

Labor and Public Employees Committee JOINT FAVORABLE REPORT

Bill No.: HB-5607

AN ACT CONCERNING THE SUBMINIMUM WAGE FOR PERSONS WITH

Title: DISABILITIES.

Vote Date: 3/18/2025

Vote Action: Joint Favorable Substitute

PH Date: 2/20/2025

File No.:

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SPONSORS OF BILL:

Labor & Public Employees Committee

REASONS FOR BILL:

The reason for this bill is to create a working group to study benefits to the state in eliminating the subminimum wage for individuals with intellectual disabilities, as well as barriers to eliminating it, and potential solutions.

The bill was amended in committee to include on the working group the chairs and ranking members of the Committee on Human Services.

RESPONSE FROM ADMINISTRATION/AGENCY:

Jordan Scheff, Commissioner, Department of Developmental Services: Opposes the bill at this time as it does not consider several stakeholders who rely on these programs, supported by Subminimum Wages, for their continuing care and employment and those stakeholders who are these programs themselves who provide these vitally needed services. DDS offers many different programs that assist persons in these organizations to prepare themselves for continuing work, such as the SEARCH program, but a limited and uncontextualized conception of what these organizations provide, and in league with Section 14(c). the Commissioner advises a strict reshaping of this bill pursuant to their recommendations regarding major flaws and oversights this bill would cause, causing harm to all persons and organizations who benefit from these programs who use subminimum wages to pay their employees under Section 14(c).

NATURE AND SOURCES OF SUPPORT:

Mr. Christian Allyn: Supports this bill because being paid subminimum wages as persons with disabilities can be made to feel lesser than their fellow employees if paid lower than their co-workers.

Bobby Berriault: Supports this bill because it would help disabled persons combat discrimination leveled against themselves given the practice of subminimum wages, helps end the, accord to this petitioner, corruption and fraud within Section 14(c) of the Fair Labor Standards Act, and create increased employment opportunities for disabled persons, as experienced by many of the 14 other states which have outlawed the practice of subminimum wages for disabled persons.

Tom Cosker, Disability Rights CT, Advocate: Supports this bill because through retiring 14(c) regulations, an increase of cooperation between the State and corporations able to serve as employers for persons with Intellectual and/or Developmental Disabilities (IDD). This augments the reality that many of the persons working in these jobs paying subminimum wages, which are meant to be a short-term learning experience whereas the employees earn a reduced wage and receive greater support as they learn to work in the wider job community, have stayed at these jobs for much longer than expected, sometimes as long as 40 years in some cases. Some states like Washington and Oregon have enacted similar legislation to Raised Bill HB-05607 and have seen a good effect whereas, through increased planning and cooperation with officials, they have been able to successfully transfer their employees into competitive employment governed by minimum wages. All this stemming from a heavily researched and regulated gradual increase of wage over a series of planned phases which encourages this transition and an overall integration of the services these persons need from workplaces, and an integrated, non-separated, working environment.

Ryan Soller: Supports the bill.

Ms. Gabi Wiggill: Supports this bill and says following the trend already evident in the state and nation to phasing out Section 14(c) would benefit all and give persons with IDD's more equality and independence if given access to the minimum wage in Connecticut.

Michelle Noehren: Supports this bill based on justice for all workers by eliminating Section 14(c).

Farrah Garland: Supports this bill emphasizing the 26% and growing rate of Connecticut's population who are disabled. And they support the elimination of a subminimum wage given the vigor of these persons who earn said wage in a desire to work and the desire for an equal and fair wage compared to their minimum wage-governed compatriots.

Billy Huang, New Haven Commission on Disabilities, Chair: Supports this bill given the innate inequality and discrimination exuded in the existence of a subminimum wage as outlined in Section 14(c). The Chairman also reports that under Connecticut's current interpretation of Section 14(c) there is a.) No wage floor for organizations offering employment utilizing subminimum wages, b.) Historical exploitation of subminimum wage workers and a lack of benefits, as discovered by the Government Accountability Office (GAO), who have discovered an issue regarding how subminimum wages are offered and defined in CT since the late 1970's. Since then, 60% of providers covered under Section 14(c) were proven to be underpaying their employees. In addition to this, since then there has

been a minimal ability for the federal governmental oversight on these matters regarding the subject of subminimal wages.

