

# **Letters and Testimony for HF 2513 (Hanson)**

# PAY PEOPLE WITH DISABILITIES MINIMUM WAGE OR HIGHER

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The **Minnesota Coalition for Disability Wage Justice** is fighting so that people with disabilities are paid the minimum wage or higher for the work they do. We must phase out the use of Section 14(c) by 2028. **Minimum wage for all people with disabilities, now!**

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## THE PROBLEM

Federal law allows businesses to pay people with disabilities less than the minimum wage under Section 14(c) of the Fair Labor Standards Act. More than 3200 people with disabilities earn less than minimum wage in Minnesota. Many people who earn less than minimum wage do so in segregated settings. Some people earn as little as 7 cents an hour. Minnesota employs more people with disabilities earning less than minimum wage per capita than any other state.

The integration mandate of the Americans with Disabilities Act requires that people with disabilities have access to the most integrated settings available, including employment. In 2023, the United States Department of Justice found that employers who pay less than minimum wage may be in violation of this federal law.

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## THE SOLUTION

We recommend that the Minnesota State Legislature ensures all workers with disabilities are paid a minimum wage or higher by 2028. Minnesota should build on the legislative successes of 2023 — including historic investments in individualized, integrated employment programs — to ensure that all people with disabilities earn equitable, dignified wages.

This transition is possible. 16 states have successfully passed legislation to ensure people with disabilities are paid a minimum wage. There are multiple organizations in Minnesota that have shifted their models to ensure that all workers are paid minimum wage. With last year's legislation, there are now funds available to facilitate this transition.

It is time for Minnesota to live up to its commitment to wage justice for all Minnesotans. **Minimum wage for all people with disabilities, now!**



**Minnesota Coalition**  
for Disability Wage Justice

# THE COALITION FOR DISABILITY WAGE JUSTICE



## LEARN MORE:



Legislative Task Force Report  
on Ending Subminimum Wage





April 3, 2024

Representative Michael Nelson, Chair  
House Labor and Industry Finance and Policy Committee  
585 State Office Building  
St. Paul, MN 55155

Professional Distinction

Personal Dignity

Patient Advocacy

Dear Chair Nelson and Members of the House Labor and Industry Finance and Policy Committee,

With 22,000 members, the Minnesota Nurses Association (MNA) represents 80 percent of all active bedside hospital nurses in Minnesota and is the largest voice for professional nursing in the state. We are a leader in nursing, labor, healthcare, and social justice communities, and a voice for nurses and patients on issues relating to the professional, economic, and overall well-being of nurses and the public, including all workers' right to earn a living wage.

We write to express our support for HF 2513, ending the use of subminimum wages in Minnesota. MNA works to guarantee human rights and equal rights for all, regardless of their disability status. In our ongoing pursuit of social justice and worker rights, we call for the legislature to end this discriminatory and outdated model of employment that has caused deep harm to Minnesota's disability community by allowing employers to pay them less than minimum wage. Workers with disabilities deserve dignity and are an integral and important part of Minnesota's workforce, but many of them have been excluded from basic workplace job protections. This bill will advance the civil rights and economic inclusion of people with disabilities in Minnesota by giving them equal pay for equal work through ending the use of subminimum wage in Minnesota.

Decades ago, Minnesota led the charge to provide people with disabilities meaningful opportunities to work in their communities. Last session, the legislature made historic investments in our citizens. Now this session, we have an opportunity to join the 16 other states who have eliminated the use of subminimum wage. Please support HF 2513.

In Solidarity,

Shannon M. Cunningham  
Director of Governmental and Community Relations  
Minnesota Nurses Association

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AFL-CIO

April 2, 2024

Dear Chair Nelson and members of the House Labor and Industry Committee,

My name is Addison Loerzel. **I am writing to ask for your support of the phase-out of subminimum wage.**

I was really sad when I found out that people with disabilities often get paid less money than those who don't have disabilities. My entire life, I have had to work really hard - sometimes harder than anyone else I know, and rarely get to achieve the same level of financial success. This is wrong.

Even though I have shown myself to be a hard worker, there is still a chance that I might make a subminimum wage because society continues to believe that people with disabilities are helpless, unable to complete meaningful work, and don't really care about the size of their paychecks. This way of thinking is false!

When a person finds a job that matches their interests, skills, and supports, you will see them **thrive!** You will watch them blossom into a confident, accomplished, and valued employee. And this idea that people with disabilities don't really care about money is ridiculous. The majority of us do! We want to have hobbies and enjoy leisure time. We want to go on vacation, have nice clothes, and pay our bills. What does that take? **Money!** Of course we care about the size of our paychecks!

Less than minimum wage is not what I want for my future...and most people with disabilities would agree. I have goals, dreams, and passions just like other kids my age. I want to go to college and learn how to be a better cook. I want to open my own restaurant or bakery and make people happy with my food. I want to contribute to my local community and economy and help others who want careers in food service.

Thank you for you looking at me, and others like me, and seeing us for our worth. Thank you for seeing my strengths and contributions. **Thank you for not focusing on what I can't do, and listening to me when I tell you what I can do!**

Thank you.

Addie Loerzel, Moorhead, MN



April 2, 2024

Chair Nelson and members of the House Labor committee:

Minnesota's labor movement is committed to the dignity of all work and believes every worker is entitled to a fair minimum wage. As the state labor federation representing over 300,000 members of over 1,000 local unions, the Minnesota AFL-CIO is writing to express our strong support of provisions in HF 4392 to pay people with disabilities a minimum wage.

