by our Office, this cost on employers would still be below the operating cost increase attributable to a 10 percent increase in the minimum wage. Based on findings in recent studies, it is therefore unlikely that the proposed FWW expansion and training requirement would result in significant disemployment effects or widespread fast food restaurant closures across the City.

When AB 1228 took effect on April 1, 2024, it increased the minimum wage for covered fast food workers in the City by 19.2 percent.²⁷ The potential labor cost increases associated with expanding the FWW and implementing a “Know Your Rights” training are roughly one-third of the wage increases mandated by AB 1228. Consistent with economic evidence on cost passthrough in the fast food sector, any resulting menu price adjustments would likely be less than three percent.

Should Council adopt the refined worker training program described above, the costs would be proportionally lower than those estimated in the Report.

Protecting Businesses from Unintended Impacts

The current FWW law applies to retailers with specific square footage requirements (Attachment B), with a smaller number of owners. Fast food establishments, as defined under State law, include numerous franchisees and smaller operators that operate with different profit margins and economic circumstances than large global corporations.

As such, options that Council may consider to assist small, women-owned, and minority-owned businesses from unintended impacts of the FWW expansion include deferred enforcement, reduced penalties for predictability pay during the first six months the Ordinance is effective, an increased predictability pay grace period, and requiring the GFE to include only one week’s schedule for the first year of implementation.

Stakeholder Feedback

Our Office met either in-person or virtually with numerous industry stakeholders during the preparation of this Report (Attachment C). Industry stakeholders were overwhelmingly critical of the “Know Your Rights” training, communicating to our Office that the training was duplicative, unnecessary, and likely preempted by State law. Many individual operators further communicated that they were concerned about what the potential training curriculum could include, and also predicted that it would lead to additional cost increases. Some industry stakeholders also urged Council to reconsider the “Know Your Rights” training requirement because it could lead to multiple businesses leaving Los Angeles.

Expansion of the FWW to include fast food establishments was also generally opposed by industry stakeholders, with many arguing that LAMC Section 185 reduces operational flexibility and could thus lead to widespread business closures. Our Office also met with industry stakeholders who were unopposed to an expansion of the Fair Work Week Ordinance because they already provide employees with their schedules two weeks in advance. Taken together, our

²⁷ The Citywide minimum wage was \$16.78 on April 1, 2024.

Office received overwhelming criticism from industry representatives regarding the potential “Know Your Rights” training and comparatively less criticism of potentially expanding the Fair Work Week law to cover fast food.

Our Office contacted City staff that work with the City of Los Angeles Small Business Commission (LASBC) seeking comment regarding the proposed fair workweek expansion and “Know Your Rights” training. The LASBC has not convened since the adoption of the instruction and is therefore unable to comment.



Henry Flatt
Analyst

Attachments:

- A. Amended Economic Development and Jobs Committee Report
- B. LAMC Section 185
- C. Stakeholder Contact List
- D. Appendix

File No. 19-0229-S2

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to requesting the City Attorney draft an Ordinance to extend the protections of the Los Angeles Fair Work Week Ordinance to employees of fast food businesses, instruct the Office of Wage Standards and Bureau of Contract Administration (BCA), with the City Attorney, to report on the resources needed for enforcement, and the Chief Legislative Analyst (CLA) to report with a proposed program structure.

Recommendations for Council action, as initiated by Motion (Soto-Martinez, Yaroslavsky - Price):

1. INSTRUCT the CLA, with the assistance of BCA and the City Attorney, to report to Council with recommendations to expand the City's Fair Work Week Ordinance, including but not limited to, collecting data on fast food industry working conditions, options to enhance compliance, estimated costs of implementation and enforcement, adding a collective bargaining agreement waiver, and an analysis of comparable jurisdictions such as New York City, Seattle, and Oregon.
2. INSTRUCT the CLA, with the assistance of BCA and the City Attorney, to report to Council with recommendations to establish a "know your rights" training program for fast food industry workers, including potential curricula options, number of compensated working hours, potential legal constraints, a private right of action similar to the City's hospitality worker training requirements, examples of similar policies in other jurisdictions, and information on any potential action on training by the State's Fast Food Council.
3. INSTRUCT the CLA, as part of its reports back, to seek comment from the small business community, such as the Small Business Commission, the Los Angeles Area Chamber of Commerce, Quick Service Restaurants and other interested organizations, as well as impacted workers and their representatives. The report should include but not be limited to the following:
 - a. The current state of the Quick Service Restaurant Industry, inclusive of the impacts of the January 2025 wildfires on local businesses and food affordability.
 - b. Impact of additional labor costs on operational viability of Quick Service Restaurants, including inflation risks, reduced hours and hiring and closures.

