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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 262

02/10/2025 Authored by Hanson, J.; Curran; Hicks; Moller; Fischer and others
The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to human services; prohibiting subminimum wages for persons with
1.3 disabilities; appropriating money for MnCHOICES system enhancements;
1.4 amending Minnesota Statutes 2024, sections 177.24, by adding a subdivision;
1.5 252.44; 256B.4906.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2024, section 177.24, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 6. Special certificate prohibition. (a) On or after August 1, 2025, employers
1.10 must not hire any new employee with a disability at a wage that is less than the highest
1.11 applicable minimum wage, regardless of whether the employer holds a special certificate
1.12 from the United States Department of Labor under section 14(c) of the federal Fair Labor
1.13 Standards Act.

1.14 (b) On or after August 1, 2027, an employer must not pay an employee with a disability
1.15 less than the highest applicable minimum wage, regardless of whether the employer holds
1.16 a special certificate from the United States Department of Labor under section 14(c) of the
1.17 federal Fair Labor Standards Act.

1.18 Sec. 2. Minnesota Statutes 2024, section 252.44, is amended to read:

1.19 252.44 LEAD AGENCY BOARD RESPONSIBILITIES.

1.20 When the need for day services in a county or tribe has been determined under section
1.21 252.28, the board of commissioners for that lead agency shall:

2.1 (1) authorize the delivery of services according to the support plans and support plan
 2.2 addendums required as part of the lead agency's provision of case management services
 2.3 under sections 256B.0913, subdivision 8; 256B.092, subdivision 1b; 256B.49, subdivision
 2.4 15; and 256S.10 and Minnesota Rules, parts 9525.0004 to 9525.0036;

2.5 (2) ensure that transportation is provided or arranged by the vendor in the most efficient
 2.6 and reasonable way possible; ~~and~~

2.7 (3) monitor and evaluate the cost and effectiveness of the services;

2.8 (4) ensure that on or after August 1, 2025, employers do not hire any new employee at
 2.9 a wage that is less than the highest applicable minimum wage, regardless of whether the
 2.10 employer holds a special certificate from the United States Department of Labor under
 2.11 section 14(c) of the federal Fair Labor Standards Act; and

2.12 (5) ensure that on or after August 1, 2027, any day service program, including county,
 2.13 Tribal, or privately funded day services, pay employees with disabilities the highest applicable
 2.14 minimum wage, regardless of whether the employer holds a special certificate from the
 2.15 United States Department of Labor under section 14(c) of the federal Fair Labor Standards
 2.16 Act.

2.17 Sec. 3. Minnesota Statutes 2024, section 256B.4906, is amended to read:

2.18 **256B.4906 SUBMINIMUM WAGES IN HOME AND COMMUNITY-BASED**
 2.19 **SERVICES REPORTING; PROHIBITION.**

2.20 Subdivision 1. Subminimum wage outcome reporting. (a) A provider of home and
 2.21 community-based services for people with developmental disabilities under section 256B.092
 2.22 or home and community-based services for people with disabilities under section 256B.49
 2.23 that holds a credential listed in clause (1) or (2) as of August 1, 2023, must submit to the
 2.24 commissioner of human services data on individuals who are currently being paid
 2.25 subminimum wages or were being paid subminimum wages by the provider organization
 2.26 as of August 1, 2023:

2.27 (1) a certificate through the United States Department of Labor under United States
 2.28 Code, title 29, section 214(c), of the Fair Labor Standards Act authorizing the payment of
 2.29 subminimum wages to workers with disabilities; or

2.30 (2) a permit by the Minnesota Department of Labor and Industry under section 177.28.

2.31 (b) The report required under paragraph (a) must include the following data about each
 2.32 individual being paid subminimum wages:

- 3.1 (1) name;
- 3.2 (2) date of birth;
- 3.3 (3) identified race and ethnicity;
- 3.4 (4) disability type;
- 3.5 (5) key employment status measures as determined by the commissioner; and
- 3.6 (6) key community-life engagement measures as determined by the commissioner.

3.7 (c) The information in paragraph (b) must be submitted in a format determined by the
3.8 commissioner.

3.9 (d) A provider must submit the data required under this section annually on a date
3.10 specified by the commissioner. The commissioner must give a provider at least 30 calendar
3.11 days to submit the data following notice of the due date. If a provider fails to submit the
3.12 requested data by the date specified by the commissioner, the commissioner may delay
3.13 medical assistance reimbursement until the requested data is submitted.

3.14 (e) Individually identifiable data submitted to the commissioner under this section are
3.15 considered private data on individuals as defined by section 13.02, subdivision 12.

3.16 (f) The commissioner must analyze data annually for tracking employment and
3.17 community-life engagement outcomes.

3.18 (g) This subdivision expires August 1, 2027.

3.19 Subd. 2. **Prohibition of subminimum wages.** Effective August 1, 2027, providers of
3.20 home and community-based services are prohibited from paying a person with a disability
3.21 wages below the state minimum wage pursuant to section 177.24 or below the prevailing
3.22 local minimum wage on the basis of the person's disability. A special certificate authorizing
3.23 the payment of less than the minimum wage to a person with a disability issued pursuant
3.24 to a law of this state or to a federal law is without effect as of August 1, 2027.

3.25 **Sec. 4. APPROPRIATION; MNCHOICES SYSTEM ENHANCEMENTS.**

3.26 \$38,000 in fiscal year 2026 and \$75,000 in fiscal year 2027 are appropriated from the
3.27 general fund to the commissioner of human services to carry out MnCHOICES system
3.28 enhancements to embed employment-related materials into the MnCHOICES application.
3.29 The base for this purpose is \$75,000 in fiscal year 2028.