We believe that no matter where we live, where we work, what we look like, or whether we have a disability – all working people should be paid fairly for our labor. While section 14(c) of the federal Fair Labor Standards Act (FLSA) allows employers to pay workers with disabilities a subminimum wage, this policy is a holdover from an unjust moment in the early 20<sup>th</sup> century, when people with disabilities were isolated from mainstream life, arguably for their own protection and shelter.

In 2020, the U.S. Commission on Civil Rights published a report revealing that subminimum wage work for those with disabilities is rife with abuse and recommended that Congress phase out the practice. Several states and jurisdictions have outlawed the payment of subminimum wages to those with disabilities – including Alaska, California, Colorado, Delaware, Hawaii, Maine, Maryland, New Hampshire, Oregon, Rhode Island, Tennessee, Texas, Vermont, Washington, and the District of Columbia.

Minnesota AFL-CIO supports the work of the Task Force on Eliminating Subminimum Wages to phase out subminimum wages for people with disabilities and to expand statewide infrastructure to support people with disabilities in competitive employment and supports phasing out the use of subminimum wages for people with disabilities to later than 2028.

Best regards,

A handwritten signature in black ink that reads "Melissa Hysing". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Melissa Hysing  
Legislative Director



April 4, 2024

To: House Labor and Industry Finance and Policy Committee

Re: House File 2513

Good afternoon, Mr. Chair and members of the committee. Thank you for the opportunity to testify to ensure people with disabilities are paid at least the minimum wage or higher in the state of Minnesota, where wage justice is a strongly held value and included in our Employment First Policy. My name is Brian Begin, and I work at the University of Minnesota's Institute on Community Integration on a project called the Minnesota Transformation Initiative, or MTI.

In the past 2 years, with MTI's support, 4 providers have relinquished their 14c, 3 will be doing so at the end of this month, and 1 plans to end paying subminimum wages by the end of the year. These 8 providers have all completed a robust transition plan with support from MTI. No one has lost services because of their provider's transformation, rather, individuals are receiving employment and day support services that they haven't had access to before. All providers have developed plans for a sustainable business model that does not rely on subminimum wages and none have expressed concern about their ability to stay open.

The Minnesota state legislature has made funding available for the foreseeable future to continue the work to help service providers with this powerful, equitable transformation.

There is not a "one size fits all" plan to this work. The technical assistance MTI provides looks different for every provider. We visit the organization, meet with their leadership, we learn about their service model, and then work together to build their transition plan.

MTI provides extensive, impactful trainings on a range of topics related to expanding community employment and organizational transformation. We also support peer mentorship opportunities by connecting providers that are in the process of ending payment of subminimum wages with those who have successfully made the transition and are providing community employment services.

ICI strongly supports the plan to ensure wage justice in Minnesota and pay all people with disabilities the minimum wage or higher.

Brian C Begin

Education Program Specialist

University of Minnesota – Institute on Community Integration



www.co.dakota.mn.us

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**SOCIAL SERVICES DEPARTMENT**

**Northern Service Center**  
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West St. Paul, MN 55118-4770  
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April 2, 2024

Chair Nelson and Members of the House Labor and Industry Committee:

As Social Services Director in Dakota County, I am writing to express my full support for HF 2513 that phases-out the outdated and discriminatory practice of paying employees with disability less than minimum wage in Minnesota.

First, and most importantly, ending subminimum wage is the right thing to do. The practice is rooted in historical assumptions that people with disabilities can't work and earn real wages. These beliefs devalue the contributions of people with disabilities and have been disproven over and over. Dakota County has a long history of supporting people with disabilities to find jobs and careers that leverage their strengths, interests, and contributions.

We have invested in training for case managers on employment and informed choice; developed internal capacity to support transition-age youth in exploring career opportunities; established partnerships with employment services providers, employers, and state agencies to align employment efforts; and adopted our own Employment First policy to reflect a belief that all people can work and earn competitive wages. We are committed to increasing wages and economic opportunity for people with disabilities not only because it can be a ladder out of poverty, but also because it is what people tell us they want.

And while supporting these provisions is the right thing to do, it is also a practical matter. There is growing momentum nationwide to phase out subminimum wage federally. Minnesota - once a leader in employment for people with disabilities - has fallen behind. We can now build on the historic investments made last year in planning, and coordination to build capacity in our home and community-based services system to better support customized employment. These provisions would support that transition while finally ending sub-minimum wage in Minnesota.

Sincerely,

A handwritten signature in black ink, appearing to read "Evan Henspeter", written over a horizontal line.

Evan Henspeter  
Director of Social Services, Dakota County

April 2, 2024

To: Chair Nelson and members of the House Labor and Industry Committee

RE: HF 2513

**Dupree Edwards – Testimony on phasing out subminimum wage for people with disabilities**

My name is Dupree Edwards. I am in support of the elimination of the subminimum wage. I live in Crystal, MN and have some mental health and cognitive disabilities. I grew up in the Twin Cities and moved to Arizona for a few years but have lived in Minnesota again since 1999. I live in licensed housing and receive the CADI waiver.

It took a lot of work to avoid being trapped in a subminimum wage job, because that is what I was offered after graduating from the Transition Plus program. However, I knew right away that I was capable of competitive employment. I knew that I might never have other opportunities if I took a “piece work” job at a DT&H. That was the name we used for subminimum wage.