Fiscal Impact Statement: Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on March 4, 2025, your Economic Development and Jobs Committee considered a Motion (Soto-Martinez, Yaroslavsky - Price) relative to requesting the City Attorney draft an Ordinance to extend the protections of the Los Angeles Fair Work Week Ordinance to employees of fast food businesses, instruct the Office of Wage Standards and BCA, with the City Attorney, to report on the resources needed for enforcement, and the CLA to report with a proposed program structure. The Committee moved to replace and amend the recommendations in the Motion.

After an opportunity for public comment was held, the Committee moved to approve the recommendations, as amended, as stated above. This matter is now submitted to the Council for consideration.

28 A

MOTION

I MOVE that the matter of the Economic Development and Jobs Committee report relative to requesting the City Attorney draft an Ordinance to extend the protections of the Los Angeles Fair Work Week Ordinance to employees of fast food businesses, instruct the Office of Wage Standards and BCA, with the City Attorney, to report on the resources needed for enforcement, and the CLA to report with a proposed program structure, Item 28 on Today's Council Agenda (CF 19-0229-S2) BE AMENDED to include the additional recommendations:

4. INSTRUCT the CLA to report back with a clear definition of food establishments that would be subjected to the expanded Fair Work Week Ordinance, including criteria such as the number of locations, size of workforce, or franchise structure and ownership.

5. INSTRUCT the CLA to report back with recommendations that will protect small, independently-owned, family-run, minority, and women-owned establishments from unintended impacts of the ordinance expansion.

6. INSTRUCT the CLA to report back with recommendations on exempting food establishments that are located in areas that are identified as food deserts, Good Food zones, and JEDI zones.

PRESENTED BY: Monica Rodriguez
MONICA RODRIGUEZ
Councilwoman, 7th District

SECONDED BY: [Signature]

ORIGINAL

[Signature]
APR 02 2025

No. 28C

MOTION

I HEREBY MOVE that Council AMEND Amending Motion 28A (Rodriguez – Lee) for Item No. 28, Council file No. 19-0229-S2, on the Wednesday, April 2, 2025 Council agenda, to remove instruction six and to revise instruction five to read:

5. INSTRUCT the CLA to report back with **any** recommendations that **could** protect small, independently-owned, family-run, minority, and women-owned establishments from unintended impacts of the ordinance expansion.

PRESENTED BY:

HUGO SOTO-MARTINEZ
Councilmember, 13th District

SECONDED BY:

CURREN D. PRICE, JR.
Councilmember, 9th District

April 2, 2025

CF 19-0229-S2

ARTICLE 5

LOS ANGELES FAIR WORK WEEK ORDINANCE

(Added by Ord. No. 187,710, Eff. 4/1/23.)

Section

- 185.00 Purpose.
- 185.01 Definitions.
- 185.02 Good Faith Estimate.
- 185.03 Right to Request Changes to Work Schedule.
- 185.04 Work Schedule.
- 185.05 Additional Work Hours Offered to Current Employees Before Hiring New Workers.
- 185.06 Predictability Pay for Work Schedule Changes.
- 185.07 Coverage for Missing Work Shift.
- 185.08 Rest Between Shifts.
- 185.09 Retention and Inspection of Records.
- 185.10 Electronic Notice.
- 185.11 Notice and Posting of Employee Rights.
- 185.12 Retaliatory Action Prohibited.
- 185.13 No Waiver of Rights.
- 185.14 Coexistence with Other Available Relief.
- 185.15 Conflicts.
- 185.16 Severability.

SEC. 185.00. PURPOSE.

The Los Angeles economy includes over 140,000 Angelenos working in the retail sector. According to a recent University of California at Los Angeles (UCLA) study, eight in ten retail workers have unpredictable, last-minute, and fluctuating work weeks over which they have no control. Approximately 77 percent of retail workers receive less than one week notice of their schedules or changes to their schedules.

The unpredictability of work schedules endemic in the retail industry creates many socioeconomic burdens on workers of large retail businesses. For example, the inability to predict the number of hours retail employees will actually work or the reduction of scheduled work hours leads to income insecurity. Further, unpredictable scheduling makes it difficult for workers to arrange childcare. Forty-five percent of workers who need childcare cannot use childcare services because of erratic work schedules. Unpredictable scheduling also makes it difficult for retail workers to pursue educational goals. Forty-three percent of student retail workers missed classes due to scheduling conflicts.

Retail workers who work a store's closing shift and then work the next day's opening shift work what is known as "clopening" shifts. Workers scheduled for "clopening" shifts often have less than ten hours rest between shifts. At least 44 percent of retail workers have experienced "clopening" shifts. When workers do not have an adequate time of rest between shifts, they are unable to care for themselves and their families.

