



# Georgia Ends Subminimum Wage for Workers with Disabilities: What Employers Need to Know About the New State Law

Insights

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Georgia will no longer allow employers to use 14(c) certificates issued by the US Department of Labor (DOL) to pay certain workers with disabilities below the \$7.25 federal minimum wage. The state's Dignity and Pay Act, which took effect July 1, immediately banned subminimum wages for employers who did not already hold a DOL certificate and will phase out the practice by July 2027 for employers that did. Here's what you need to know to comply.

## Quick Background

### *The Federal 14(c) Program*

- **Overview.** Section 14(c) of the Fair Labor Standards Act allows employers to pay certain workers with disabilities less than the federal minimum wage. To participate in this program, aimed at expanding employment opportunities for individuals with disabilities, employers must obtain a certificate from the DOL's Wage and Hour Division (WHD).
- **Workers Covered.** Section 14(c) applies to workers whose earning or productive capacity is actually impaired by a physical or mental disability, including those related to age or injury. Disabilities that may affect productive capacity include blindness, mental illness, developmental disabilities, cerebral palsy, alcoholism, and drug addiction.
- **Subminimum Wage Amounts.** A [2023 report](#) by the US Government Accountability Office (GAO) found that more than half the workers it reviewed in the program between 2019 and 2021 were earning less than \$3.50 an hour, and some earned as little as 25 cents an hour or even less.
- **Certificate Types.** The 14(c) program provides specific rules for each of these types of establishments: (1) community rehabilitation programs (CRP) or work centers; (2) hospital or residential care facilities (patient workers); (3) school-work experience programs; and (4) for-profit businesses. Learn more [here](#) (WHD Fact Sheet).
- **Proposed Phaseout.** The WHD issued a [proposed rule](#) in December that would phase out the 14(c) program, after determining that "subminimum wages are no longer necessary to prevent the curtailment of employment opportunities for individuals with disabilities." Here are [six things employers need to know](#) (FP insight).

### *Georgia's History in the Program*

- **State Program.** Georgia law once authorized the Commissioner of Labor to exempt employers from paying the state's minimum wage to certain workers with disabilities. Like the 14(c) program, the state program intended to promote the employment of individuals who "cannot otherwise compete effectively in the labor market."
- **State Minimum Wage.** Because Georgia's minimum wage is lower than the \$7.25 per hour, employers in the state have had to use the federal program to legally pay workers with disabilities less than the federal minimum wage.
- **Certificate Types.** The state exclusively uses 14(c) certificates, which are held by employers known as Community Rehabilitation Providers (CRPs). Data from the WHD reflects that, as of July 1, seven CRPs in Georgia hold 14(c) certificates, collectively employing around 172 individuals who are paid subminimum wages.

### ***The Debate Over Subminimum Wages***

Proponents describe Section 14(c) as a bridge to employment for those with the most significant support needs, while opponents view it as discriminatory and exploitative. These concerns have prompted a national trend toward phasing out the program. Since 2015, 16 states have eliminated subminimum wage employment, according to GAO.

"Paying employees with disabilities less than minimum wage is an outdated and unfair practice that has no place in our state. This new law guarantees that regardless of ability, every Georgian is compensated fairly for their work," said State Senator Billy Hickman, a sponsor of the Dignity and Pay Act.

### **What's Changing in Georgia?**

Gov. Brian Kemp signed a bill (SB 55) into law on May 1 that prohibits employers from utilizing Section 14(c) certificates to pay employees less than the federal minimum wage. It also repeals the state law that authorized the state to implement a similar program. Below is a snapshot of what's changing under the new law.

- **No New Certificates.** Georgia employers may not utilize 14(c) certificates issued after July 1.
- **Phaseout of Certificates Obtained Before July 1.** Georgia employers that hold 14(c) certificates issued on or before July 1 (which includes seven CRPs, as mentioned above) may continue to utilize them subject to restrictions until the program is completely phased out in 2027.
- **Phaseout Restrictions.** Employers subject to the phaseout rules must pay workers with disabilities at least half the federal minimum wage from July 1, 2026, to the earlier of June 30, 2027, or the date on which their certificate expires. After that, use of the program will be completely prohibited in Georgia – meaning all employers must pay all workers with disabilities at least the federal minimum wage. These employers should prepare by assessing the potential impact on their employees, budget, and operations.

## Conclusion

If you have any questions about the impact of this new law, please contact your Fisher Phillips attorney, the authors of this insight, any attorney in our [Atlanta office](#), or any attorney in our [Wage and Hour Practice Group](#). Make sure you are subscribed to the [Fisher Phillips Insight System](#) to get the most up-to-date information.

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