After several agencies failed to find me employment, I was offered services with Workabilities, Inc. and they found me a job in the community in 2011. I was employed by a big salon with 40 stylists as someone who helped in the laundry with towels and other things needing to be washed, as well as janitorial work that needed to be completed. I was paid at least the minimum wage and appreciated that I got a real paycheck. I stayed until 2018.

Since 2018, I worked for Lunds and Byerlys bagging groceries and taking them to people’s cars. I helped to collect carts and do some cleaning work too. I had a second job at Upstream Arts as a teaching artist. I am now working at the University of Minnesota Institute on Community Integration as a lived experience expert on positive behavior supports.

I believe that people with disabilities can work and should be offered support to work competitively. I was able to overcome that support not being offered to me because I believed in myself. **Thank you for giving other people the opportunity to find real jobs and not be stuck at subminimum wage.**

Thank you,

Dupree Edwards, Crystal MN

April 4, 2023

To: Chair and Members of the MN House Labor Committee

RE: HF2513 provisions relating to 14c certificates and elimination of subminimum wage.

I am Sue Hankner with A-Team MN – a community of people with significant intellectual or developmental disabilities, their families, and community partners. We support a full array of disability service options and informed choice.

Our community has been marginalized by DHS and disability organizations pushing to eliminate a work option choice. They want you to think that as families we do not know what is best for our disabled family member. Many, simply discard the existence of our loved ones.

Those disability organizations excluded representation on their subminimum wage task force of our family members and us. They pushed those most affected by the work of the task force to the sidelines. They didn't want us involved in planning a future.

We reached out to ARC MN last fall and hosted a meeting seeking common ground. We got a cold shoulder response.

I have two sons with significant (emphasize significant) intellectual and developmental disabilities. They are 45 and 50 years old. I have 50 years of lived experiences with my sons and in the study of human development and psychology of learning. My two sons' cognitive and language development, and physical speaking ability via speech is extremely limited. They look to and depend on their family to advocate for them.

We are appalled and offended with the arrogance, the intentional disregard, and lack of comprehensive planning that further marginalizes a vulnerable community of people with significant cognitive and developmental disabilities.

HF2513 mandates people with significant cognitive disabilities be paid minimum wage in 14c center-based work options.

Question: Will the legislature appropriate funds to pay that minimum wage?

14c providers are nonprofit businesses specially created to provide training and jobs for people who are not able to hold a job in the general workforce. Their primary revenue is from federal and state program funds and local fund raising.

You've likely heard about 8 MN providers that eliminated special minimum wages. One of those providers bragged to me that their clients are now volunteers and not paid for what they do. Is that the intent?

Proponents of this bill fail to mention in states that eliminated 14c there is increased unemployment, increased movement to day activity programs or people isolated in their homes because there is no job and no day activity program available. Is that the intent?

What happens to provider services that rely primarily on unique in-house client products to sell? For example: Birdhouse: On average it takes 20 hours for a trained person with significant I/DD to build a birdhouse. The birdhouse sells for \$35. Assuming 20 hours at \$10.85/hour (minimum wage) the cost to make the birdhouse is \$217 resulting in a loss of \$182 per birdhouse before considering payroll taxes.

Unanswered questions to consider:

- How can the provider sustain its operations and facilities at a loss?
- Who makes up the \$182 loss per birdhouse? Will the legislature appropriate funds for this purpose?
- These work options are in accepting and supporting integrated communities. They offer integrated employment as defined by the individual.
- Does the worker lose their chosen job in their choice of setting?
- What occurs in the workers' community support plans and their informed choices?
- Is the worker forced into day activities or volunteer work instead of a chosen work option?
- How is Informed Choice of people with significant I/DD respected and honored?
- Will the proposed legislation force 14(c) nonprofit providers to close their programs?

Their plan is to dole out grant dollars to providers that submit to their will and there is no plan to find individuals with significant I/DD a job in the general workforce. As a parent, what I hear from the proponents of HF2513 is they know best for our loved ones and to get out of their way.

Please consider the perspective of those who are most affected by the elimination of 14c.

Thank you

Sue Hankner  
Buyck, MN

April 2, 2024

Dear Chair Nelson and members of the House Labor and Industry Committee,

My name is Heidi Maghan, Executive Director of Epic Enterprise Inc in Dundas, MN. I speak to you as a provider who currently pays individuals sub-minimum wages under the 14c certificate. Epic is in support of prohibiting issuance of 14c certificates which authorize payment of sub-minimum wages to people with disabilities. Epic currently has individuals working in the community at competitive wages in customized positions as well as individuals earning sub-minimum wages. At Epic, we envision a community that values and embraces every individual while investing in individuals with disabilities as they pursue opportunities in the broader community. To this end, we support moving to minimum wages for work and discontinuing the use of the 14c sub-minimum wage certificate.

The State legislature, just last year, funded historic investments in individualized, integrated employment so that all people with disabilities can earn minimum wages in jobs that match their skills and interests. For those that do not wish to work or only work part of the day, our life enrichment services provide meaningful and integrated programming to support them if they choose. I have had many clients who are earning sub-minimum wages ask me for an increase as they would like to earn more money. They want to participate in all the ordinary things we take for granted, going out to eat, buying a specific brand of shoe or outfit, going on vacation, going to a Vikings/United/Twins/Wild game, going to a concert or the theater.

