



Oregon Rehabilitation Association

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- Abilities at Work
- Abilitree
- Adult Learning Systems of Oregon
- Albertina Kerr Centers
- Alternative Services Oregon, Inc.
- Alvord Taylor Independent Living Services
- AmSan
- ANCOR
- Ashland Supportive Housing (ASH)
- Bay Area Enterprises
- Bethesda Lutheran Communities
- Catholic Community Services.
- CCER/TACE Northwest
- Chamberlin House, Inc.
- Coast Rehabilitation Services
- Coastwide Laboratories, A Division of Staples
- Community Access Services, Inc.
- Community Services, Inc.
- Comerstone Associates, Inc.
- Creative Supports, Inc.
- Diamond Peak Group (Morgan Stanley Smith Barney)
- Douglas Residential Training Facilities
- Dungarvin, Inc.
- Eastco Diversified Services
- Eastern Oregon Support Services Brokerage (EOSSB)
- Edwards Center, Inc.
- Enterprise Fleet Management
- Full Access
- Galt Foundation
- Garten Services, Inc.
- Greenleaf Industries
- Horizon Project, Inc.
- Independence Northwest
- Independent Environments, Inc.
- Lane Community College, Specialized Support Services
- LaPorte & Associates
- Living Opportunities, Inc.
- Marie Mills Center, Inc.
- McKenzie Personnel Services, Inc.
- Mentor Oregon
- Mid-Valley Rehabilitation, Inc.
- New Day Enterprises, Inc.
- Opportunity Connections
- Opportunity Foundation of Central Oregon
- Oregon Supported Living Program
- Oregon Telecommunications Relay Service
- Partnerships in Community Living, Inc. (PCL)
- Pathway Enterprises, Inc.
- Payless Drugs
- Peak Performers
- Pearl Buck Center Incorporated
- Pharmasync
- REACH, Inc.
- Residential Assistance Program (RAP)
- RISE Services, Inc.
- Riverside Training Centers
- Scioto Properties, LLC
- Self Determination Resources, Inc. (SDRI)
- Shangri-La Corporation
- SourceAmerica
- Source America NW Regional
- South Coast Horizons
- Southern Oregon Aspire, Inc.
- Southern Oregon Goodwill Industries
- Southern Oregon Regional Brokerage
- Star of Hope
- Step Forward Activities, Inc.
- Sunrise Enterprises, Inc.
- Therap Services, Inc.
- TVW, Inc.
- Umpqua Homes for the Handicapped, Inc.
- Wentworth Chevrolet
- WITCO

Thank you and answers to questions in yesterday's hearing re. HB 4118

What is a QRF: A QRF is a 501(c)3 nonprofit organization that employs people with disabilities. To participate in the QRF Program, a QRF must annually certify that 75% of their organization’s direct labor hours have been performed by people with certified disabilities. The Oregon Department of Administrative Services oversees the Program, approving allowed products and services and pricing all QRF contracts. (See attached reference information.)

Unintended Consequences: If all workers with disabilities are forced to pay at least Oregon minimum wage or Federal prevailing wage, many workers earning below minimum wage will lose their jobs. In order to meet price demands, QRFs will be forced to replace them with people whose disabilities do not impair their productivity as much.

See examples provided:

1) Following is a snap shot of labor cost increase for an ODOT vest:

a. I have 7 workers that contribute to an ODOT safety vest. They can make 1.5 safety vests in a 5 hour shift. The labor for these 7 people to make the vest would cost **\$300.30** vs the current labor rate of **\$14.55**.

2) Snap shot of labor increase in grounds maintenance – using a McMinnville OSP site:

a. Current Labor cost built in **\$127.94**, if all people currently working on contract were paid minimum wage, labor cost increases to **\$647.75**. This changes the annual labor cost from **\$3,047.82 to \$15,430.00 – over \$12,000 a year difference**.

In addition, a number of ORA's members have said that they would choose to leave the QRF Program entirely, meaning all their jobs under QRF contract would be lost. In Salem alone, we estimate the job losses would number in the hundreds.

As written, the amendments to the bill do not limit the increased wage requirements to QRF contracts; they would apply to all government contracts. Another unintended consequence would be increased costs for other government services such as DD 51 (Supported Living Services), DD 52 (24 Residential Services), and DD 54 (Employment and Alternative to Employment Services).

Are other states passing laws: There are more than 40 states with laws similar to Oregon's Products of Individuals with Disabilities Law. No other state has a minimum or prevailing wage requirement in their law.

Two-tier system: With just a couple exceptions, QRFs pay some people with disabilities more than minimum wage and some less. Even PHC pays some of its employees below minimum wage. Having the ability to pay people based on their limited productivity is a tool that nearly every QRF uses **to create additional employment opportunities to those individuals with the most severe disabilities.**

Comparable Work: Work is comparable between those who earn minimum wage and those who don't. The only difference is the speed and efficiency with which the person is able to do the job.

Costs increase would reduce QRFs ability to get contracts: Yes. Although QRF contracts are "set aside" contracts, DAS is mandated to determine the price of those contracts as reasonable. Reasonable has typically been inferred as within the customary range of prices in the private sector. **Asking QRFs to comply with wage and benefit requirements outside the norm of the private sector places them at an extreme disadvantage. Moreover, the price set by DAS must fall within the budgetary limits of the contracting agency.**

Federal Program to cover Subminimum Wage: The Federal Department of Labor administers all aspects of subminimum wage. Any business, including small businesses, corporations, and of course nonprofits can apply for a certificate to participate in the Program. In addition to an annual application process, organizations must submit to random audits of their wage and hour records by DOL.

To pay a person less than minimum wage:

- An organization must establish a prevailing wage for a particular task. At least three outside businesses must be surveyed for what they would pay an experienced worker to perform that task. This is repeated annually.
- The organization must establish a baseline level of productivity. A person without a disability performs the task for a pre-determined length of time and their productivity is recorded.
- Every six months, the organization must measure the productivity of the individual earning less than minimum wage. This measurement must mirror the work that was done to establish the baseline (the result must be precise and repeatable) and the work that they actually perform (it must be apples to apples). Individuals are paid based upon how their productivity compares to the baseline.

Additional Benefits: A QRF is unlike other employers in that they provide, in many cases, transportation, increased flex time, unusually high levels of supervision, training in life skills and assistance in ADL's (Activities of Daily Living) such as eating, restroom breaks, etc.

Task Force: Most importantly ORA objects to language in Section 3 (2):

The task force shall study and evaluate the role of qualified nonprofit agencies for individuals with disabilities in state contracting, with particular attention to:

Whether the state should presume that all workers with developmental disabilities and intellectual disabilities are capable of working in an integrated employment setting and should be integrated into the workplace. This is a decision made by the individual, their case manager and their support team using a person centered planning process, not a task force.

It is the position of ORA that the task force has been created to address a problem that is not supported by BOLI data. It is clear from the report that people do know how to reach out to BOLI if they have concerns and there is not an emergency situation of "bad actors" that needs to be addressed.

As currently configured ORA would not have an equal voice in the discussion and as noted above, there is not a need for the discussion based on current data. If a work group was designed to discuss the expansion of employment opportunities for individuals with significant disabilities and innovative ideas and to work toward that outcome we would be more than happy to participate with stakeholders representing the full spectrum of interests in this discussion.

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Executive Director

Cc: Nan Heim