

## **SB 494 -1 STAFF MEASURE SUMMARY**

### **Senate Committee On Workforce**

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**Sub-Referral To:** Senate Committee On Human Services

**Meeting Dates:** 2/21, 3/26

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#### **WHAT THE MEASURE DOES:**

Requires employers authorized to pay subminimum wage to individuals with disabilities to annually increase rate until reaching State minimum wage rate no later than July 1, 2023. Prohibits Commissioner of Bureau of Labor and Industries from issuing rule prescribing subminimum wage rate for persons with physical or mental disabilities. Updates definitions and policy statement regarding individuals with disabilities. Changes percentage from not less than seventy-five to not less than fifty percent of direct labor required for a qualified nonprofit agency to contract with Department of Administrative Services. Takes effect on 91st day following sine die.

#### **ISSUES DISCUSSED:**

- Relationship of Social Security income and wages earned through employment

#### **EFFECT OF AMENDMENT:**

-1 Phases in reduction of percentage of direct labor required for a qualified nonprofit agency to contract with Department of Administrative Services until reaching 60 percent by July 1, 2021. Requires public agency that terminates and then issues a successor contract for janitorial, grounds maintenance or security services to require contractor for ninety days after entering contract to offer employment to existing employees with disabilities who worked 28 hours or more per week under the terminated contract.

#### **BACKGROUND:**

Employers who obtain required certifications are authorized under Oregon and federal law to employ individuals experiencing disabilities at a subminimum wage. Senate Bill 494 requires certified employers to phase in wage increases beginning July 1, 2020, until reaching minimum wage no later than July 1, 2023.

Since 1977, the Qualified Rehabilitation Facility (QRF) program, administered by the Oregon Department of Administrative Services (DAS), has promoted continuity of employment opportunities for people experiencing disabilities through public contracts. State and local government agencies are required to purchase products and services from QRFs at prices determined by DAS as long as the goods and services meet the agencies' specifications and timing needs. Currently, QRFs must employ persons experiencing disabilities for no less than 75 percent of their direct labor. Senate Bill 494 changes that requirement to no less than 50 percent.

The Commissioner of the Bureau of Labor and Industries (BOLI) is required to issue rules prescribing a fixed minimum hourly wage rate lower than the minimum wage for people experiencing mental or physical disabilities provided BOLI has determined that application of the minimum wage would curtail employment opportunities for them. Senate Bill 494 prohibits BOLI from establishing a subminimum wage for individuals experiencing disabilities.