Many retail workers are assigned part-time schedules and face underemployment. Large retailers often maintain a 24-hour window of shopping time, which requires additional workers. When retail employers have an increased demand for work, some retailers choose to hire additional part-time or temporary workers instead of offering the additional hours to their existing part-time workers. The UCLA study found that over 70,000 retail workers desire more hours and the majority of them want to work forty hours or more each week.

Cities and states across the country have responded to a growing call for a more predictable work week. Seattle, San Francisco, New York, Philadelphia, and Oregon have adopted laws that protect working families by ensuring stable and predictable work hours, opportunities for additional work hours, healthier work weeks with adequate rest, and a greater voice in deciding when and how many hours to work.

The City of Los Angeles has consistently championed its workers by adopting laws designed to protect workers' rights and improve their socioeconomic status. For example, the City has adopted the Minimum Wage and the Living Wage Ordinances, the Citywide Hotel Worker Minimum Wage Ordinance, the First Source Hiring Ordinance, and various Worker Retention Ordinances.

The City, as a provider of social services, has a significant interest in the promotion of improved working conditions and better wages for retail workers. This ordinance seeks to promote the health, safety, and welfare of retail workers in the City by providing them with a more predictable work schedule that ensures stability for themselves and their families and the opportunity to work more hours. Retail workers that are rested, able to plan for childcare, and rely less on the City's social services benefit the City.

I. "Shift" means the consecutive hours an Employee is required to work including meal and rest periods.

J. "Work Schedule" means the schedule of the hours, days, and times, including On-Call Shifts, when an Employer requires an Employee to work or be on-call to work.

SEC. 185.02. GOOD FAITH ESTIMATE.

A. Before hiring an Employee, an Employer shall provide each new Employee a written good faith estimate of the Employee's Work Schedule.

B. The good faith estimate shall notify a new Employee of their rights under this article. In the alternative, the Employer may provide the new Employee with a copy of the poster required by Section 185.11.

C. An Employer shall provide a written good faith estimate of an Employee's Work Schedule within ten days of an Employee's request.

D. A good faith Work Schedule estimate shall not constitute a binding, contractual offer. However, if an Employee's actual work hours substantially deviate from the good faith estimate, an Employer must have a documented, legitimate business reason, unknown at the time the good faith Work Schedule estimate was provided to the Employee, to substantiate the deviation.

SEC. 185.03. RIGHT TO REQUEST CHANGES TO WORK SCHEDULE.

An Employee has a right to request a preference for certain hours, times, or locations of work. An Employer may accept or decline the request, provided that the Employer notify the Employee, in writing, of the reason for any denial.

SEC. 185.04. WORK SCHEDULE.

A. An Employer shall provide an Employee with written notice of the Employees' Work Schedule at least 14 calendar days before the start of the work period by any one of the following:

1. Post the Work Schedule in a conspicuous and accessible location where Employee notices are customarily posted and visible to all Employees; or

2. Transmit the Work Schedule by electronic means or another manner reasonably calculated to provide actual notice to each Employee.

B. Changes to the Work Schedule.

1. An Employer shall provide written notice to an Employee of any Employer initiated changes to the Work Schedule that occur after the advance notice required under Section 185.04 A.

2. An Employee has a right to decline any hours, Shifts or work location changes not included in the Work Schedule. If an Employee voluntarily consents to work hours or Shift changes not included in the Work Schedule, the consent must be in writing.

SEC. 185.05. ADDITIONAL WORK HOURS OFFERED TO CURRENT EMPLOYEES BEFORE HIRING NEW WORKERS.

A. Before hiring a new Employee or using a contractor, temporary service or staffing agency to perform work, an Employer shall first offer the work to current Employees if:

1. one or more of the current Employees is qualified to do the work as reasonably determined by the Employer; and

2. the additional work hours would not result in the payment of a premium rate under California Labor Code Section 510.

B. An Employer shall make the offer for additional work hours contemplated by this section to each current Employee either in writing or by posting the offer in a conspicuous location in the workplace where notices to Employees are customarily posted.

C. An Employer shall make the offer for additional work hours contemplated by this section to current Employees at least 72-hours prior to hiring any new Employee, using a contractor, temporary service or staffing agency. Upon receipt of the offer, an Employee shall have 48-hours to accept the offer of additional hours in writing. Upon the expiration of the 48 hour period, the Employer may hire new Employees or retain the services of a contractor, temporary service or staffing agency to work any additional hours not accepted for work by current Employees. At any time during the 72-hour period, if the Employer receives written confirmation from all its Employees that

5. Any other records the DAA may require to demonstrate compliance with this article.
- B. An Employer shall provide timely access to records to the DAA pursuant to Section 188.03.

SEC. 185.10. ELECTRONIC NOTICE.

An electronic communication shall be deemed written notice for purposes of this Article.

