

## ***Transformation to Competitive Integrated Employment Act of 2025***

### **Section 1. Short Title**

This Act may be cited as the *Transformation to Competitive Integrated Employment Act*.

### **Section 2. Table of Contents**

The bill is organized by five titles.

### **Section 3. Purpose**

The purposes of this Act are to: (a) assist current 14(c) certificate holders to transition their business and program models to entities that support individuals with intellectual, developmental, and other significant disabilities to find and retain work in competitive integrated employment; (b) ensure individuals with disabilities, families, local and state governments, and other stakeholders are involved in the transition of 14(c) holder from subminimum wage providers to entities supporting competitive integrated employment; (c) ensure current clients of 14(c) programs transition to competitive integrated employment positions or to positions that support them as needed; (d) identify models and processes for shifting business from using 14(c) certificates to competitive integrated employment and to share that information with other 14(c) certificate holders, state and local entities, and other service providers for those with intellectual, developmental, and other significant disabilities; and (e) support State and local governments as they revise and implement their Olmstead plans and other strategic initiatives to improve competitive integrated employment outcomes through all state systems.

## **TITLE I – COMPETITIVE INTEGRATED EMPLOYMENT TRANSFORMATION GRANT PROGRAMS**

### **Section 101. Program Authorized**

The bill authorizes two competitive grant programs to support states and employers to strengthen and expand their competitive integrated employment service delivery system and the phase out of subminimum wage programs. The Secretary of Labor, through the Office of Disability Employment Policy, will award the grants described under sections 102 and 103 to states and eligible entities to assist 14(c) certificate holders in transitioning their business models to employing and supporting individuals with disabilities by: (a) providing competitive integrated employment, including compensating employees of the employer at a rate that is equal to minimum wage and not less than workers without disabilities are paid for the same work; (b) assisting individuals with disabilities who were employed by 14(c) certificate holders find competitive integrated employment; (c) providing wraparound services for individuals with disabilities; and (d) ensuring those services comply with requirements for home and community-based services under the Home and Community-Based Services (HCBS) final rule published January 16, 2014.

## **Section 102. State Grant Program**

A competitive grant program is authorized for states to undergo systemic change to expand and strengthen their service delivery system to support individuals with disabilities secure and retain jobs in competitive integrated positions. A major focus of the grants will be to assist 14(c) certificate employers to transition to business models that support individuals with disabilities in competitive integrated jobs. The state will be required to identify and describe activities with respect to community integration and competitive integrated employment for people with disabilities. Additionally, the state must establish an advisory panel to assist in the transformation to competitive integrated employment. The panel will include individuals with disabilities and family members with experiences with subminimum wage employment and with competitive integrated employment, an employer who used a 14(c) certificate to pay subminimum wages, competitive integrated employers, non-profit agencies specializing in competitive integrated employment (CIE), a representative from the State developmental disability agency, a representative from the State vocational rehabilitation agency, a representative from an AbilityOne contractor, a representative of the State independent living center network, a representative of the State's Developmental Disability Council, a representative of the State University Center(s) for Excellence in Developmental Disabilities, a representative of the State Medicaid Agency, and representatives from other State agencies and disability organizations and other disability related offices and groups with expertise in competitive integrated employment. Additionally, a state that successfully applies for a grant will need to describe other initiatives the state has undertaken that may influence the ability of individuals to obtain competitive integrated employment. This state grant will give those states ready to make systemic change the needed funds to bring individuals together, prepare the workforce, and provide appropriate training and support. States awarded grants will assure all 14(c) subminimum wage programs in the State will transition to CIE by the end of the grant period. Grants to states cover a 5-year period (with amounts ranging from \$2 million to \$10 million, scaled to address the number of certificate holders and the individuals working under a certificates). States that successfully completed one of the grants described above will be eligible for a 25 percent increase in the state's allotment for supported employment services for individuals with the most significant disabilities.

