



Federal Notice of Proposed Rulemaking: Elimination of Subminimum Wage





On December 4, 2024, the federal government published [proposed changes to rules regarding subminimum wage](#).

The proposed changes:

- would end the payment of subminimum wage to workers with disabilities after a 3-year phase out period.
- were open for public comment until January 17, 2025.
- received over 17,000 public comments.



Pennsylvania's Department of Human Services and Department of Labor and Industry submitted a joint comment on the proposed changes. The comment:

- Supported the full phase out of 14(c) certificates and the end of subminimum wage.
- Acknowledged the high number of individuals earning subminimum wage in Pennsylvania and the challenges presented by phasing out 14(c) certificates.
- Recommended:
 - A 5-year phase out period.
 - Additional funding for Vocational Rehabilitation programs.
 - Technical assistance and funding for rural areas and small community programs to successfully transition away from subminimum wage.



There is additional support in Pennsylvania to end paying subminimum wage to workers with disabilities.

Other comments supporting the federal proposal to end subminimum wage were submitted by:

- **Pennsylvania's Employment First Oversight Commission**
- **Disability Rights Pennsylvania**
- **Pennsylvania Developmental Disabilities Council**
- **Pennsylvania Rehabilitation Council**
- **PA Statewide Independent Living Council**

Additionally, in 2024, both the **Pennsylvania State Board of Vocational Rehabilitation** and the **Pennsylvania Workforce Development Board** passed motions in favor of phasing out subminimum wage in Pennsylvania.



On Hold.

On January 20, 2025, President Trump issued a memo titled- "[Regulatory Freeze Pending Review](#)"

This memo directed all executive departments and agencies to halt regulatory actions until a department or agency head appointed by President Trump reviews and approves all pending regulatory actions.





Despite the hold on the federal proposal, there has been steady progress to eliminate the payment of subminimum wage across the United States -

- **16 states** have or will eliminate subminimum wage by legislative action: AK, CA, CO, DE, HI, IL, ME, MD, NH, NV, OR, RI, SC, TN, VA, and WA.
- **6 states** have less than 100 individuals earning subminimum wage: AL, LA, MA, NM, SD, and WV.
- **2 states** do not have active or pending 14(c) certificates: VT and WY.
- **3 states** have proposed legislation or are otherwise actively working to end subminimum wage: MN, NY, and OH.
- **4 states** have proposed legislation to end subminimum wage, but the legislation was not enacted: GA, KY, OK, and WV.

