

Colorado is eliminating subminimum wage jobs

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GOODWILL OF SOUTHWESTERN PENNSYLVANIA

Darci Landa works as a production associate at Goodwill of Southwestern Pennsylvania. The organization uses an integrated employment model that pays all employees, including those with intellectual and developmental disabilities, minimum wage or better — a system that Colorado employers are likely to adopt soon.

Since 1938, federal law has allowed designated employers to offer pay below minimum-wage levels to workers with intellectual and developmental disabilities. Thanks to a bill that is on its way to Gov. [Jared Polis](#), that is likely to end in Colorado by July 2025.

Rather than being another in the line of bills that employers consider as regulatory incursions from the government on their ability to operate, though, Senate Bill 39 was a collaboration between legislators and Colorado businesses participating in the subminimum wage program. And it is an attempt to get ahead of an expected federal ban on the low-level wages in a way that doesn't just pull the rug out from under the roughly 400 state workers participating in the program, supporters said.

Under SB 39 — sponsored by Sens. [Rachel Zenzinger](#), D-Arvada, and [Dennis Hisey](#), R-Fountain — Colorado would require the 10 companies participating in the 14c program to submit a transition plan for workers and give them four years to phase out subminimum wages. It also tasks the Employment First Advisory Partnership with producing a report by April with recommendations for addressing barriers to phasing out subminimum wage work and creates a buy-in option for these workers in the Developmental Disabilities Medicaid waiver program.

The bill passed the House by a vote of 47-13 and received unanimous approval in the Senate.

“Quite frankly, these agencies [that employ and contract out 14c employees] wanted to move in this direction, but we wanted to put in place protections for those individuals,”

Zenzinger said. “That’s the reason these agencies exist, and they’re mindful of everybody.”

The subminimum wage allowance came about at a time when there were few employment opportunities for adults with intellectual and developmental disabilities, and it was viewed for decades as a chance to get them jobs in retail stores or restaurants that employers wouldn’t offer if they had to pay a full wage. But such job opportunities are far more plentiful now, and the federal government is making moves to do away with subminimum wage altogether, Zenzinger said shortly after introducing the bill.

In fact, one of the fears is that the federal government will just end the program eventually, leaving no runway to plan for how to move these workers either into full-paying jobs or to other life paths. So, legislators worked closely with the agencies that employ them to come up with this plan.

Hisey said he initially was reluctant to get on board with SB 39 for fear that it would cost jobs rather than help the Coloradans it is targeted to aid. But once he learned of the desire to be proactive in this aid and the robust state resources that will go into helping individuals through this transition — a fiscal note estimates the state will spend \$1.3 million over the next three years doing so — he became convinced this would help both workers and employers.

“I was concerned early on: Are we really helping the people we want to help or are we no longer going to have productive work for them?” Hisey said. “But the IDD community, they were very supportive of it.”

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