As you know, sub-minimum wages perpetuate the discrimination and inequality that people with disabilities face in the workforce. Paying individuals with disabilities less than the minimum wage is not only unjust but also undermines their dignity and value as human beings. It reinforces harmful stereotypes and perpetuates a cycle of dependency and poverty.

It is essential to recognize the abilities and contributions of people with disabilities in our society. Many individuals with disabilities are capable of performing meaningful work and should be given the opportunity to do so at a fair wage. Ending sub-minimum wages will promote inclusivity and equality in the workplace, fostering a more diverse and vibrant workforce in Minnesota.

Furthermore, ending sub-minimum wages aligns with the values of fairness and equality that are fundamental to our society. It sends a powerful message that all individuals, regardless of their abilities, are valued members of our community who deserve to be treated with dignity and respect. Thank you for your leadership in creating a more inclusive and equitable society for all.

RE: Center-Based 14c Employment  
HF2513 HF4392

I am here to tell you about my son Joe's experience finding a minimum wage job in the community.

After Joe graduated from high school in 2017, Voc Rehab said Joe would be the perfect candidate for customized employment under Section 511 of WIOA. Here's what happened:

We attended every meeting set up for Joe.  
We filled out every form we were asked to fill out.  
We got Joe ready for every staff encounter.  
We answered a million questions about our son.  
We did our job.

The system failed us.

We had four different service providers.  
We endured countless staff changes, requiring us to start over every single time on Joe's job search.  
After 3 1/2 years of searching, Joe was working 1 hour a week at minimum wage.

One hour a week.

When I was notified of yet another agency/staff change in July of 2020, I asked for and received a waiver from Voc Rehab and St Louis County to allow Joe to start pre-vocational training at the East Range Day Achievement Center (ERDAC).

We waited out the pandemic restrictions, and Joe started at ERDAC. It is a key component of Joe's person-centered plan.

He works five days a week.

He has work that is meaningful to him.

He has staff (all members of the Steelworkers Union) who understand his intellectual disability.

He has transportation provided.

He has friends and a social network.

ERDAC operates a non-profit gift shop, and Joe decorates bird houses and makes braided rugs that are sold on campus.

If 14(c) employment is eliminated, Joe will have to go back to the very system that failed him. I have no confidence that another 30 hour/week job will be found that provides him with all of the intrinsic benefits he has working at ERDAC.

I am asking you as a parent, a guardian, an advocate, and a taxpayer to find a way to let center based employment under 14(c) continue in Minnesota.

Joe is depending on you to defend his right to CHOOSE where he works.

Thank you for your time.

Jeanne Prittinen  
4527 Woodlawn Point  
Eveleth, MN 55734

April 2, 2024

To: House Labor and Industry Committee  
Re: HF 2513

Chair Nelson and Committee Members,

**Katie McDermott – Subminimum Wage Testimony**

Hello, my name is Katie McDermott, and I work at The Arc Minnesota. I will talk about my experiences working for the subminimum wage.

I worked for a provider as a “client”, but really I was a worker earning subminimum wage. I helped prepare greeting cards for sale and sorted nuts and bolts. I can remember getting a paycheck for \$30 and saying, “what’s this?” because it was so small.

Using my personal advocacy, I was able to create a peer mentoring program at the agency. I was paid \$8 per hour, and it was a big difference! For the first time, I felt like a true employee instead of a client. I was paying taxes and had some extra money to buy things I wanted. However, it took me almost five years to start making that much money.

Based on my peer mentoring experience, I was hired by The Arc in 2014. For the first time, I got paid vacations and sick days.

It is important people get paid at least the minimum wage. I worked at the subminimum wage and was paid such low wages, that I had nothing to show for my labor. Please keep the value of people in mind as you consider changes to the subminimum wage.

In conclusion, I ask for your support in passing HF 2513. This would create a transition away from the subminimum wage. I have benefited from true employment and other people with disabilities would too.

Thank you.

Katie McDermott; St Paul, MN



April 2, 2024

Dear Chair Nelson and members of the House Labor Policy and Finance Committee:

The Minnesota Association of Professional Employees (MAPE), a union representing nearly 17,000 state employees across all agencies, boards and commissions, including the Council on Disability, the Minnesota State Academies and ADA coordinators throughout state government, believes that all workers deserve to earn a sustainable living wage. We write today in strong support of the provision in H.F. 2513 that would phase out wage discrimination for persons with disabilities in Minnesota.

Wage discrimination in any form has no place in our state. In 2014, Minnesota recognized the corrosive impact that inflation had on the sustainability of the state's minimum wage of \$6.15 per hour and federal minimum wage of \$7.25 per hour and acted, phasing-in increases to what is now \$10.85 per hour. Municipalities soon followed, with St. Paul and Minneapolis requiring \$15.57 per hour for workers by July 1, 2024. Yet employers are permitted under section 14(c) of the Fair Labor Standard Act to pay their employees with intellectual or developmental disabilities a subminimum wage, which in Minnesota averages an appalling \$4.15 per hour or \$9,296 per year. This is 38 percent below the U.S. Department of Human Services federal poverty level. Furthermore, the Living Wage Institute at the Massachusetts Institute of Technology (MIT) estimates that a living wage for the Twin Cities Metro is \$22.49 per hour for a single adult, or \$46,779 per year.