SMW in Pennsylvania

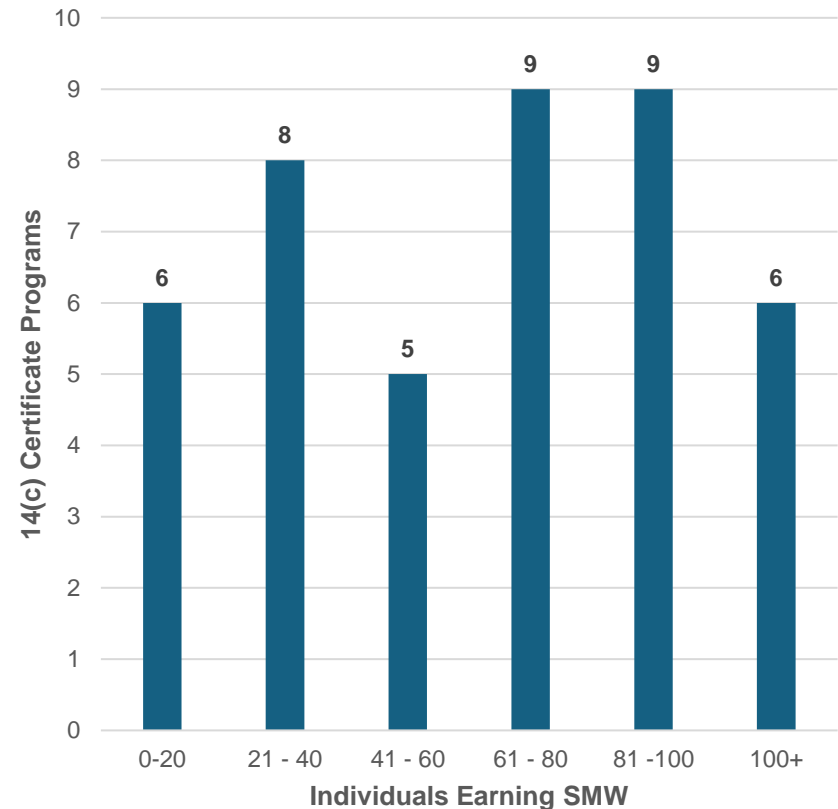


Pennsylvania
Department of Human Services

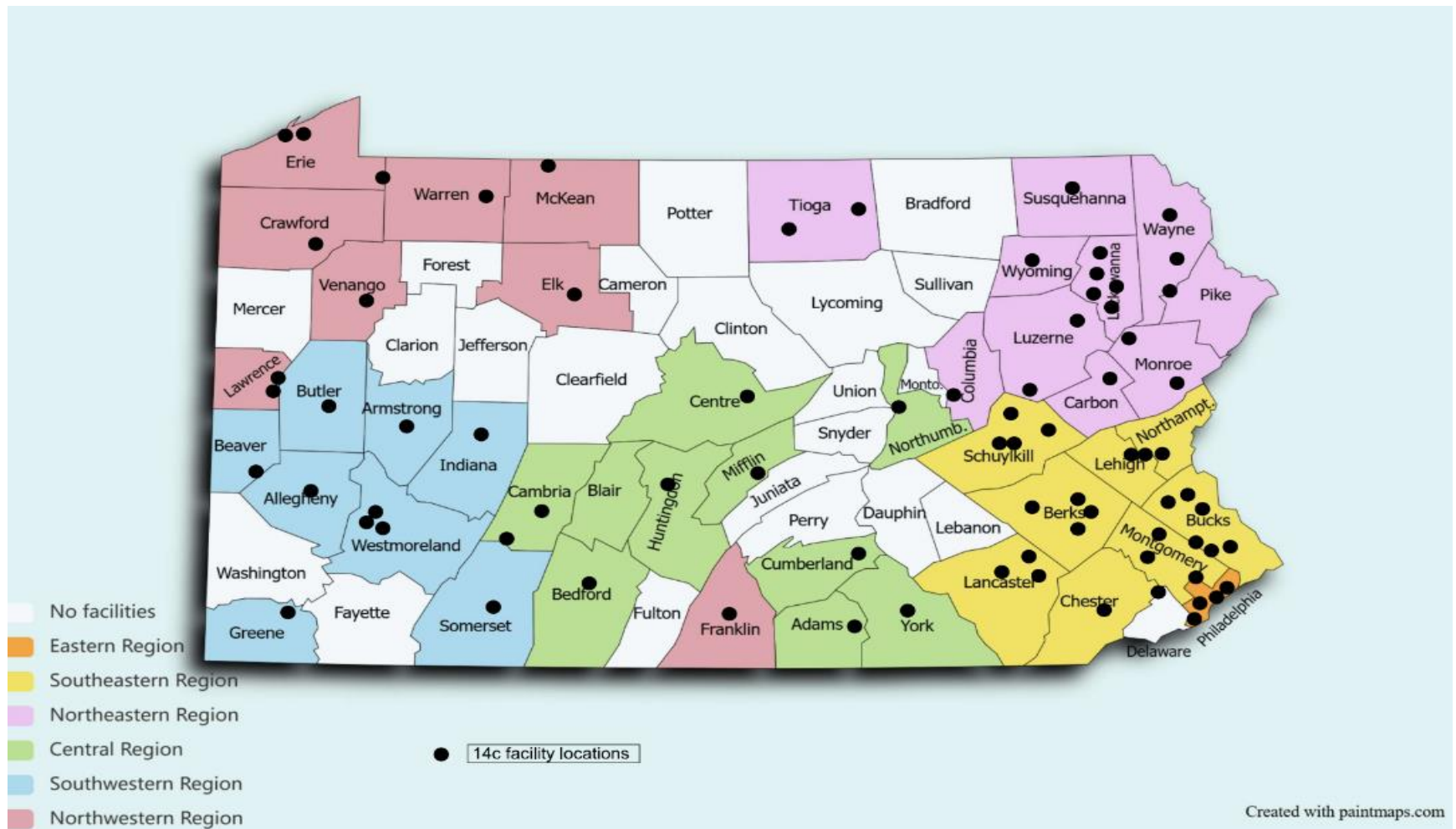
According to the U.S. Dept. of Labor as of 4/1/2025 in Pennsylvania:

- There are 43 active 14(c) certificates.
- 3,236 individuals are earning SMW under a 14(c) certificate.
- The number of people earning SMW under a single 14(c) certificate ranges from a low of 3 people to a high of 376 people.
- Six (6) 14(c) certificate programs employ 38% of all individuals who earn SMW.
- The largest 14(c) certificate program employs over 10% of all individuals who earn SMW.