Gretchen Knauff, City of New Haven Department of Services for Persons with Disabilities, Director: Supports this bill to give a fair wage to folks employed in these programs for their very real work. States like Rhode Island, New Hampshire, and Maine have eliminated the section and have come up with innovative alternatives making those with IDD and working with these organizations more stable and able to integrate better into the competitive inclusive workforce, as governed by minimum wage. And with the state phasing out its contracting of companies to offer these programs (Of which all are in this state), it would incentivize them to continue the employment of these persons with IDDs at a competitive wage, through offering a subsidization package. And in effect, these persons will be more able, as seen in states which have adopted such legislation, to transition into jobs which are not governed by a subminimum wage and achieve greater success in their work life than staying employed under the subminimum wage jobs, which are only meant as a middle ground preparing them for jobs ungoverned by Section 14(c).

Nicole Molnar: Supports based on the equality that every Connecticut resident should be entitled to the same minimum wage, regardless of their employment and its status, hence protecting vulnerable residents exposed to the inequalities of the subminimum wage system.

Sara Moeller: Supports this bill based on an argument for wage equality and justice for all workers to be paid a minimum wage.

Accessibility Program Manager, NM Dayton: Supports this bill, citing the need for equitable payment for all work in this state, especially that of those with disabilities.

Kathy Flaherty, Connecticut Legal Rights Project, INC, Executive Director: Supports this bill because it provides an equitable wage for persons with disabilities and follows in the footsteps of states like Rhode Island and Maine who have gotten rid of the doctrine of subminimum wages and replaced them with many innovative alternatives that are more equitable for all involved.

Ed Hawthorne, AFL-CIO, President: Supports this bill based on an argument of equality for all and because with equal pay, it will encourage people to work and stay in the workforce, hence benefiting our state and the economic independence of our states disabled inhabitants.

Emily Idle: Supports the bill.

Anonymous, Anonymous: Supports this bill with regards to the desire for providing persons with IDDs who would/are receive(s) subminimum wages with an equitable and living wage.

Alex, Anonymous: Supports this bill on the grounds of political enfranchisement of people suffering with IDDs. Hearing from parents and agencies do not reveal the full picture when it comes to this issue, and in this case, those employed under Section 14(c) desire the minimum wage to stabilize their livelihoods and end the discriminatory status quo inherent in the practice of subminimum wages.

Lynelle Blanchette, Parent: Supports this bill's aims, but supports the committee looking to the damage revocation of the compensatory wage would be if the programs they participate in would be closed due to this legislation and inability to pay higher wages.

NATURE AND SOURCES OF OPPOSITION:

Mark Lambert: Opposes this bill given the deference this bill lacks when concerning those individuals who are severely afflicted by IDD's who are thus totally unable to work in a competitive job. The organizations that offer subminimum wage jobs do so as a service to those with IDD's, preparing them for life ahead. Though those who are severely afflicted, like this petitioner's son, will never be able to achieve a level of productivity expected in a non-14(c) dictated job. The wage, to this man's son, and many others who are severely afflicted, has no significance to them effectively, they are doing the work because they want to work, and the organizations provide it to them, along with essential services for their health. If they are forced to pay them a minimum wage, it is feared that these jobs will disappear and negatively affect the lives of the severely afflicted. In states where the subminimum wage has been eliminated, a great multitude of persons have lost their jobs and have suffered as a result.

Michael Menard, The Arc of Litchfield County, Executive Director: Opposes this bill given the value such services allow participants. Organizations like theirs have a small 14(c) program of residential and vocational (Vocational wages pursuant to the determination of the Department of Labor) who are paid based on their productivity as determined by semi-yearly time studies. These programs are in danger of closing if Section 14(c) is eliminated due to this bill, which has happened in many states, there is nothing to fill the void for these persons with IDD's. Their employment and care regiment would be up to individual employers who offer day programs, which are not always applicable or the best option for some individuals.

Lori Neumann, Seabird Enterprises, Executive Director: Opposes this bill because it would put those individuals with severe IDD's in jeopardy given this bill eliminating the ability for them being paid a compensatory wage and the decrease or elimination of services given to them by these organizations and eliminating their employment overall as a result. They insist that there be thought given to a framework for providing and ensuring continuous employment for those with IDD's already enrolled in the programs and let them remain working in jobs which matter to them and to their greater independence.

