



NASDDDS

# PERSPECTIVES

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## Management of Sub-Minimum Wage Program Criticized by GAO

In a report released in early September, the General Accounting Office (GAO), the study arm of Congress, accused the U.S. Labor Department (DOL) of ineffectively managing the special minimum wage program for persons with disabilities. The report is based on a yearlong study of special minimum wage certificates issued by the department's Wage and Hour Division (WHD).

**Nature and Scope of the Program.** GAO estimates that during the past calendar year 5,600 employers, nationwide, paid special minimum wages to about 424,000 workers with disabilities. Section 14(c) of the Fair Labor Standards Act (FLSA) authorizes DOL/WHD to issue special minimum wages certificates to employers of persons with physical or mental disabilities that seriously impair the individual's

earning capacity. About 84 percent of employers that hold Section 14(c) certificates are specialized work centers for people with disabilities. The remainder are either private businesses (9%) or hospitals/residential care facilities (7%).



On average, GAO found, work centers employ 86 workers at special certificate wage rates. Work centers typically employ such workers in service sector jobs, such as ground maintenance and light assembly work, as well as providing them with a range of support services designed to help such workers to perform their jobs, such as transportation and close on-the-job supervision.

GAO estimates that 74 percent of workers who are paid special minimum wages by work centers have mental retardation or another developmental disability as their primary disabling condition; 46 percent have multiple disabilities. More than half of the workers employed under Section 14(c) certificates earn \$2.50 an hour or less. Eighty-six percent of 14(c) workers are employed on a part-time basis.

Although the goal of work centers usually is to prepare such workers for employment in non-sheltered setting, there is relatively little movement among 14(c) employees. Last year, according to the statistics gathered by GAO, only about five percent of 14(c) work-

### - Inside This Issue -

Constitutional Test of Capitol Punishment .....	2
NGA Calls for Delay in HIPAA Implementation .....	3
Suit Filed in Houston .....	3
ADA Case Dismissed .....	4
Current, Former Officials Tangle .....	4
HHS Issues Managed Care Rule .....	5
HHS Responds to National Emergency .....	6
INSIDE WASHINGTON .....	7

(GAO continued on page 6)

(GAO continued from page 1)

ers left work centers to take jobs in the community earning either at or above the minimum wage or at a special sub-minimum wage; another four (4) percent remained in the work center but were promoted to a job where their earnings were at or above the minimum wage. More than half of 14(c) workers have been employed by a work center for live years or more; and some individuals have been working in such centers for over twenty years.

**Conclusions and Recommendations.** The GAO study team concluded that the Labor Department has not effectively managed the Section 14(c) certificate program. The department lacks the data it needs to determine the resources that are necessary to ensure employer compliance. GAO found that frequently past reviews of 14(c) certificate applications and investigations of employers have been inaccurate. DOL does not compile data on the resources it devotes to the program or the extent to which employers are complying with the provisions of Section 14(c), including whether 14(c) workers are being underpaid.

To improve the management of the program, the report recommends that DOL/WHd analyze the data needed to properly manage the program and determine the resources that should be allocated to the program. To improve employer compliance, GAO recommends that the department "... systematically investigate 14(c) employers, follow up when employers do not respond to its [certificate renewal] notices, ... and train and provide guidance to Labor staff and 14(c) employers on program requirements."

In its comments on a draft version of the report, the Labor Department generally agreed with the GAO team's recommendations and furnished details on the actions that are being taken to improve the management of the program.

**FMI:** The text of GAO's report entitled, *Special Minimum Wage Program: Centers Offer Employment and Support Services to Workers with Disabilities, But Labor Should Improve Oversight*, can be accessed at <http://www.gao.gov>. Search for GAO-01-886, dated September 2001.

## HHS Responds to National Emergency

The U.S. Department of Health and Human Services (HHS) began within minutes to mobilize its response to extraordinary devastation left in the wake of the terror! September 11 attacks on New York City and Washington D.C. In an address to all 63,000 employees of the department the following morning, HHS Secretary Tom Thompson promised that the agency would "go out on all ways to make sure those who need help get it promptly with the compassion that epitomizes the public servant of this great department."

With teams on the ground and participating in the recovery efforts by the afternoon of the attack, HHS' responsibilities include:

- Coordinating emergency medical relief to affected areas working through the Office of Emergency Preparedness
- Deploying health officers of the Public Health Service Commission Corps as needed to address emergencies
- Furnishing technical assistance and medical supplies to state and local health departments and the Centers for Disease Control and Prevention;
- Providing grief counseling and mental health assistance through the Substance Abuse and Mental Health Services Administration;
- Overseeing blood quality and availability through the Food and Drug Administration;
- Maintaining uninterrupted services and reimbursement for services through the Centers for Medicare and Medicaid Services; and
- Furnishing services through other HHS operating divisions

"By doing our jobs," Thompson told HHS employees, "we deprive terrorists of victory. We show them that American faith in itself cannot be destroyed by an attack against our institutions."