

# Arizona APSE Chapter

## Association of People Supporting Employment First

*Mission: To expand inclusive employment opportunities for all people with disabilities through education, advocacy and legislative action.*



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### **Eliminating Subminimum Wage and 14c Certificates in Arizona: Ensuring Fair & Equal Employment for People with Disabilities**

#### Introduction

The use of subminimum wage, also known as 14(c) certificates, has been a longstanding practice in the United States, providing employers with a legal exemption to pay individuals with disabilities less than the minimum wage. While proponents argue that subminimum wage enables individuals with disabilities to gain valuable work experience, opponents argue that it perpetuates a system of discrimination and low expectations for individuals with disabilities. This white paper argues in favor of the elimination of subminimum wage, with a particular focus on the state of Arizona.

#### Current State of Subminimum Wage in Arizona

As of 2022, Arizona is one of 36 states that currently use subminimum wage under the Fair Labor Standards Act (FLSA). According to the US Department of Labor, there were 165 entities in Arizona with active 14(c) certificates, employing approximately 2,360 individuals with disabilities as of 2020. These individuals earn an average hourly wage of \$5.42, significantly lower than the state's minimum wage of \$13.85 per hour.

While subminimum wage remains legal in Arizona, disability advocates have raised concerns about the impact of this practice on workers with disabilities. We argue that subminimum wage perpetuates the stereotype that people with disabilities are not capable of performing meaningful work and can lead to long-term economic insecurity for these workers with disabilities. Furthermore, research has shown that workers with disabilities who are paid subminimum wages often have limited opportunities for career advancement and may be more likely to experience poverty and dependence on government benefits over the course of their lifetime. As a result, there have been calls from local disability advocates and policymakers to phase out the use of subminimum wage and expand opportunities for competitive integrated employment for people with disabilities in Arizona and across the United States.

#### Challenges with Subminimum Wage

There are several challenges associated with subminimum wage for individuals with disabilities. Families or guardians choose sheltered workshops as the employment choice for people with disabilities because they believe it offers a safe and predictable environment for their loved ones. Some families may see sheltered workshops to ensure that their loved ones have consistent and reliable employment, as well as a sense of purpose and structure in their lives. However, it is important to consider the potential negative impacts of sheltered workshops on

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individuals with disabilities and to explore other employment options that offer greater opportunities for growth and independence.

Research shows that individuals with disabilities who are paid subminimum wage are more likely to live in poverty, have limited economic mobility, and rely on government assistance programs to make ends meet (National Council on Disability, 2012). This creates a cycle of dependence and perpetuates the stigma associated with disabilities.

Subminimum wage employment can pose significant challenges for families of people with disabilities. For many families, finding employment opportunities for their loved ones with disabilities is a critical concern, and the prospect of subminimum wage employment may seem like a viable option. However, research has found that families of people with disabilities are more likely to experience economic hardship than families without disabilities. According to a report from the National Council on Disability, families of people with disabilities are more likely to have lower household incomes and higher levels of debt than families without disabilities. Furthermore, the report found that families of people with disabilities are more likely to experience food insecurity, difficulty paying for housing, and other financial challenges. For these reasons, disability rights advocates and organizations, including Arizona APSE, support the elimination of subminimum wage employment and the promotion of integrated, competitive employment opportunities that offer fair wages and benefits to all workers, including those with disabilities.

Furthermore, subminimum wage, which is often paid to workers in sheltered workshops, not only perpetuates a culture of low expectations but can also reinforce the notion that people with disabilities are not capable of performing the same work as non-disabled individuals. This can result in a lack of investment in their education, training, and career development, and further limit their opportunities for advancement and growth. These factors can lead to a reduced quality of life and limited opportunities for social and economic integration. Therefore, it is crucial to address the issue of subminimum wage and provide individuals with disabilities the same opportunities for education, training, and career advancement as non-disabled individuals.

#### Alternatives to Subminimum Wage

Several alternatives to subminimum wage have been proposed, including supported employment programs, customized employment, and competitive integrated employment (CIE). These approaches focus on individualized support and training, with the goal of empowering individuals with disabilities to pursue and maintain competitive, integrated employment. Research has shown that individuals with disabilities who participate in CIE

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programs have better employment outcomes, including higher wages, longer job tenure, and improved quality of life (Butterworth et al., 2018).

- *Supported employment* refers to a model of employment services and supports that is designed to assist people with disabilities in obtaining and maintaining competitive integrated employment. In supported employment, individuals with disabilities are provided with customized supports and accommodations based on their individual strengths, needs, and interests. These supports may include job coaching, assistive technology, transportation assistance, and other accommodations designed to help the individual perform their job effectively. The goal of supported employment is to help individuals with disabilities achieve their employment goals and maximize their potential in the workforce. This approach is based on the belief that all people, including those with significant disabilities, can be successful in the workplace with the right support and accommodations.
- *Customized employment* refers to an approach to employment services and supports that is designed to help people with disabilities secure and maintain employment that is tailored to their individual strengths, needs, and preferences. In this approach, individuals with disabilities work with employment specialists to develop a customized employment plan that is based on their skills, interests, and abilities. The employment plan may include a variety of strategies, such as job carving, which involves identifying and creating a unique job or position that is a good match for the individual's skills and interests, or self-employment, which involves starting a business or working as a freelancer or consultant. The goal of customized employment is to help individuals with disabilities achieve meaningful, fulfilling employment that is a good match for their unique strengths and interests.
- *Competitive integrated employment* refers to work performed by people with disabilities in jobs that are located within typical community workplaces and pay wages that are comparable to those paid to workers without disabilities who perform similar work. In competitive integrated employment, workers with disabilities are employed alongside their non-disabled peers and can work towards career advancement and achieve their full potential. This type of employment is a key goal of disability employment policy and practice and is seen as a critical strategy for promoting greater social inclusion and economic self-sufficiency among people with disabilities.

#### Conclusion

The use of subminimum wage has been a controversial issue in the United States, with advocates and opponents on both sides of the debate. While some argue that subminimum

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wage enables individuals with disabilities to gain work experience, others argue that it perpetuates discrimination and low expectations. The state of Arizona currently uses subminimum wage, with over 2,300 individuals with disabilities earning an average hourly wage of \$5.42. Alternatives to subminimum wage, such as supported employment programs and competitive integrated employment, have been shown to have better outcomes for individuals with disabilities. Therefore, this paper argues for the elimination of subminimum wage in Arizona, with a focus on creating inclusive and equitable employment opportunities for all individuals.

Additionally, eliminating 14c certificates altogether is crucial for promoting the equal treatment and inclusion of people with disabilities in the workforce. Even if the Arizona Department of Developmental Disabilities (DDD) requires Community Based Employment organizations to pay minimum wage, the 14c system perpetuates the segregation and devaluation of workers with disabilities. This system allows employers to pay subminimum wage rates and creates a separate and unequal workforce. It also limits opportunities for individuals with disabilities to pursue their career aspirations and engage in competitive integrated employment. For example, a study by the National Council on Disability found that "the segregation and subminimum wage rates of sheltered workshops inhibit opportunities for individuals with disabilities to pursue their career aspirations and participate in their communities" (National Council on Disability, 2012).

By eliminating 14c certificates, employers will be motivated to hire individuals with disabilities at the same wage rate as non-disabled workers, and people with disabilities will be afforded equal opportunities to participate in and contribute to the labor market.

#### Sources

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