## **Section 103. Certificate Holder Grant Program**

The second competitive grant program authorizes DOL to provide grants to employers who are located in a state not receiving a state grant, but who want to make the transformation to providing CIE. The funds will go directly to the employers and their partners in order to enable the 14(c) certificate holder to change their business model to provide competitive integrated employment and needed inclusive supports for individuals with disabilities. Employers applying for the grant must provide information regarding their use of special certificates and collaborate with entities, including state and local government entities, that have expertise in supporting individuals with disabilities and transitioning individuals with disabilities to CIE. There will be two cycles of three-year grants to enable employers to transform their business models to employ people with disabilities in competitive, integrated settings. Grants will range from \$100,000 to \$500,000 for the three-year grant period. Employers may only receive a grant for one grant cycle.

## **TITLE II – PHASE OUT OF 14(c) OF THE FAIR LABOR STANDARDS ACT OF 1938**

### **Section 201. Transition to Fair Wages for Individuals with Disabilities**

The bill phases out section 14(c) of the Fair Labor Standards Act of 1938, which enables employers to apply for certificates to pay individuals with disabilities a subminimum wage. This bill provides an approximately 5-year phase out of subminimum wages with gradual increases to reach the federal minimum wage that begin 3 months after enactment and in each successive year until wage equals the minimum wage. As subminimum wages vary based on geographic location and productivity, employers must gradually

increase wages from 60 percent of the minimum wage beginning 6 months after enactment of the Act and up to the full minimum wage beginning 4 years after the first increase.

<b>Transformation Bill Schedule</b>	<b>14(c) Phase out under a \$7.25 minimum wage</b>
<b>60 percent of the wage upon the effective date</b>	\$4.35 per hr.
<b>70 percent of the wage 1 year after the effective date</b>	\$5.08 per hr.
<b>80 percent 2 years after the effective date of the wage in year 3</b>	\$5.80 per hr.
<b>90 percent 3 years after the effective date</b>	\$6.53 per hr.
<b>100 percent 4 years after the effective date</b>	\$7.25 per hr.

#### **Section 202. Prohibition on New Special Certificates; Sunset**

During the phase out, no new certificates may be issued to employers. A sunset is placed on all current certificates after the phase out period described in Section 201.

### **TITLE III – TECHNICAL ASSISTANCE AND DISSEMINATION**

#### **Section 301. Grant Authorized**

The Secretary of Labor is authorized to award a technical assistance and dissemination grant to a non-profit entity. The entity shall provide technical assistance to employers transforming their subminimum wage employment to competitive integrated employment; identify and disseminate public and private sector resources supporting the transition to competitive integrated employment and build replicable strategies for such transition; and to effectively support the transition of programs from 14(c) certificates to competitive, integrated settings. The entity applying for the grant must have knowledge and skills that support the best methods to help any employer seeking to transition to CIE to serve individuals with disabilities, including knowledge regarding integrated services and available federal resources designed to increase competitive integrated employment. The entity must also have demonstrated knowledge and experience collecting, compiling, communicating, and disseminating information about program and systems change for programs serving people with disabilities in order to carry out the dissemination of best practices and lessons learned. The grant award shall be for six years.

### **TITLE IV – REPORTING AND EVALUATION**

#### **Section 401. Impact Evaluation and Reporting**

The Secretary of Labor is required to carry out an evaluation of the impact of the bill with respect to individuals with disabilities. The evaluation will cover the performance of grantees under grants awarded under Title I and actions taken by States and employers to comply with the phase out of the subminimum wage in Title II. The Secretary shall issue an interim report not later than three years after the evaluation begins, and a final report shall be issued not later than 18 months after the final step of the 5-year phase out in Section 201.

**Section 402. Wage and Hour Report**

During each year of the six years of the phase out of 14(c) certificates in Title II, the Secretary of Labor, acting through the Wage and Hour Division, will submit a report to Congress regarding the wages of individuals employed under and transitioning from the special certificates.

**TITLE V – GENERAL PROVISIONS****Section 501. Definitions**

The bill defines several terms by cross-reference to other sections of the U.S. Code and defines the following additional terms:

- Disability
- Integrated community participation and wraparound services or “integrated services”
- Olmstead decision
- Olmstead plan
- Secretary
- State

**Section 502. Authorization of Appropriations**

There are authorized to be appropriated to carry out this act \$300,000,000 for fiscal years 2024 through 2029. Additionally, states successfully completing a grant under Sec. 102 shall receive a 25 percent increase in Supported Employment appropriations for five years following successful completion of the grant.