

The Relationship Between Supported Employment Status and Minimum Wage for Vocational Rehabilitation Integrated Employment Closures in 2004

Some VR customers earn less than minimum wage despite being closed successfully, i.e., exiting Vocational Rehabilitation (VR) services into an integrated employment setting. Section 14(c) of the Fair Labor Standards Act allows employers to pay less than the minimum wage to a person whose disability impairs their capacity to be productive at a particular job. People in supported employment are more likely to have a disability that makes them eligible for Section 14(c) minimum wage exemption. How do wages for customers in supported employment compare to those earned by other customers?

In 2004, the percentage of successful VR closures in supported employment making below minimum wage was much higher than the percentage for VR closures not in supported employment. Given the disability characteristics mentioned above, this is not surprising. Of the nearly 5000 closed supported employment employees earning below minimum wage, most made less than their state's binding minimum wage but more than the federal minimum of \$5.15 an hour. Almost 7% of all supported employment closures (1483 individuals) earned less than the federally mandated minimum wage.

Successful VR Closures Above and Below Minimum Wage*

| | | Above minimum wage | Below minimum wage | Total |
|--------|---|--------------------|--------------------|---------|
| Not SE | # | 173,318 | 10,232 | 183,550 |
| | % | 94.4 | 5.6 | 100.0 |
| SE | # | 17,337 | 4,955 | 22,292 |
| | % | 77.8 | 22.2 | 100.0 |
| Total | # | 190,655 | 15,187 | 205,842 |
| | % | 92.6 | 7.4 | 100.0 |

* Figures were adjusted to account for varying state minimum wages.

Source: RSA-911 data for 2004.

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