Number of 14(C) Certificate Programs Employing Workers Earning SMW in PA as of 4/1/2025



14(c) Facilities in PA

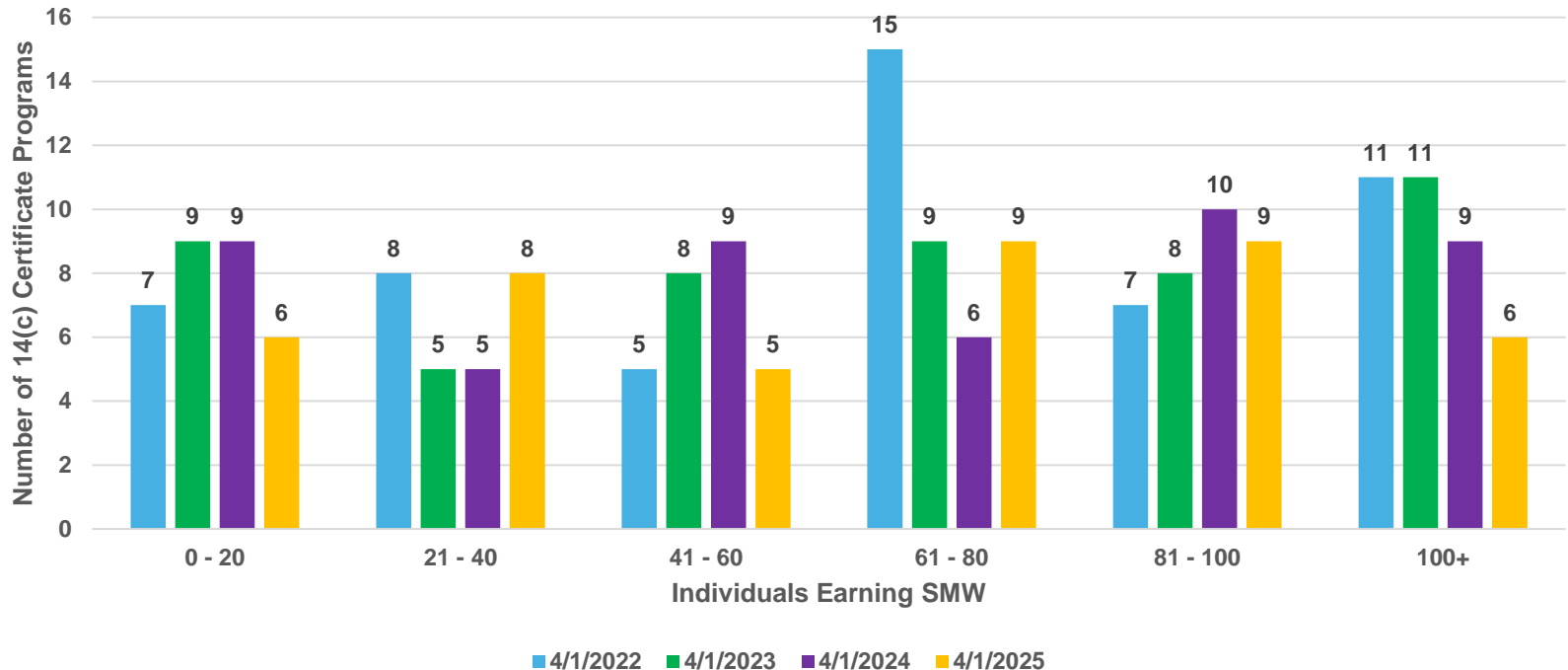


SMW in PA Multi-Year Comparison



Pennsylvania
Department of Human Services

Number of 14(c) Certificate Programs Employing Workers Earning SMW
4/1/2022 - 4/1/2025 Comparison