SEC. 185.11. NOTICE AND POSTING OF EMPLOYEE RIGHTS.

Every Employer shall post the notice published each year by the DAA, pursuant to Section 188.03 A., informing Employees of their rights under this article. Every Employer shall post notices in English, Spanish, Chinese (Cantonese and Mandarin), Hindi, Vietnamese, Tagalog, Korean, Japanese, Thai, Armenian, Russian and Farsi, and any other language spoken by at least 5 percent of the Employees at the workplace or job site.

SEC. 185.12. RETALIATORY ACTION PROHIBITED.

No Employer shall discharge, reduce in compensation or otherwise discriminate against any Employee for opposing any practice proscribed by this article, for participating in proceedings related to this article, for seeking to enforce their rights under this article by any lawful means, or for otherwise asserting rights under this article.

SEC. 185.13. NO WAIVER OF RIGHTS.

A waiver by an Employee of any provision in this article shall be deemed contrary to public policy and shall be void and unenforceable.

SEC. 185.14. COEXISTENCE WITH OTHER AVAILABLE RELIEF.

The provisions of this article shall not be construed as limiting an Employee's right to obtain relief to which they may be entitled at law or in equity.

SEC. 185.15. CONFLICTS.

Nothing in this article shall be interpreted or applied so as to create any power or duty in conflict with any federal or state law.

SEC. 185.16. SEVERABILITY.

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

The Chief Legislative Analyst (CLA) met either virtually or in-person with the following industry and labor stakeholders in responding to the amended and adopted Economic Development and Jobs Committee Report (C.F. 19-0229-S2):

- Stuart Waldman, Valley Industry and Commerce Association
- Alec Mesropian, Los Angeles County Business Federation
- Angela Gibson Shaw, Greater Los Angeles African American Chamber of Commerce
- Carlos Singer, Los Angeles Area Chamber of Commerce
- Myles Cochran, Panda Group
- Chris Kane, Panda Group
- Camila Knowles, Chick-fil-A Corporation
- Emily McMillan, Chick-fil-A Corporation
- Dream Wright, Chick-fil-A Operator
- Jacqueline Romero, California Restaurant Association
- Lisa Gritzner, California Strategies
- Anh Nguyen, Central City Association
- Lauren Aguilar, McDonald's Owner Operator
- Ti Chang, McDonald's Owner Operator
- Marisa Salas, Service Employees International Union (SEIU) Education and Support Fund
- Teresa Sanchez, SEIU
- Casey Murphy, SEIU

Appendix

Our Office evaluated further information related to predictive scheduling laws and the fast food industry not included in the main report due to length considerations. Appendix topics include a discussion of Los Angeles Municipal Code, Chapter XVIII, Article 5, Section 185 (LAMC Section 185) that analyzes retail industry occupations in Los Angeles, an evaluation of the net job creation rate in Los Angeles County for Retail Trade and Accommodation and Food Service industries, additional data sources used to examine the fast food industry, and an overview of predictive scheduling laws in the cities of Chicago, San Francisco, Philadelphia, and San Jose.

Retail Industry Working Conditions and Wages

LAMC Section 185.01(D) defines an “Employer” as any Person who:

1. Is identified as a retail business in the North American Industry Classification System (NAICS) within the retail trade categories and subcategories 44 through 45; and
2. Directly, indirectly, or through an agent or any other Person, including through the services of a temporary service or staffing agency, exercises control over the wages, hours, or working conditions; and
3. Has 300 employees globally. For purposes of determining the number of employees of an Employer, the following shall be included:
 - a. Any employee over whom the Employer directly, or through an agent or any other Person, including through the services of a temporary service or staffing agency, exercises control over the wages, hours, or working conditions.
 - b. Any employee of an Employer’s subsidiary provided that the subsidiary is identified as a retail business pursuant to Section 185.01 D.1.
 - c. Any employee of any Person operating a business pursuant to a Franchise, provided that the franchisee’s business is over 15,000 square feet and identified as a retail business pursuant to Section 185.01 D.1.
 - d. Any person or business whose employees are included in the count of total employees of the Employer, including those identified in Subsection 3.(b) and 3.(c) above, qualifies as an Employer for purposes of this section.

Los Angeles’ current Fair Work Week (FWW) Ordinance applies to a large segment of big box retail trade establishments whereas fast food represents approximately half of Food services and Drinking Places employment (NAICS code 722). Average Los Angeles County private sector employment for Q3 2025 for all fast food establishments is 189,784, which represents 49 percent of all private sector employment (386,092) in Food Services and Drinking Places industries. Fast food establishments are a larger share of Food Services and Drinking Places industries: 56 percent of all establishments within NAICS code 722 (23,910) are categorized as either 722513, 722514, or 722515.

