

Why GAO Did This Study

The 14(c) program originated from a provision of the Fair Labor Standards Act of 1938. Almost 40,000 people with disabilities were working under 14(c) certificates as of November 2024. Proposed federal legislation to eliminate the use of 14(c) certificates has raised questions about what happens to people when the program is eliminated.

GAO was asked to review the effects of eliminating the use of 14(c) certificates on 14(c) workers. This report examines (1) which states have eliminated the use of 14(c) certificates and are collecting outcome data on former employees, (2) post-14(c) employment outcomes in two selected states, and (3) the views of people who previously worked in 14(c) employment and their caregivers in selected states about the transition away from 14(c) employment.

GAO selected a nongeneralizable sample of two states, selected in part because they collected multiple years of relevant data. In Colorado, GAO analyzed data on former 14(c) workers from July 2021 to February 2024. In Oregon, GAO analyzed data on former 14(c) workers from July 2014 to April 2024. GAO also conducted in-person interviews with a nongeneralizable sample of 19 individuals from these two states who previously worked in 14(c) employment and their caregivers, selected to represent a range of experiences with the transition out of 14(c) employment in rural and urban settings.

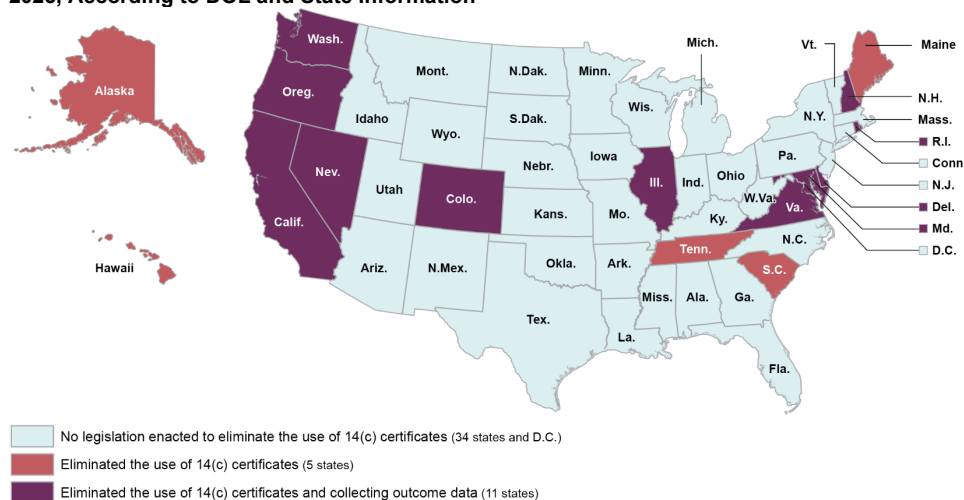
SUBMINIMUM WAGE PROGRAM

Employment Outcomes and Views of Former Workers in Two States

What GAO Found

As of January 2025, 16 states have enacted legislation to eliminate the use of 14(c) certificates, according to the Department of Labor (DOL) and state officials. DOL can grant these certificates to employers to pay wages below the federal minimum to certain individuals with disabilities. These states enacted legislation between 2015 and 2025, according to DOL and state officials.

States That Have Enacted Legislation Eliminating the Use of 14(c) Certificates as of January 2025, According to DOL and State Information



Source: GAO analysis of information received from Department of Labor (DOL) and state officials and available on state websites; United States Geological Survey (map). | GAO-25-106471

GAO's analysis of data from two selected states that eliminated the use of 14(c) certificates—Colorado and Oregon—provides a partial picture of outcomes in those states. As of 2023 (the most recent data available), fewer than half of the approximately 1,000 people these states were able to track had moved from 14(c) to some other type of employment. This included competitive integrated employment (CIE), which entails earning a competitive wage at or above the federal minimum alongside people without disabilities. The remaining 54 to 61 percent of people the states were able to track were not working but were receiving non-employment services funded by Medicaid, such as day services to build socialization and daily living skills. Both states were not able to easily track outcomes for people who no longer received Medicaid services. Those individuals may or may not be working; may have chosen to retire; may have lost eligibility; or may no longer be living, according to state officials.

People who previously worked in 14(c) employment and their caregivers in the selected states discussed positive and challenging experiences related to 14(c) employment and CIE. For both types of employment, more interview participants discussed positive experiences than challenging ones. For instance, people frequently cited liking the tasks they completed and the interpersonal relationships they had in both 14(c) employment and CIE. People also discussed a range of experiences with their transition out of 14(c) employment, such as opportunities for new social connections and challenges related to finding CIE.