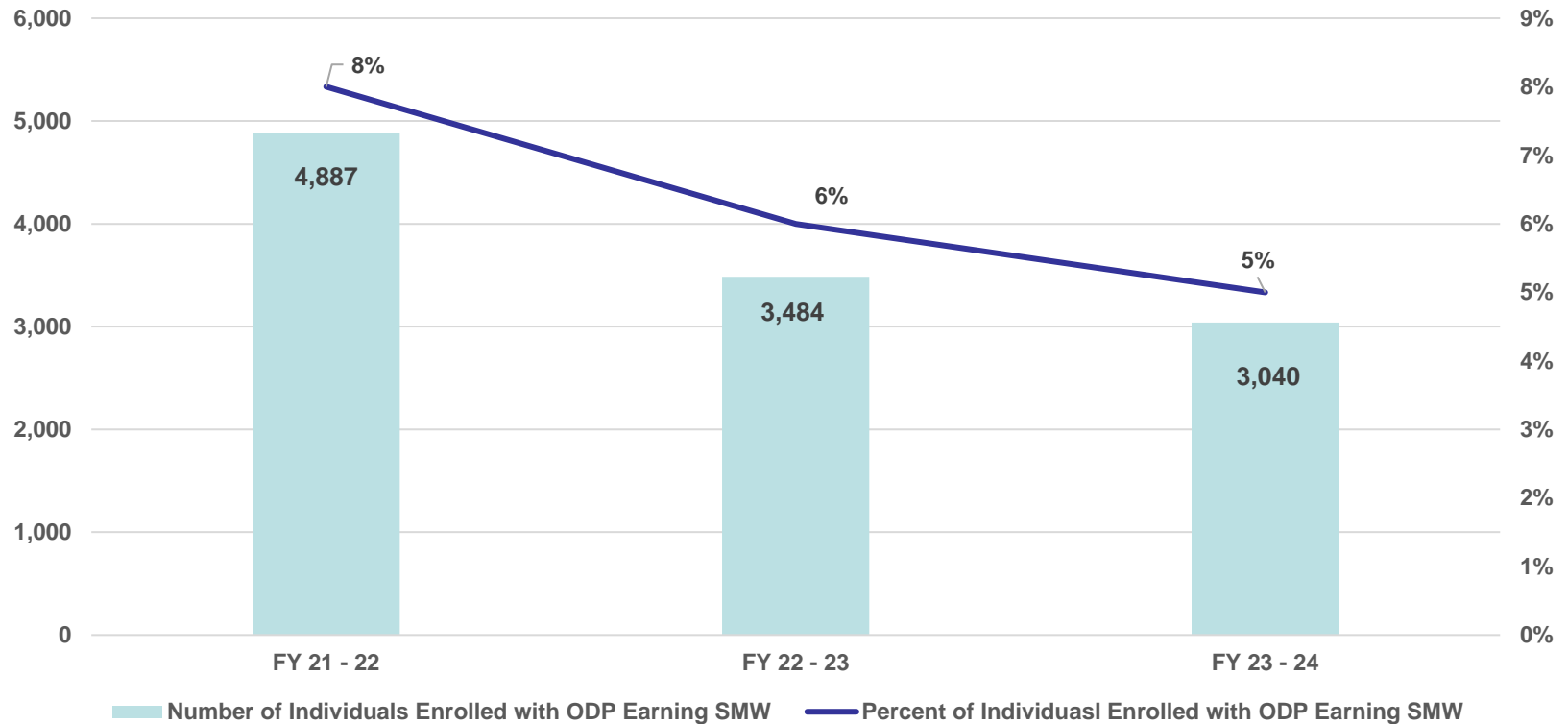
Between 4/1/2022 and 4/1/2025, the number of active/pending 14(c) certificates in PA has decreased by 15, and the number of workers earning SMW has decreased by 1,449 workers.

ODP and Subminimum Wage



Pennsylvania
Department of Human Services

Number and Percent of Individuals Enrolled with ODP and Earning Subminimum Wage



Data Source: Office of Vocational
Rehabilitation 511 Data and ODP Enrollment Data.
Data Extraction Date 1/16/2025



ODP has 2 Employment Services which directly support competitive integrated employment.

- **Supported Employment (available in all waivers)**
 - Career Assessment
 - Job Finding or Development
 - Job Coaching and Support
- **Advanced Supported Employment (available in 3 waivers)**
 - Discovery
 - Job Acquisition
 - Job Retention



ODP offers several other services which may indirectly support a transition from subminimum wage to competitive integrated employment:

- Benefits Counseling (available in 3 waivers)
- Education Support and Services (available in 3 waivers)
- Small Group Employment (available in all waivers)
- Community Participation Support (available in 3 waivers)
- Transportation (available in all waivers)
- Assistive Technology (available in all waivers)



Currently, ODP has partnered with the Office of Vocational Rehabilitation and the Department of Education on two Disability Innovation Fund (DIF) Grants.