Minnesota has spent countless resources in designing programs and workplace protections to increase accessibility for persons with disabilities to fully participate in our communities, attain meaningful employment and receive the respect and dignity to which all people are entitled. However, the subminimum wage undermines that work, trapping the disability community in poverty and preventing those that may be able to live independently from doing so. Please support H.F. 2513.

Sincerely,

Devin Bruce  
Director of Legislative and Political Affairs

April 2, 2024

Re: Minnesota Coalition for Disability Wage Justice Letter of Support, HF 2513



Chair Nelson and members of the House Labor and Industry Committee,

On behalf of the Minnesota Coalition for Disability Wage Justice (MCDWJ), we write in support of HF 2513 – specifically the provision prohibiting issuance of 14(c) certificates which authorize payment of subminimum wage to people with disabilities. We need to ensure all people with disabilities are paid the minimum wage or higher in Minnesota.

MCDWJ is a statewide coalition of nearly 40 entities all working toward the same goal – wage equity for people with disabilities. We represent service providers, labor unions, advocacy organizations, higher education institutions, social workers, legal experts, and – most importantly – people with disabilities, their parents, family members, and other trusted supporters.

As you know, federal law allows businesses to pay people with disabilities less than minimum wage through Section 14(c) of the Fair Labor Standards Act. More than 3200 people with disabilities in Minnesota legally earn less than minimum wage, and our state – a purported leader in disability rights – employs more people with disabilities earning subminimum wage than any other state in the nation (per capita).

On average, Minnesotans with disabilities who work under 14(c) make just \$4.15 per hour, but some earn as little as 7 cents per hour.

Many people earning subminimum wage are in segregated settings. This contradicts the integration mandate of the Americans with Disabilities Act (ADA), which requires that people with disabilities have access to the most integrated settings possible – including employment. Just last year, the United States Department of Justice found that employers who pay less than minimum wage in these segregated settings may be in violation of the ADA.

We urge the Minnesota Senate to support the prohibition of 14(c) certificates as outlined in HF 2513, which will help ensure that all workers with disabilities are paid minimum wage or higher by 2028.

This change is possible. The Minnesota Task Force on Eliminating Subminimum Wages created a robust transition plan that would make sure no one is left behind in the transition to ensuring Minnesotans with disabilities are paid minimum wage or higher. Just last year, the legislature funded that plan, making historic investments in individualized, integrated employment programming so all people with disabilities can earn minimum wage in jobs that build on their skills and interests.

Technical assistance, training and support is available for service providers, people with disabilities and their families to make this change. Service providers who have electively and successfully ended subminimum wage are available and are providing peer-to-peer mentoring so other providers remain viable. People who do not want to work will continue to have robust, enriching programming to support their needs during the day.

It is time for Minnesota to live up to our stated commitment to integration, inclusion, belonging, and justice for all Minnesotans. We call on the legislature to support wage equity for all Minnesotans with disabilities now.

Respectfully signed,

Members of the Minnesota Coalition for Disability Wage Justice

- Accord
- AFSCME Council 5
- Autism Society of Minnesota
- City of St. Paul
- Cow Tipping Press
- Dakota County Social Services
- Dungarvin
- Employee Ownership Network
- Epic Enterprise
- Great Work
- Griffin-Hammis Associates
- Hennepin County
- Howry Residential Services
- Inclusive Networking
- Integrated Living Options
- Kaposia
- Legal Services Advocacy Project
- Lifeworks
- Mains'l
- Medica
- Minnesota APSE
- Minnesota Association of Professional Employees
- Multicultural Autism Action Network
- Minnesota Council on Disability
- Minnesota Disability Law Center
- Minnesota Inclusive Higher Education Consortium
- National Association of Social Workers, Minnesota Chapter
- National Federation of the Blind, Minnesota
- Oak Tree Support Services
- Phoenix Residence
- Ramsey County
- Reach for Resources
- Residential Services, Inc.
- SEIU Healthcare Minnesota & Iowa
- Strengths at Work
- The Arc Minnesota
- Udac
- University of Minnesota Institute on Community Integration



April 2, 2024

To: House Labor and Industry Finance and Policy Committee

Re: House File 2513

Chair Nelson and Committee Members,

I am writing on behalf of MN APSE, the Association of People Supporting Employment First, to support HF 2513 and the phase out of paying people with disabilities subminimum wages.

MN APSE, a chapter of the national organization that promotes the competitive, integrated employment of people with disabilities, has long supported the phase out of 14C. It is an archaic law that was never designed to be used to keep people with disabilities -- particularly people with intellectual or developmental disabilities -- from accessing jobs that fit their skills.

By definition, people making less than minimum wage are working on tasks at which they do not excel. If job tasks are aligned to better fit their skills and interests, they would be able to meet the same performance expectations as anyone else in those positions. It's time for all people with disabilities to have work opportunities for which they have the skills to be proficient and thrive, just as we all do.

Given the chance to earn more income and to be fully included in the competitive workforce, I cannot imagine that anybody would willingly choose to stay in sub-minimum wage employment, below the standard set for the rest of society.

Let's move into the 21<sup>st</sup> century and pass HF 2513.

