

SB 494 A STAFF MEASURE SUMMARY**Carrier:** Sen. Gelser**Senate Committee On Workforce****Action Date:** 04/02/19**Action:** Do pass with amendments and requesting subsequent referral to Human Services be rescinded. (Printed A-Eng.)**Vote:** 5-0-0-0**Yeas:** 5 - Golden, Hansell, Knopp, Monnes Anderson, Taylor**Fiscal:** Has minimal fiscal impact**Revenue:** Has minimal revenue impact**Prepared By:** Ellen Osoinach, LPRO Analyst**Meeting Dates:** 2/21, 3/26, 4/2**WHAT THE MEASURE DOES:**

Prohibits Commissioner of Bureau of Labor and Industries from issuing rule prescribing subminimum wage rate for persons with physical or mental disabilities. 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. Changes percentage of direct labor required for a qualified nonprofit agency to contract with Department of Administrative Services from not less than 75 percent to not less than 60 percent by July 1, 2021. Requires public agency or qualified nonprofit agency that terminates and then enters into successor Qualified Rehabilitation Facility (QRF) contract for janitorial, grounds maintenance, or security services to require successor 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. If successor contractor is not a qualified nonprofit agency, public agency must provide in contract that successor must offer employment to all existing employees who worked 28 hours or more per week under terminated QRF contract. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Relationship of Social Security income and wages earned through employment
- Oregon's "employment first" policy for individuals experiencing disabilities
- How QRF programs create job stability for individuals employed by QRF contractors

EFFECT OF AMENDMENT:

Changes percentage of direct labor required for a qualified nonprofit agency to contract with Department of Administrative Services from not less than 75 percent to not less than 60 percent by July 1, 2021. Requires public agency or qualified nonprofit agency that terminates and then enters into successor Qualified Rehabilitation Facility (QRF) contract for janitorial, grounds maintenance, or security services to require successor 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. If successor contractor is not a qualified nonprofit agency, public agency must provide in contract that successor must offer employment to all existing employees who worked 28 hours or more per week under terminated QRF contract.

BACKGROUND:

Employers who obtain a federal certification are authorized under Oregon and federal law to employ individuals experiencing disabilities at a subminimum wage. Senate Bill 494-A 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 through public contracts continuity of employment opportunities for

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people experiencing disabilities. State and local government agencies are required to purchase products and services from QRFs at prices determined by DAS so 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 hours. Senate Bill 494-A phases in a reduction of direct labor hours to no less than 60 percent employment of persons experiencing disabilities by July 1, 2021.

Under current law, 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-A prohibits BOLI from establishing a subminimum wage for individuals experiencing disabilities.