- The Integrated Vocational Engagement & Support Team (InVEST)
 - \$13.9 million federal grant to support individuals in transitioning from subminimum wage to competitive integrated employment.
- Pennsylvania Transition Partners: Pathways to Partnership
 - \$9.9 million federal grant to improve pre-employment transition services for students with disabilities.



The InVEST Project has the following goals:

- **300** InVEST participants will be referred to OVR for services to pursue competitive integrated employment.
- **240** InVEST participants will be eligible for OVR services.
- **80%** of InVEST participants who are eligible for OVR services will receive experience related services, including:
 - Job Shadowing
 - Community Based Work Assessments
- **75%** of InVEST participants referred to OVR will receive job placement services.
- **90%** of InVEST participants referred to OVR will choose to pursue competitive integrated employment.
- **75%** of InVEST participants will exit the program with competitive integrated employment.



InVEST Supports for Individuals/Families

- InVEST Intergrated Resource Teams can assist with identifying resource gaps and facilitating coordination of supports through person-driven planning.
- Peer support through a partnership with InVEST and the PA Family Network.
- Can fund wrap around supports like transportation and assistive technology when funding is not available through OVR or ODP.

InVEST Supports for 14(c) programs and employers

- InVEST Project and Section 511 resources are available to support alignment of employment services with Employment First priorities.
- Help with Section 511 compliance through self-advocacy, self-determination, and peer mentoring resources.
- 14(c) providers can access community rates to provide training & technical assistance when collaborating with SAU-1 and the PA Family Network.



InVEST Successes

- 10 out of 294 InVEST participants have achieved competitive integrated employment.
- 14,940 adults and 926 students/youth have been contacted about the project.
 - Including outreach to 469 individuals under 25 years old and 2506 families by the PA Family Network.
- 907 individuals have received the Introduction to Charting the LifeCourse Training.



The Pathways to Partnership model demonstration project has identified 3 funding priorities:

- **Professional Development, Capacity Building, and Training**
 - Provides partners with shared trainings, including Charting the LifeCourse.
- **Transition Discoveries**
 - An evidence based transition planning program which uses a train the trainer model at Intermediate Units and Local Education Agencies.
- **Pathways to Partnership Work-Based Learning Experiences**
 - Supports development and implementation of work-based learning programs at the Local Education Agency level.



Most states that have successfully eliminated subminimum wage (SMW) stress the importance of:

- Collaboration between state partners, individuals/families, providers, and employers; including:
 - Creating formal agreements to align rules and policies from different agencies.
 - Supporting local partners to focus on jobs in the community which pay minimum wage or higher.
- Pro-active training, and technical assistance for 14(c) programs and employment service providers.
- Coordinated outreach, education, and support for individuals and families.
- Available funding to support successful transition from SMW for both individuals and 14(c) programs.



Some examples of actions taken by states to limit or eliminate subminimum wage (SMW):

- Maryland stopped using any state or federal funds, including Medicaid waiver funds, to support people in jobs that pay SMW.
- Ohio allows qualified employment service providers to be certified for both ID/A services and VR services through a dual certification program.
- Iowa's Medicaid division, state mental behavioral health and disability services division, and state VR program worked together with stakeholders on joint definitions for employment services.
 - Iowa also limited waiver funding for prevocational services to 24 months and used savings to improve rates for services which support competitive integrated employment.
- Tennessee transitioned pre-employment services to an outcome based payment model.



Individuals/Families	14(c) Programs	Employment Service Providers
<ul style="list-style-type: none">• Closure of current workshops.• Workshop closures will disrupt the lives of individuals and place additional stress on families and natural supports.	<ul style="list-style-type: none">• Impacts on current and potential contracts.• Reduction/loss of contracts will result in programs closing.	<ul style="list-style-type: none">• Increased need for employment services to support individuals transitioning to competitive integrated employment.• May not have needed resources to support everyone.



- **What would be the impact of eliminating 14(c) certificates?**
- **What can ODP and OVR do now to be prepared to support individuals, families, and providers when employers are no longer allowed to pay subminimum wage?**
- **Where are the gaps in available supports and services to support individuals transitioning from subminimum wage?**
- **How can ODP continue to leverage the resources created by the two DIF grants?**