Sincerely,

Dana Eisfeld  
Co-President

April 2, 2024

Re: The Arc Minnesota, HF 2513



Chair Nelson and members of the House Labor and Industry Committee,

We are writing in support of the important provision in HF 2513 that would end the outdated practice of paying people with disabilities subminimum wage in Minnesota. **It is time to ensure that people with disabilities in Minnesota are paid the minimum wage or higher by 2028.** This change would affirm the civil rights of people with disabilities and align our state's policies with our state's values. This will help advance equity, drive social change, and truly protect human rights.

Section 14(c) of the Fair Labor Standards Act, passed in 1938, allows people with disabilities to be paid less than the state or federal minimum wage. It is an archaic and discriminatory practice that contributes to the cycle of poverty and results in segregation of people with disabilities.

All individuals with disabilities – no matter their support needs – deserve the opportunity to explore, find, and keep jobs and careers that provide personal fulfillment and help build wealth. People with IDD should have supports from individuals and systems to help them to find and keep jobs based on their preferences, interests, and strengths.

We know Minnesota can make this change successfully. We have a strong transition plan, backed by historic funding from the 2023 legislature. There is structure and support available for providers, lead agencies, and people with disabilities and their families to make this change and ensure no one is left behind.

Many providers in our state have already moved away from using a 14(c) certificate and they have remained strong, viable providers, while being person-centered and honoring the choices of people with IDD. People who do not want to work have, and will continue to have, robust, enriching programming to support their needs during the day.

There is momentum nationwide to phase out subminimum wage. Sixteen other states across the country have already taken on this transition, and Minnesota is poised to be the next to make this transformational change. This effort is led by people with disabilities, who want more opportunity.

Minnesotans with disabilities deserve better than this discriminatory practice and it is time for our state to put our values of inclusion and opportunity into practice through our policy. This change is far overdue.

**Please support HF 2513 and prohibit issuance of 14(c) certificates to effectively end the use of subminimum wage in our state and ensure people with disabilities are paid the minimum wage or higher.**

Sincerely,

Andrea Zuber, CEO

Tina Rucci, Public Policy Director

The Arc Minnesota

# TRANSFORMATION PLAN FOR PROVIDERS



**Minnesota Coalition**  
for Disability Wage Justice

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## Background

The [Minnesota Transformation Initiative Technical Assistance Center](#) (MTI) was created with funding from the Minnesota State Legislature to help reduce reliance on subminimum wages and expand customized, integrated employment for people with disabilities – especially intellectual or developmental disabilities – across Minnesota.

Employment means:

- Full-time, part-time, or self-employment (with or without supports)
- On the payroll of a competitive business or industry
- Pays at least minimum wage, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by workers without a disability

Since the spring of 2022, MTI has supported 8 providers in their work to end the use of sub-minimum wages and increase employment outcomes for supported individuals. Six of the eight providers were in greater Minnesota; two were in the Twin Cities Metro area. People are getting access to employment and day support services they did not have access to before as providers change their service models and offer new services. These providers are still able to support everyone they provided services to at the start of their transformation work. They have all developed plans for a sustainable business model that does not rely on sub-minimum wages, and none have expressed concern about their ability to stay open and viable.

MTI has supported 14 additional providers across the state to increase customized employment for the people they serve. Every year, more and more organizations are making sure that people are paid at least the minimum wage.

You can watch the [videos of their success here](#).

## What does this look like?

At the start of Technical Assistance (TA), the TA team does a “site visit” with the provider to meet with the project team, tour their sites/offices, interview stakeholders, get a sense of agency culture, and identify strengths and opportunities for transformation.

The TA team uses the research-based [10 Elements of Provider Transformation](#) to identify the strengths of the organization and goals/areas of focus for an action plan for transformation. The 10 elements outline the key action items that are part of a successful transformation plan, including:

- Identifying clear, consistent goals
- Developing an active, person-centered job placement process to support people to find and maintain customized, integrated employment.
- Outlining a communication plan that details the messaging that will be shared with each stakeholder group
- Reallocating and restructuring resources (including buildings, vehicles, staffing) to build up new or existing services while phasing out others
- Training staff to provide new services or provide services in new ways
- Engaging with the local business community and community partners
- Establishing performance measurement and quality assurance metrics to track progress and outcomes
- Integrating changes within other services areas of organization, when applicable

Following the site visit, the TA team works with project team to develop an individualized action plan, including training and TA needs. Based on their strengths and opportunities, MTI works with providers to create a plan that will support their organization to transition away from using subminimum wages and increase employment outcomes for service recipients. There is no one-size fits all approach.

The provider project team meets at least monthly with TA team to share updates, discuss roadblocks and discuss the next steps in the transformation process.

The TA team is available to provide trainings to agency staff, connect the provider to information and resources, troubleshoot challenges that arise, clarify policy, etc.

Providers join a *community of practice* with other providers receiving TA to share and learn from each other.

Providers are connected to organizational peer mentors who have successfully transformed their business model and are no longer using subminimum wages. These mentors are paid by MTI.

A Peer-to-Peer mentorship program for people with disabilities transitioning to customized, integrated employment is also provided through MTI. They work individually or in groups with people who are receiving services to support them through the process of moving to minimum wages or higher.