Jessica Chubbuck, Kuhn Employment Opportunities, Program Specialist: Opposes this bill and is worried about possible elimination of employment for those with severe disabilities.

Beth Lambert: Opposes this bill because of the unique circumstances facing employers with employees that can sometimes complete much less work than required of them. Thus, they are paid a compensatory rate to keep the employer in business, and losing this protection would put the company in a position where they would need to let the disabled employee go on grounds of financial strain. Thus, hurting both employer and employee.

Anonymous Anonymous, Parent: Opposes this bill emphasizing that not every person the subminimum wage system is an option to those employers who encourage those with disabilities to work for them to incentivize that employment given their productivity capability. Many of these individuals are paid at or above the state minimum wage as it stands, and this

program acts thus as an incentive to maintain employment rates of those with IDD, and the retirement of Section 14(c) would jeopardize those programs existences and the employment opportunities for those with IDD themselves.

Megan Lawrence, Residential Manager: Opposes this bill because given the needs of many people with disabilities, the use of 6 month time studies have an effect of increasing pay when proven so by the employee and with this system, people find themselves more independent and overall, more well off then if they were forced to stay at a day program and not work, which is threatened to be revoked if Section 14(c) is revoked without any support mechanisms and plans put in place to provide alternative strategies for the wellbeing of these people who will forced out their jobs due to lack of financial ability to pay them at the minimum wage.

Ben Shaiken, CT Community Nonprofit Alliance, Director of Government Relations: Opposes the bill in its current form as it fails to consider the threat eliminating Section 14(c) entirely would have on the possible elimination and resulting unemployment and harming of those with severely significant IDD who rely on receiving a compensatory wage to compensate for their work, as they are able, and of which they complete with aid rendered to them by the organizations paying them. Hence, this bill would put the organizations at risk, financially, and ultimately, withdraw employment and/or necessary services for these severely disabled persons who depend on them as a source of employment and continuous care. They emphasize, however, that they would be amenable to considering and supporting any bill put before the committee that providing a phased-in policy for creation of meaningful alternatives for the persons who are rendered unemployed by the effects of the bill's current verbiage. Also, they would be supportive of a funding pool given to organizations caring for these individuals, and employing them, to subsidize further training and provide alleviation for those companies who employ these individuals with IDD who would be hard-pressed by the adoption of paying minimum wage to their disabled employee covered under Section 14(c).

Francis Traceski, Parent: Opposes this bill because it could revoke the employment of many persons with IDD who are employed with organizations who utilize subminimum wages under Section 14 (c). And he expresses support for addressing the problem of few organizations who exploit these persons unfairly by sanctioning the individual bad actors and not cutting the entire program, that could cause major hardships to those who derive support and further employment success with these programs and organizations.

Stephen Morris, Favarh, Executive Director: Opposes this bill due to the fear of widespread job loss with the elimination of Section 14(c) and because as a consequence of eliminating the certificate program without a successor for those in need of work who will not be able to do so at jobs offering minimum wage is, according to this petitioner, depriving them of the right to work, hence obstructing them from achieving autonomy and more opportunities for further work in the future outside of these certificate programs.

Carol Scully, The Arc of Connecticut, Director of Advocacy: Opposes this bill citing the work done by organizations such as The Arc of Connecticut in providing access to training for people with IDD who have gotten fulfilling jobs through them. This would be upended entirely with the cessation of certifications pursuant to Section 14(c) and is therefore a danger to both employer and employee.

Susan Pawloski Burke: Opposes this bill because it would eliminate the benefits given those with intellectual disabilities by sheltered workshops. These organizations offer services like medication distribution, transportation, and other such supports superseding the necessary requirements pursuant to the Americans with Disabilities Act. These support structures are, according to this petitioner, the wage is an augmentation to these programs. If organizations are forced by this bill to pay minimum wage, this petitioner fears a cut to these vital programs in many of these sheltered workshops and thus, resulting in a detrimental experience for those employed by them, and their future work outlook.

Anonymous, Anonymous: Opposes this bill citing the comparative work-pay scale for individuals with disabilities.

Anonymous, Anonymous, DAS, EWS: Opposes the bill for reasons largely unrelated to the content of the bill.

Reported by: Tom Atwood

Date: 3/31/2025