Individuals living in the City of Los Angeles and employed in retail trade industries (NAICS 44-45) include over 150 different types of occupations as measured by the Standard Occupational Classification (SOC) system according to the 2024 5-Year ACS PUMS.

These occupations include, but are not limited to, management occupations (SOC 11-0000), business and financial operations occupations (SOC 13-0000), computer and mathematical occupations (SOC 15-0000), architecture and engineering occupations (SOC 17-0000), community and social service occupations (SOC 21-0000), preparation and serving related occupations (SOC 35-0000), sales occupations (SOC 41-0000), office and administrative support occupations (SOC 43-0000), construction and extraction occupations (SOC 47-0000), and installation, maintenance, and repair occupations (SOC 49-0000).

Each item in the SOC is designated by a six-digit code. The hyphen between the second and third digit is used only for clarity. The first two digits represent the major group; the third digit represents the minor group; the fourth and fifth digits represent the broad occupation; and the sixth digit represents the detailed occupation. The structure is comprehensive and encompasses all occupations in the U.S. economy. In the event a specific occupation is not listed, it is included in an “All Other” category with similar occupations.

As noted in the Purpose section of LAMC 185.00, 80 percent of retail workers have unpredictable, last-minute, and fluctuating work weeks over which they have no control and approximately 77 percent of retail workers receive less than one week notice of their schedules or changes to their schedules. Thus, occupations employed in the retail trade sector that are not the focus of the FWW Ordinance include management occupations, lawyers, architects and structural engineers, and software engineers, among others.

Figure A1 therefore lists SOC codes for occupations employed in the retail trades that are front-line workers according to the 2024 5-Year American Community Survey Public Use Microdata Sample (ACS PUMS) that are most likely currently covered by the FWW Ordinance. Our Office estimates the total number of retail workers that live in the City of Los Angeles is 143,711.

Figure A1: Retail Worker Occupations in the City of Los Angeles

| SOC Major Code | Description | Citywide Estimate |
|----------------|---|-------------------|
| 31 | Healthcare Support Occupations | 420 |
| 33 | Protective Service Occupations | 1,411 |
| 35 | Food Preparation and Serving Related Occupations | 3,982 |
| 37 | Building and Grounds Cleaning and Maintenance Occupations | 2,010 |
| 39 | Personal Care and Service Occupations | 770 |
| 41 | Sales and Related Occupations | 83,257 |
| 43 | Office and Administrative Support Occupations | 14,300 |
| 45 | Farming, Fishing, and Forestry Occupations | 290 |
| 47 | Construction and Extraction Occupations | 512 |
| 49 | Installation, Maintenance, and Repair Occupations | 4,360 |
| 51 | Production Occupations | 7,036 |
| 53 | Transportation and Material Moving Occupations | 25,363 |
| Total | | 143,711 |

Figure A2 displays the average number of weekly hours, median age, and average yearly earnings for those individuals living in Los Angeles. The weighted average number of weekly hours, weighted average yearly earnings, and weighted median yearly earnings across all occupations listed in Figure A1 and A2 are listed under “All Retail.”

Figure A2: Retail Employment, Hours, Earnings, and Age

| SOC Major Code | Weekly Hours | Median Age | Yearly Earnings (\$) |
|----------------|--------------|------------|----------------------|
| 31 | 35 | 29 | 37,065 |
| 33 | 31 | 26 | 32,297 |
| 35 | 34 | 30 | 26,179 |
| 37 | 35 | 50 | 27,291 |
| 39 | 32 | 33 | 32,004 |
| 41 | 35 | 34 | 45,752 |
| 43 | 34 | 32 | 35,459 |
| 45 | 41 | 29 | 35,911 |
| 47 | 42 | 40 | 42,977 |
| 49 | 39 | 37 | 50,714 |
| 51 | 37 | 40 | 37,303 |
| 53 | 34 | 33 | 31,607 |
| All Retail | 35 | 34 | 40,916 |