## Moving Forward

MTI will continue to provide the following supports, which are funded through DHS via the Minnesota State Legislature through June 2026:

- Intensive and targeted technical assistance for providers
- Community of practice for providers undergoing transformation
- Organizational peer-to-peer mentoring
- Peer-to-peer mentoring for people with disabilities
- Statewide training on topics related to transformation, resource development and dissemination
- County and Tribal Nation Support

# THE COALITION FOR DISABILITY WAGE JUSTICE



## LEARN MORE:



Legislative Task Force Report  
on Ending Subminimum Wage



Wednesday April 3, 2024

To: House Labor and Industry Finance and Policy Committee  
Re: House File 2513

Chair Nelson and Committee Members,

We are writing in support of phasing out the outdated practice of paying people with disabilities subminimum wages in Minnesota, which HF 2513 does. These changes would affirm the civil rights of people with disabilities and align our state's policies with our state's values. This will help advance equity, drive social change, and protect human rights.

Section 14(c) of the Fair Labor Standards Act, passed in 1938, allows people with disabilities to be paid less than the state or federal minimum wage. It is an archaic and discriminatory practice that contributes to the cycle of poverty and results in segregation of people with disabilities.

Ending payment of subminimum wages to people with intellectual and developmental disabilities while expanding community-based employment and day support services is possible because of investments last session in technical assistance and trainings offered by the Minnesota Transformation Technical Assistance Center (MTI) through the UMN's Institute on Community Integration. Employment providers in Minnesota and across the country have been transforming to services focused on competitive employment for decades. Organizational transformation that is intentional often results in greater community inclusion and better quality of life for people with disabilities. Research supports this, and providers that have successfully made these transformations have stories demonstrating this.

All individuals with disabilities – no matter their support needs – deserve the opportunity to explore, find, and keep jobs and careers that provide personal fulfillment and help build wealth. People with IDD should have supports from individuals and systems to help them find and keep jobs based on their preferences, interests, and strengths.

It's time for Minnesota to look to the future and align our values of inclusion and opportunity into practice through our public policy.

Julie Bershadsky  
Director of Community Living and Employment  
Institute on Community Integration, University of Minnesota





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April 2, 2024

Re: House File 2513

Dear Chair Nelson and Members of the MN House Labor and Industry Finance and Policy committee,

I am writing to provide testimonial comment on HF 2513. My name is Tim Schmutzer, and I have been the CEO for PHASE-Industries for 16 years. PHASE-Industries is a CARF-Accredited, 245D-Licensed Provider of Day, Employment and Transportation Services, as well as VRS-funded transition & employment services. We provide supports throughout rural east-central MN. For decades, we relied on our 14(c) Certificate, deeming it a necessary accommodation in the course of helping individuals with disabilities successfully prepare for, attain and maintain paid employment. At one point, more than 200 individuals we supported were earning a Special Minimum Wage.

In 2022, we voluntarily made the decision to end our payment of Special Minimum Wages and relinquish our 14(c) Certificate. We successfully did so on 8/1/23. We made this choice, not simply because we were concerned about an imminent end to 14(c) through legislative action, but because our stakeholders, as a whole, thematically asked for more when it came to employment supports and outcomes, and advances in field technologies and best practices evolved to the point where more relevant and effective accommodations & practices became available.

The creation of employment services offered within Waivered Services meant long-term supports became available in helping individuals successfully pursue, attain and maintain competitive integrated employment. Advances in best practices, field-technologies and training/supports, such as ACRE-Certified Customized Employment/Discovery Training, Community Life Engagement (CLE) Curricula, and MTI/ICI intensive guidance were pivotal in making the transition from commensurate to competitive wages.

Importantly, your investments during a previous session in Provider Transition Grants created the exact short-term funding and expert technical assistance support (through MTI) to help us successfully transition nearly 200 individuals from subminimum wages to competitive wages. If HF 2513 were to pass, similar short-term, one-time investments are critical to achieving the intended outcomes of the bill.

The considerations, as well as the implications, contained in eliminating Commensurate Wage Certificate availability in Minnesota are multi-dimensional, complex and significant. Your decision, or vote, directly and personally affects individuals with disabilities across all Minnesota communities. I implore you, not to necessarily vote one way or the other based on my opinion on the matter, but to delve thoughtfully, openly and deliberately below the presumptive dichotomous nature of the question, and consider how, if passed, Minnesotans with disabilities can expect their systems of support to offer more meaningful occupational opportunities as a result. Your Committee must address this question in its deliberations; a confident, fact-based, affirmative answer, if one is reached, will help guide your decision on if this is the right time, in all Minnesota communities, to legislatively eliminate the Commensurate Wage Certificate.



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In the course of your considerations, I wanted to share a provider experience in which it was possible to successfully make the transition, continue to provide employment & employment support opportunities, and ensure no one, regardless of the level of support they may have required based on their disability, was left behind. For me, personally, that was my biggest concern. I couldn't stand the thought that those who have historically been least heard, and whose voices have been underrepresented, even in the disability community at times, would be left behind or left sitting at home with no employment or occupational options as a result of relinquishing 14(c). I am happy to state, this did not happen. But, it did (and does) require an engaged and concerted provider & community strategy, including clear intentionality, creative and financially-supported transition design & planning, a compelling purpose for transitioning away from 14(c), and creative paradigm-shifting away from seemingly intractable historical models of services to achieve success. I can only speak for our services, with our team, serving citizens in our region of the state. That said, many examples of successful provider transitions exist in Minnesota, and we just happen to be one of them.

Thank you for your thoughtful consideration and debate on this important issue.

