



Fact Sheet

COMMITTEE ON EDUCATION & LABOR

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The Hon. Robert C. "Bobby" Scott • Chairman

Transformation to Competitive Employment Act

The *Transformation to Competitive Employment Act* provides states, services providers, subminimum wage certificate holders, and other agencies with the resources they need to create competitive integrated employment service delivery models and the inclusive wraparound services that some individuals with disabilities will need. This legislation is designed to strengthen and enhance the disability employment service delivery systems throughout the states while the subminimum wages that are currently allowed under Section 14(c) of the *Fair Labor Standards Act* are phased out over a six-year period.

To reach the goal of improving and expanding the service delivery system to support individuals with disabilities in work settings, this legislation will:

- **Create a competitive state grant program** to assist states to transition all 14(c) certificate holders to models that support competitive, integrated employment for individuals with disabilities. States will be able to apply for these transformation grants and must establish an advisory committee that includes employers, organizations specializing in employment for individuals with disabilities, Medicaid agencies, AbilityOne contractors, individuals with disabilities, and vocational rehabilitation agencies.
- **Create a competitive grant program for current 14(c) certificate holders**, located in states that do not apply for the state grant, to transition their business models to support individuals with disabilities in competitive, integrated employment.
- **Immediately freeze the issuance of any new 14(c) certificates** by the Department of Labor (DOL), and phase out the use of existing 14(c) certificates over 6 years until employees are paid the federal minimum wage.
- **Establish a technical assistance (TA) center to support all entities**, even those not receiving the transformation grants, to transition to competitive integrated employment. The TA center, which will be funded by DOL, is tasked with disseminating information about best practices, lessons learned, and models for transition to all entities transitioning to competitive, integrated employment.
- **Require reporting and evaluation** on the progress of creating and expanding the service delivery structure to support workers with disabilities in competitive integrated settings and the inclusive wraparound services they receive when not working. States and 14(c) certificate holders will also be required to report on their grant activities, evaluate changes in employment for individuals with disabilities, report average wage information, and evaluate employer actions taken to comply with the phase out of 14(c) and transformation grants.