Net Job Creation in Los Angeles County

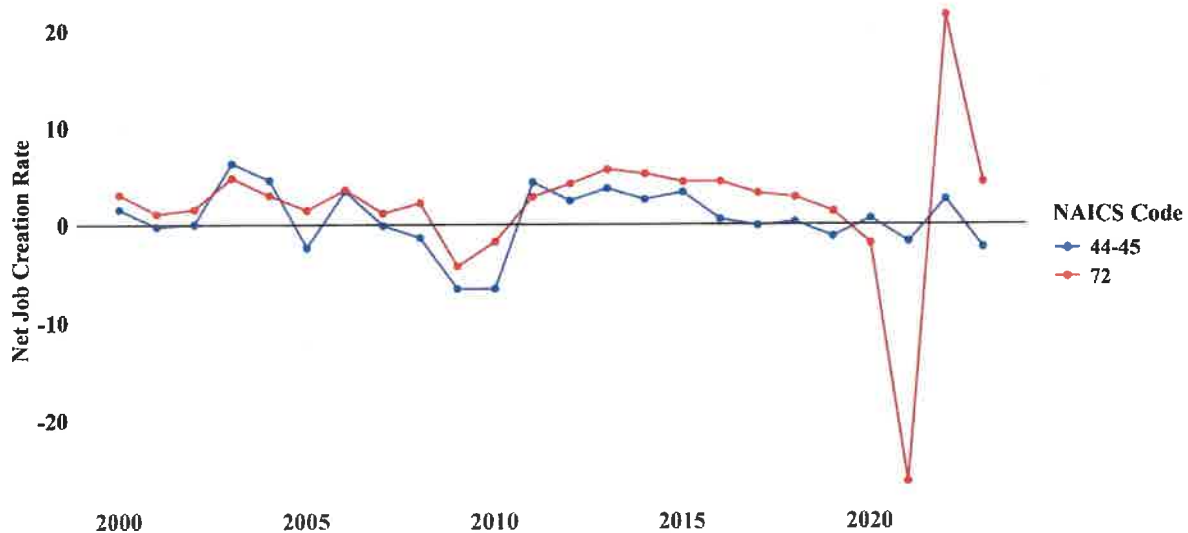
Multiple industry stakeholders have communicated to our Office that the limited-service restaurant industry has recently experienced a substantial number of closures and layoffs. The Business Dynamics Statistics (BDS) database compiled by the U.S. Census Bureau includes establishment openings and closings, firm startups, job creation and destruction by firm size, age, and industrial sector, and several other related measures.

Figure A3 plots the net job creation rate in Los Angeles County for NAICS codes 44-45 (Retail Trade) and 72 (Accommodation and Food Services) from 2000 to 2023. BDS data for NAICS subcodes and later years are unavailable. Thus, the data presented in Figure A3 includes establishments and occupations that are not categorized as fast food, such as those related to hotel and motel establishments.

The net job creation rate is measured as the sum of all jobs added at either opening or expanding establishments subtracted by the number of all jobs lost in either closing or contracting establishments divided by average employment over the relevant period. This measure captures job gains and job losses scaled by the size of the current workforce.

Figure A3 shows that in 2020 and 2021, Los Angeles County industries classified under Accommodation and Food Services (NAICS code 72) saw job loss rates of 1.7 percent and 26.3 percent, respectively. 2022 and 2023 saw job creation rates of 21.4 percent and 4.4 percent, respectively, suggesting industries had partially rebounded from the highly disruptive COVID-19 pandemic. Our Office is unable to evaluate the net job creation rate in 2024 and 2025 due to data limitations.

Figure A3: Net Job Creation Rate by NAICS Code, LA County



County Business Patterns (CBP) Fast Food Data

Our Office received a Report from industry representatives written by Oxford Economics (“the Report”) in June 2025, which estimates 26,404 employed fast food workers in the City using

data from County Business Patterns (CBP). CBP is an annual series that provides subnational economic data for establishments with paid employees by industry and employment size. Unlike the Quarterly Census of Employment and Wages (QCEW), CBP does not collect data within years, and the data releases are delayed approximately 2 years. For example, 2023 CBP data was released in June 2025 and 2024 CBP data will be released in Summer 2026.

The Report uses 2021 data from CBP along with the number of average workers per establishment in California classified under NAICS subcode 722513 (16.4) multiplied by the number of “quick-service restaurants in Los Angeles (1,610).” Our Office was unable to replicate the number of quick-service restaurant establishments or employees found in the Report.

Figure A4 includes the total number of establishments in NAICS codes 722513, 722514, and 722515 along with the estimated number of workers in the City. The CBP dataset is released annually and includes zip-code level records of private sector establishments, which cannot be used to examine within-year trends. In addition, the CBP dataset improperly identifies multiple communities in Los Angeles as separate “cities,” such as San Pedro, Venice, Northridge, Pacoima, and Reseda, among others.¹ It is unclear if the Report includes the establishments identified in these different neighborhoods in its total count of 1,610.

Our Office analyzed the 2021 CBP data and found 2,102 private sector establishments classified under NAICS subcode 722513 in the City of Los Angeles, which does not include the additional neighborhoods improperly categorized as separate cities. This suggests that the number of fast food individuals employed in the City of Los Angeles classified under NAICS subcode 722513 is at least 34,472 (2,102*16.4) according to the 2021 CBP data.

The most recently available CBP data was released June 2025 and was also analyzed by our Office to estimate the number of fast food workers located in the City.