Respectfully,

Tim Schmutzer, CEO  
PHASE-Industries

**To: Chairman Michael Nelson and the Minnesota House Labor and Industry Finance and Policy Committee**

**Subject: HF2513 Testimony in Opposition**

**From: James S Clapper, parent and co-founder of ATeam Minnesota**

**Date: April 4, 2024**

It is critical to maintain the choices people with Intellectual and Developmental Disabilities (ID/D) have and not take away the employment option using Special Minimum Wages under the provisions of 14(c) of the Fair Labor and Standards Act. **HF2513 eliminates utilization of 14(c) which will result in irreparable harm for those who currently benefit from this employment choice.**

Good policies are data driven, but the ongoing debate about the utilization of Special Minimum Wages (SMW) in Minnesota does not include much in terms of good data. This leaves various committees in the Minnesota Legislature listening to platitudes and anecdotal stories on both sides of the debate. The following are some facts that might be useful.

Minnesota has a high utilization of SMW, but we are not the highest. As of January 2, 2024, there are 54 certificate holders covering 3262 employees. Minnesota is #5 in the number of people using SMW, with Missouri, Pennsylvania, Illinois, and Ohio having more employees under SMW. Even on a per capita basis, Minnesota is #2 behind Missouri.<sup>1</sup>

At this time 15 states have eliminated the utilization of Special Minimum Wages under 14(c). The implementation of the Workforce Innovation and Opportunity Act, starting in 2016, has also reduced the utilization of SMW. Section 511 of WIOA requires every person working under SMW to attend counseling every year with Vocation Rehabilitation Services, to chose whether to seek Competitive Integrated Employment (CIE) or continue with center based or community based employment under SMW. In Minnesota, since 2016 **almost 51,000 counseling sessions have been conducted with 86% choosing to stay with SMW.** These counseling sessions are mandatory, and those who choose to not attend these annual counseling sessions lose their SMW employment altogether.<sup>2</sup> These state and national policies have contributed to the decline of 14(c) participation, although there is good momentum in the remaining states and nationally to protect 14(c).

The Government Accountability Office is currently studying the outcomes of people with ID/D in those states where utilization of 14(c) was eliminated. It released part of its study in early 2023, and is continuing its study of the Dept of Labor throughout 2024. **“Resource and logistics limitations restrict movement of people into CIE”** according to the GAO study. They went on to say, “employers who provided comments about the transition to competitive employment described challenges such as few resources to assist 14(c) workers with the transition, few opportunities or hours in competitive employment, and difficulties some

individuals with more severe disabilities may face in working in competitive employment.”<sup>3</sup> In a similar study of Oklahoma, **“participation in sheltered workshops dropped by about two-thirds over this fifteen-year period, there was no corresponding increase in integrated employment—although the number of subjects who were sitting at home almost tripled.”**<sup>4</sup>

The Congressional Budget Office has studied the potential impacts of S.2488, “Raise the Wage Act of 2023” if it is passed. One provision will eliminate 14(c) on a national level. “Taking those factors into account, CBO projects that, on net, the Raise the Wage Act of 2023 would reduce employment by increasing amounts over the 2024–2029 period.” They went on to say, **“the larger mandated wage increases would cause larger increases in joblessness.** The increase in joblessness might also be relatively large because the disabled workers affected by this section are less productive than the adults who are subject only to section 2.”<sup>5</sup>

The state of Maine was an early adopter to eliminating center based employment centers and utilization of 14(c) in 2001. George Washington University conducted a study of the long term impacts of the implementation of this statute. “Many of the individuals who were working in sheltered workshops at the time the policy was implemented **are no longer working, are working fewer hours or doing volunteer work instead of paid work.**”<sup>6</sup>

Washington state was also an early adopter in closing center based employment programs and then eliminated utilization of 14(c) a few years ago. “A 2012 update from Washington state noted that, despite an investment of \$50 million into employment services for the intellectually and developmentally disabled, **only 17% of severely affected adults were able to find jobs.**”<sup>7</sup>

The evidence is clear, eliminating the use of SMW – 14(c) does **not** raise the majority of people with ID/D up to minimum wage and violates the principles of Informed Choice and Person Centered Planning. **Minnesota does not need to make the same mistakes that 15 other states have made in eliminating this vital employment choice.**

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<sup>1</sup> Dept of Labor 14c Certificate Holders listing, available via website <https://www.dol.gov/agencies/whd/workers-with-disabilities/section-14c/certificate-holders>

<sup>2</sup> Section 511 WIOA requirements, conducted by Vocational Rehab Services in Minnesota. Dept of Economic and Employment Development, <https://mn.gov/deed/job-seekers/disabilities/youth/pre-ets/wioa/>

<sup>3</sup> GAO study GAO-23-105116, Jan 25, 2023

<sup>4</sup> Scott Spreat and James William Conroy, "Longitudinal study of Vocational Engagement," *Journal of Policy and Practice in Intellectual Disabilities* 12, no. 4 (December 2015): 266-271. Experiences of more than 200 adults with various levels of intellectual disability in Oklahoma between 1994 and 2009.

<sup>5</sup> Congressional Budget Office report, "The Budgetary and Economic Effects of S. 2488, the Raise the Wage Act of 2023"

<sup>6</sup> George Washington University, *Transitions: A Case Study of the Conversion from Sheltered Workshops to Integrated Employment in Maine*

<sup>7</sup> Center for Health Care Strategies, "Trends and Challenges in Publicly-Financed Care for Individuals with Intellectual and Developmental Disabilities," Sept 2012