

SB 494 B STAFF MEASURE SUMMARY

Carrier: Rep. Piluso

House Committee On Business and Labor**Action Date:** 05/13/19**Action:** Do pass with amendments to the A-Eng bill. (Printed B-Eng.)**Vote:** 7-2-2-0**Yeas:** 7 - Barker, Boles, Boshart Davis, Clem, Doherty, Evans, Fahey**Nays:** 2 - Barreto, Bonham**Exc:** 2 - Bynum, Holvey**Fiscal:** Has minimal fiscal impact**Revenue:** Has minimal revenue impact**Prepared By:** Jan Nordlund, LPRO Analyst**Meeting Dates:** 5/6, 5/13**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 by July 1, 2023. Lowers minimum percentage of direct labor performed by individuals with disabilities required for a qualified nonprofit agency receiving government contracting preference 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 or does not renew a contract and then enters into successor contract with a Qualified Rehabilitation Facility (QRF) for janitorial, grounds maintenance, or security services to require successor contractor, for ninety days after entering contract, to offer employment with same or better wages and benefits to existing employees with disabilities who worked 28 hours or more per week under the terminated or nonrenewed contract. Specifies that if successor contractor is not a qualified nonprofit agency, public agency must provide in contract that successor must offer employment with same or better wages and benefits to all existing employees who worked 28 hours or more per week under terminated or nonrenewed QRF contract. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Waning use of Section 14(c) Subminimum Wage Certification Program
- Impact of *Lane v. Kitzhaber (later, Brown)* on how services are provided to individuals with disabilities
- Whether increased wages will result in fewer job opportunities for individuals with disabilities
- Whether wages should be based on abilities and productivity
- Value of individuals with disabilities working alongside individuals who are not disabled
- Use of Work Opportunity Tax Credit
- Whether ratio of hours performed by individuals with disabilities is required for each specific project

EFFECT OF AMENDMENT:

Applies rehire provisions to contracts not renewed in addition to those that are terminated.

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-B requires certified employers to phase in wage increases beginning July 1, 2020, until reaching minimum wage no later than July 1, 2023.

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-B prohibits BOLI from establishing a subminimum wage for

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individuals experiencing disabilities.

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 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 across the organization and for each line of business they provide. Senate Bill 494-B phases in a reduction of direct labor hours to no less than 60 percent employment of persons experiencing disabilities by July 1, 2021.

Current law requires a successor QRF, for the first 90 days of the contract, to offer employment to individuals with disabilities at the same or better wages they received under the prior contract. If the worker is an individual with a disability and worked at least 28 hours per week under the prior contract, benefits as good or better must be offered. Senate Bill 494-B modifies the rehire provisions and extends the rehire provisions to a successor who is not a QRF.