

# Minnesota and Subminimum Wage

## What is subminimum wage?

---

“Subminimum wage” means paying people less than minimum wage. While all Minnesotans are supposed to be paid a minimum wage, a federal law passed in 1938 allows people who have disabilities to be paid less for some work.

- ⇒ This kind of work for people who have disabilities often means workers who have disabilities earn a very low wage, work very few hours a week, and have to choose between a narrow range of types of work
- Some people earning subminimum wages earn as little as **seven cents** per hour

People who have disabilities **can get supports to find competitive jobs in the community** that pay minimum wage. Unfortunately, Minnesota has not invested enough in supporting people to work in the community and instead has over-relied on subminimum wage work for people who have disabilities

- ⇒ Minnesota has one of the **highest number of people earning subminimum wages** in the entire country, higher than many states with much larger populations
- ⇒ Only 11% of people who have intellectual disabilities in Minnesota are doing integrated work in the community, compared to 21% nationally.
- ⇒ In 2018, Minnesota spent \$239,012,000 facility based work funding, but ten times less (\$20,943,000) funding integrated employment
- ⇒ People who have disabilities in Minnesota experience significant unemployment: at the end of 2017, the unemployment rate for Minnesota was 3.3%, but for people who have disabilities of any kind it was 48.1%

## Why does Minnesota have a task force on eliminating the use of subminimum wage?

---

- The 2021 Legislature took advantage of one-time federal dollars to fund a task force on eliminating subminimum wage and **grants to help providers make this transition**
- When people who have disabilities aren't in subminimum wage jobs, they earn more money, have more disposable income, and can participate in the economy and state programs in more ways
- This is also a **civil rights issue** – we know as a society that people who have disabilities bring gifts and talents to our workforce just like people who don't have disabilities, and it's time to move on from this practice.
- Many providers in Minnesota have made this transition and **many other states have done so** too. Alaska, Maine, Maryland, New Hampshire, Rhode Island, and Vermont do not use subminimum wage and California, Colorado, Delaware, Hawaii, Oregon, and Washington have set an end date for it

## What will the task force on eliminating subminimum wage do?

---

- The task force will make a plan to phase out the use of subminimum wage in Minnesota by 2025.
- The plan will make sure that either:
  - ⇒ people who currently get paid subminimum wage can get the support they need to find other work that fits their strengths and pays minimum wage or higher, or
  - ⇒ providers who currently pay subminimum wage can increase wages to pay all their workers minimum wage, or
  - ⇒ people who choose not to work, they have access to flexible, high quality, integrated programs in their communities
- The point is to **not leave anyone in our communities behind**. All Minnesotans who have disabilities deserve to have meaningful ways to spend their time and deserve to be paid at least minimum wage like other Minnesotans.
- The timing is good – we are currently in a dire workforce shortage in nearly every industry. Supporting more people who have disabilities to work will help ensure great workers are available for jobs that need to be filled.
- With the right plan and approach, we can pay minimum wage to all workers and ensure that people who have disabilities who want to work can work and that people have meaningful ways to spend their time
- **This does not need to eliminate choices – in fact it will expand them!**