



April 24, 2015

Dear Certificate Holder:

This letter provides you with important information to help you comply with the requirements of section 14(c) of the Fair Labor Standards Act (FLSA). The Wage and Hour Division (the Division) of the U.S. Department of Labor (the Department) is responsible for the administration and enforcement of the provisions of section 14(c). As you know, section 14(c) permits the payment of subminimum wage rates, after receipt of a certificate by the Department, to individuals whose earning or productive capacity is impaired by a disability for the work to be performed. It requires that an individual's rate of pay be commensurate with the rates paid workers without a disability performing the same type of work in the same vicinity.

#### **Launch of the Section 14(c) Online Calculators**

We are excited to announce the launch of the Section 14(c) Online Calculators. These calculators are an online, web-based tool designed to help you accurately calculate the appropriate subminimum wage rates consistent with the Division's regulations at 29 C.F.R. part 525. Although use of the online calculators is optional, we expect that they will reduce errors in section 14(c) calculations and help you accurately determine the correct prevailing wages, piece rates, and hourly wage rates, as well as increases to prevailing wage rates that may result from increases to the Federal or state minimum wage rate. In total, the Division has created thirteen online calculators to assist you with these critical calculations.

The Section 14(c) Online Calculators are accessible from our website at: <http://www.dol.gov/whd/sec14c/calculators/>. Additionally, the Division is currently developing an *Online Calculator User Guide* which will provide more detailed information about how each calculator works. This *User Guide* will be posted to our website soon.

While the online calculators are designed to aid employers in producing accurate wage rates, they are compliance assistance tools and do not change the section 14(c) regulations or any certification requirements. Further, ***the conclusions reached by the calculators rely on the accuracy of the data provided by the user.*** They do not provide assistance in determining whether the criteria for section 14(c) coverage are satisfied and may not be an appropriate tool for determining section 14(c) wages in every possible situation encountered in the workplace. Employers remain independently responsible for determining whether the wage rates that they pay are in compliance with Federal law.

### **Publication of Section 14(c) PowerPoint Presentation**

In addition to the online calculators, we have posted, for the first time, a PowerPoint presentation that provides a general overview of section 14(c) and other requirements for certificate holders. This presentation is accessible by the public at: <http://www.dol.gov/whd/sec14c/14c-presentation.ppt> and may be useful, for example, when training staff on the requirements of the section 14(c) provisions.

### **Section 14(c) Regional Seminars**

For the fourth year, the Division is hosting one-day section 14(c) seminars throughout the country for certificate holders, advocates, workers, and other interested parties. These seminars provide training that covers topics such as the certification process, performing prevailing wage surveys, and conducting time studies. We encourage you to watch for the release of the upcoming seminar dates and locations on our seminar registration page at: [http://www.dol.gov/whd/specialemployment/FreeSeminar\\_Section14c.htm](http://www.dol.gov/whd/specialemloyment/FreeSeminar_Section14c.htm).

### **New Laws Relevant to the Section 14(c) Program**

In addition to these new resources, two recent laws that may affect section 14(c) program certificate holders and workers are President Obama's Executive Order 13658 and the Workforce Innovation and Opportunity Act.

Executive Order 13658, "Establishing a Minimum Wage for Contractors," was signed by the President on February 12, 2014. This Order establishes a minimum wage to be paid to workers performing on or in connection with new covered contracts with the Federal Government that result from solicitations issued on or after January 1, 2015, or that are awarded outside the solicitation process on or after January 1, 2015. The Executive Order minimum wage rate is \$10.10 per hour beginning January 1, 2015 and may be increased annually based on inflation. Workers covered by this Executive Order and generally due the full Executive Order minimum wage for time spent performing on or in connection with covered contracts include workers with disabilities whose wages are calculated under a 14(c) certificate. More information on the Executive Order, including a fact sheet outlining the applicability of the Executive Order to covered section 14(c) certificate holders and workers, can be found at <http://www.dol.gov/whd/flsa/eo13658>.

On July 22, 2014, the President signed the Workforce Innovation and Opportunity Act (WIOA) to help job seekers access employment, education, training, and support services necessary to succeed in the labor market, and to help match employers with the skilled workers they need to compete in the global economy. WIOA addresses the use of 14(c) certificates by emphasizing services that help prepare individuals with disabilities, particularly youths with disabilities, for competitive, integrated employment. WIOA's provisions affecting 14(c) certificate holders and workers take effect on July 22, 2016.

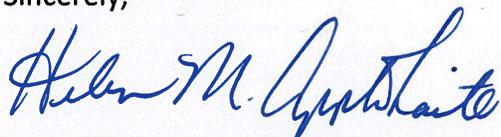
On April 16, 2015, the Departments of Labor and Education announced the publication of five notices of proposed rulemaking (NPRM) related to WIOA. Included among these notices, the

Department of Education proposes to implement changes to the State Vocational Rehabilitation Services and State Supported Employment Services programs, authorized under the Rehabilitation Act of 1973, contained in title IV of WIOA, and to implement the provisions of new section 511 related to limitations on the use of subminimum wages within the purview of the Department of Education. Employers, workers, and other interested members of the public are encouraged to read and share their comments on any of the proposed rules by submitting their views via <http://www.regulations.gov/>.

***Employers remain responsible for compliance with all applicable labor laws***, not only the FLSA and Executive Order mentioned above, but also other Federal laws, including the Americans with Disabilities Act, the Rehabilitation Act, and applicable state or local requirements. The Wage and Hour Division is here to assist you in meeting your compliance obligations with the Federal 14(c) program and to ensure that workers employed under 14(c) certificates receive the full protections of the FLSA. Compliance matters and we want to ensure that you have the tools and resources you need to meet your obligations under the law.

I hope this information is helpful to you and that we see you at a Wage and Hour Division 14(c) seminar in the coming months.

Sincerely,



Helen M. Applewhaite, Branch Chief  
Family and Medical Leave Act and Other Labor Standards  
Wage and Hour Division  
United States Department of Labor

Enclosures