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Statement before the Senate Committee on Human Services on SF 2934

This provision is hurting, not helping the disabled worker

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While appeals on the behalf of the disabled worker are emotionally affecting, analysis and evidence suggest that eliminating 14(c) wages will hurt not help disabled workers at disability employment centers.

I testify both as an economist at the U of M and as the parent of a disabled daughter, Elizabeth, who is employed as such a center and has worked there for over ten years.

Her earnings are modest--but that is hardly the point. Our experience belies descriptions of workplaces like hers as Dickensian dens that "segregate disabled people from their communities" to engage in "monotonous work". Far from placing them in an environment in which they are exploited, such centers protect vulnerable adults from the risks and possible abuse they would face in an unfettered job market.

I will make three points.

First, suppose an employer at a supermarket faces the choice of hiring someone to stock shelves. One applicant can stock them at twice the rate of another applicant, who has cerebral palsy. Both are required to be paid the same minimum wage. Who will get the job? Probably not the disabled worker. Without the subminimum wage allowance, even employers who want to hire the disabled will have a disincentive to do so and many more such workers will never find jobs at all. If the adjusted wage is eliminated, it is the most disabled wage earners who will be most at risk. Their welfare will be sacrificed cruelly by forcing their wages into an untenable bracket that makes advocates feel good while disabled adults are sent to their group homes to sit unemployed and alone.

Second, this bill has been supported in the name of freedom of choice. But when asked to choose, the disabled workers have chosen 14(c) jobs. The U.S. Civil Rights Commission, in a 2020 report, received nearly 10,000 comments on ending the 14(c) wage, from all 50 states. Ninety-eight percent (98%) of these comments supported keeping this wage program in place. You have in your documents a letter from two US Civil Rights Commissioner condemning this legislation and noting that 98% of comments opposed it nationally.

In Minnesota Vocational Rehabilitation Service (VRS) found that in six years of counseling, over 90 percent of roughly 6000 disabled workers did not want to leave their current below minimum wage jobs. Do you respect their freedom of choice?

Third, evidence from three other states that have eliminated below minimum wages is deeply disturbing. Those claiming that Minnesota should follow their lead are belied by hard data. In Maine, two-thirds of disabled former workshop employees are now unemployed. In Washington State, 80 percent of those with severe cognitive impairment remain unemployed. In Vermont, there are now fewer developmentally disabled adults in supported employment than in 2002, when employment workshops closed.

In summary, this bill will raise unemployment among disabled workers, as it has in other states. It is unfair and inequitable in failing to acknowledge disability as differentiating some people from others and meriting appropriate accommodations. It patronisingly denies the disabled the freedom to choose to work at 14(c) wages when they have expressed a clear preference for doing so. Finally, it runs directly in the face of the evidence from other states that a dismal future awaits those disabled adults when below minimum wages are eliminated and their workplaces close.