After including all of the communities listed as separate cities in the 2023 CBP data and multiplying the number of establishments by the average number of employed individuals by NAICS subcode, our Office estimates that there are 72,974 fast food workers employed in the City according to the CBP dataset. This estimate includes managerial and supervisory occupations, which cannot be disaggregated from other fast food occupations.

Figure A4 presents the total number of fast food establishments alongside the estimated number of individuals employed in the City of Los Angeles according to the 2023 CBP dataset. NAICS code 722513 accounts for 79 percent of all employment, whereas NAICS codes 722514 and 722515 account for one percent and 20 percent, respectively.²

¹ The communities of Canoga Park, Chatsworth, Encino, Granada Hills, Harbor City, Marina Del Rey, Mission Hills, North Hills, North Hollywood, Northridge, Pacific Palisades, Pacoima, Panorama City, Playa Del Rey, Porter Ranch, Reseda, San Fernando, San Pedro, Sherman Oaks, Studio City, Sun Valley, Sunland, Sylmar, Tarzana, Valley Village, Van Nuys, Venice, West Hills, Wilmington, Winnetka, and Woodland Hills are all listed as separate “cities” in the CBP dataset.

² According to the Q3 2025 figures released by the QCEW in Los Angeles County, the average number of individuals employed per establishment classified by NAICS subcode 722513 is 15.7; NAICS subcode 722514 is 13.9; and NAICS subcode 722515 is 10.6.

| Figure A4: Fast Food Establishments and Employment in Los Angeles | | | |
|--|-------------------------|----------------------------------|----------------------------|
| NAICS Code | # Establishments | # Employees/Establishment | Employment Estimate |
| 722513 | 3,648 | 15.7 | 57,273 |
| 722514 | 6 | 12.9 | 77 |
| 722515 | 1,474 | 10.6 | 15,624 |
| Total | 5,128 | 14.2 | 72,974 |

Additional Predictive Scheduling Laws and Definitions

Our Office also examined the predictive scheduling laws covering employers in Chicago, San Francisco, Philadelphia, and San Jose. None of the additional predictive scheduling laws analyzed cover fast food only; instead, San Francisco and Philadelphia cover chain food service restaurants, hospitality, and retail, among others, under certain conditions. Chicago and San Jose cover a broader segment of industries. A summary table that compares the major provisions of each policy is displayed in Figure A5.

Chicago's Fair Work Week Ordinance

Chicago's Fair Work Week Ordinance has been effective since July 1, 2020, and applies to workers employed in one of seven industries: 1) Building Services; 2) Healthcare; 3) Hotels; 4) Manufacturing; 5) Restaurants; 6) Retail; and 7) Warehouse Services, earn less than or equal to \$32.60/hour or earn less than or equal to \$62,561.90/year, and the employer has at least 100 employees globally. Restaurant employers must have 250 employees globally and at least 30 locations. The Good Faith Estimate (GFE) in Chicago's Fair Work Week Ordinance is only required to cover the first 90 days of employment, a unique feature not found in other jurisdictions.

Covered employees are given the following:

- A written two-week advance notice of their work schedule that includes the expected average number of weekly hours, whether the employee can expect to work any on-call shifts, a subset of days the employee can expect to work, and a right to request the projected days of employment prior to commencement of employment;
- Shifts, where “practicable” must be offered to part-time employees first; and
- The right to decline any previously unscheduled hours that the employer adds to their schedule.

The Designated Administrative Agency (DAA) responsible for enforcement of Chicago's Fair Work Week Ordinance is the Office of Labor Standards (OLS). Chicago's Fair Work Week Ordinance has a two-year statute of limitations and also includes a Collective Bargaining Agreement (CBA) waiver. Employers are required to retain employee records that can demonstrate compliance with the Fair Work Week Ordinance for three years.

San Francisco's Formula Retail Employee Rights Ordinances

San Francisco's Formula Retail Employee Rights Ordinances were passed by the San Francisco Board of Supervisors on November 25, 2014. Different provisions of the law have become effective at different points in time since the initial Ordinances were passed. Unlike other jurisdictions discussed in this Report and Appendix, San Francisco adopted two Ordinances regarding employer GFEs and hours and retention requirements.

San Francisco's Formula Retail Employee Rights Ordinances require the following of employers:

- Provide employees of "formula retail" establishments³ with at least 40 locations worldwide and 20 or more employees in San Francisco a GFE of their expected minimum number of scheduled shifts per month and days and hours of such shifts with at least two weeks' notice in writing or electronically;
- Provide predictability pay for changes to workers' schedules within 7 days of employment and predictability pay for being on-call and not getting called in, unless certain exceptions are met;
- Retain employees in the case of a business sale for 90 days, among other requirements; and
- Provide equal access to time-off benefits for part-time and full-time employees.

