

RE: Subminimum Wage Task Force
ATTN: State Government Finance and Policy and Elections Committee
FROM: Minnesota Council on Disability
DATE: March 22nd, 2022

Dear Chair Kiffmeyer and Members of the Committee,

Minnesota Council on Disability supports the phase out of subminimum wage and 14c programs which would provide access to competitive integrated wages for Minnesotans with disabilities. The [subminimum wage](#) was created by the Fair Labor Standards Act ([FLSA](#)) in 1938 and has not been updated since. Section 14c of the FLSA covers and establishes the practice of paying people with certain disabilities a subminimum wage under the guise that it makes people with disabilities more competitive in the labor market.

Subminimum Wage in Minnesota:

- Approximately 75 Minnesota employers are paying subminimum wages to workers with disabilities.
- 4,500-6,000 Minnesotans with disabilities are employed by companies that hold 14c certificates
- **Minnesota ranked 3rd** among the 41 states in the October 2021 US DOL count of 14c certificate holders and workers, behind the much larger states of Illinois and California for number of persons with disabilities being paid subminimum wages.
- **Minnesota ranked 1st** for the number of persons being paid subminimum wages in proportion to the state's overall population

Minnesota's Department of Human Services (DHS) in 2018 spent \$239.0 million funding facility-based work—often paying subminimum wages—compared to \$20.9 million on integrated employment services, according to the Institute for Community Inclusion. Funding for integrated employment amounted to 5.1 percent of the total DHS funding in 2018 (\$409.9 million) for all intellectual and developmental disability services.

Issues with the subminimum wage that the Commission on Civil Rights identified include the following:

- Subminimum wages have at times contributed to segregation of persons with disabilities because some employers use separate work centers such as sheltered workshops.
- People who were once assumed to be capable only of working for subminimum wages in a sheltered environment have transitioned to and excelled in competitive integrated employment.
- The people interviewed by the Commission on Civil Rights who had transitioned out of subminimum wages were adamantly against the 14c program.

Five states have already eliminated subminimum wage, and in September 2022 Texas will be the 6th state to do so as well. The federal government will also likely end subminimum wage nationally, as legislation has been introduced ([H.R. 2373](#)) to do so. It is imperative that Minnesota be ahead of the national trend or be caught without a plan when the federal government mandates the phase out of subminimum wage. The Minnesota Council on Disability urges the members of the committee to support the preservation of the Subminimum Wage Task Force as passed in the 2021 Legislative Session, which will provide the guidance and recommendations for the best way to phase out subminimum wage 14c programs in the state of Minnesota.

Trevor Turner
Public Policy Director