The DAA responsible for enforcement of San Francisco's Formula Retail Employee Rights Ordinances is the Office of Labor Standards Enforcement (OLSE). Both Ordinances have a three-year statute of limitations and both also include a CBA waiver. Employers are required to retain employee records that can demonstrate compliance with the Formula Retail Employee Rights Ordinance for three years.

Philadelphia's Fair Work Week Law

Philadelphia's Fair Work Week Law has been effective since January 1, 2020 and applies to food service, hospitality establishments, and retail establishments,⁴ with 250 or more employees and 30 or more locations globally.

³ "Formula retailers" are establishments with multiple locations and standardized features or a recognizable appearance. The San Francisco Planning Code defines them as "a type of retail sales activity or retail sales establishment that has eleven or more other retail sales establishments in operation, or with local land use or permit entitlements already approved, located anywhere in the world. In addition to the eleven or more other retail sales establishments located in the World, maintains two or more of the following features: a standardized array of merchandise, a standardized façade, a standardized décor and color scheme, a uniform apparel, standardized signage, a trademark or a servicemark." The formula retail definition includes, but is not limited to, the following types of uses: cannabis retail, restaurant, pharmacy, liquor store, gym, general grocery, movie theatre, and bar.

⁴ Food Service Establishment is defined under NAICS code 722. Hospitality Establishment is defined under NAICS code 721110. Retail Establishment is defined under NAICS 441 through 454.

Philadelphia's Fair Work Week Law requires the following of employers:

- Provide employees with a written GFE that includes the average number of work hours the employee can expect to work each week over a 90-day period, whether the employee can expect to work any on-call shifts, and a subset of days and subset of times that the employee can typically expect to work;
- The written GFE estimate must be updated upon "significant change" to the employees' work schedule, which is defined as certain specified changes in 6 out of 12 weeks;
- Provide a written "access to hours" policy listing where employees can access shift notices, the processes surrounding accepting shifts, and distribution criteria; and
- Post offer of shifts for 72 hours and wait an additional 24 hours to hire.

The DAA responsible for enforcement of Philadelphia's Fair Work Week Law is the Philadelphia Department of Labor (DOL). The Ordinance has a two-year statute of limitations and includes a CBA waiver. Employers are required to retain employee records that can demonstrate compliance with the Fair Work Week law for two years.

San Jose's Opportunity to Work Ordinance

San Jose's Opportunity to Work Ordinance has been effective since March 13, 2017, and requires employers with over 35 employees to offer extra hours to part-time employees before hiring new staff. San Jose's predictive scheduling law does not require employers to provide a GFE to employees or provide employees with a right to rest.

San Jose's Opportunity to Work Ordinance requires the following of employers:

- Offer additional hours to existing qualified employees and use a nondiscriminatory process to distribute hours; and
- Provide a meaningful opportunity (no set timeline) to respond to offer.

The DAA responsible for enforcement of San Jose's Opportunity to Work Ordinance is the Office of Equity Assurance (OEA). The Ordinance has a four-year statute of limitations and includes a CBA waiver.

Figure A5 summarizes the major provisions of the predictive scheduling laws in Chicago, San Francisco, Philadelphia, and San Jose, which has been adapted from Petrucci et al. (2022). All of the jurisdictions examined in Figure A4 require employers to offer hours to current employees, with San Jose having the most expansive coverage. Chicago's GFE estimate is only required for the first 90 days of employment, a unique feature of predictive scheduling laws examined in this Report.

The predictive scheduling law in Philadelphia appears to most closely resemble the City of Los Angeles' Fair Work Week law. Similar industries are covered, the right to rest period is 9 hours

(instead of 10), 250 employees and locations globally trigger coverage, and the predictability grace period of 20 minutes closely mirrors Los Angeles' 15 minutes.

Figure A5: Main Provisions of Additional Predictive Scheduling Laws

| Provision | Jurisdiction | | | |
|----------------------------------|---|---|--|----------------------|
| | Chicago | San Francisco | Philadelphia | San Jose |
| Covered industries | Building services, healthcare, hospitality, manufacturing, restaurants, retail, warehouse | Formula retail | Food, hospitality, retail | All employers |
| Coverage terms | Earn less than or equal to \$32.60/hour or \$62,561/year and 100 or more employees globally or 250 or more employees and 30 or more locations | 40 or more locations globally and 20 or more employees in San Francisco | 250 or more employees globally and 30 or more locations globally | 36 or more employees |
| GFE/Stable schedule notice | 10 days to 2 weeks, for first 90 days of employment | 2 weeks | 10 days to 2 weeks | None |
| Right to Rest ("Clopening") time | 10 hours | None | 9 hours | None |
| Offer hours to current workers | Yes | Yes | Yes | Yes |
| Predictability Pay grace period | 15 minutes | None | 20 minutes | None |