

Subminimum Wage Certificates

A report prepared by

The Department of Labor & Industries

and

The Department of Social and Health Services



2025 Annual Report to the Legislature

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Executive Summary

Introduction

The 2021 Washington State Legislature ended the practice of allowing workers with a disability to earn less than minimum wage. Engrossed Substitute Senate Bill (ESSB) 5284, enacted that year, also eliminated new certificates issued by the Department of Labor & Industries (L&I) for any employer allowing sub-minimum wages to be paid in Washington state after July 31, 2023, and phased out existing certificates.

Certificates that were active as of July 31, 2023, remained in effect until the listed expiration date. The Legislature also directed L&I to notify employers, employees, legal guardians, or other authorized representatives regarding their certificates' expiration dates and allow employers to request a one-time, one-year extension.

L&I and the Department of Social and Health Services (DSHS) were tasked with providing the Legislature with annual updates on the remaining subminimum wage certificates. This report marks the fifth and final submission, as there are no longer any active certificates.

2025 Status Update

At the beginning of fiscal year (FY) 2025, there were 15 active certificates allowing payment of subminimum wage issued to employers of workers with a disability. The final certificate expired Feb. 28, 2025.

DSHS has informed all subminimum wage certificate holders of the law change and the services DSHS offers. As of June 2025, no DSHS clients hold subminimum wage certificates or are earning subminimum wages. DSHS Developmental Disabilities Community Services (DDCS) contacted two clients and offered assistance in areas such as individual employment, assistive technology, and community inclusion to help them engage more fully in their communities.

According to DSHS Division of Vocational Rehabilitation (DVR) records, during FY 2025, no referrals were received for DSHS DVR career counseling, information, and referral services for subminimum wage workers.

The two agencies executed a data-sharing agreement that compares the workers receiving services through DSHS DDCS and those who are working under a subminimum wage certificate issued by L&I. The data-sharing agreement ends with the expiration of the last subminimum wage certificate.

On a related note, DSHS has realigned its organization to provide better access, support, care, and resources for clients and their families. Titled Reimagine DSHS, this strategic initiative aims to simplify client interactions, make operations more efficient, and foster stronger collaboration.

As part of the Reimagine initiative, Developmental Disabilities Administration is now the Developmental Disabilities Community Services (DDCS) division and a part of the Home and Community Living Administration (HCLA). HCLA coordinates home- and community-based services that support clients in their own environments. It merges key functions from the community side of the Developmental Disabilities Administration and the Aging and Long-Term Support Administration. HCLA will build on each administration's core strengths and align them to streamline process improvements to best serve DSHS' clients and support staff.

Introduction

Washington’s Minimum Wage Act, passed in 1959, required most workers to be paid at least minimum wage for all hours worked. The law allowed several exceptions, specifically authorizing L&I to issue certificates so certain employers could pay less than minimum wage to learners, apprentices, messengers, and workers with a disability.

In 1960, L&I enacted rules to administer and enforce the law. Those rules allowed employers to request certificates to pay less than minimum wage to workers with a disability. These rules were untouched until 2017, when the law was amended to use “people-first” language during regulatory cleanup efforts stemming from Initiative 1433.

The next change to this law related to paying workers with disability less than minimum wage came in 2019 when the Legislature restricted state agencies from paying such workers less than the minimum wage under a certificate. Existing certificates for these employees expired June 30, 2020.

The 2021 Washington State Legislature extended these restrictions to all employers of workers with a disability and prohibited L&I from issuing new certificates after July 31, 2023.

Certificates are typically issued for a two-year period. For example, a certificate issued just prior to the last date certificates may be issued, July 30, 2023, could continue until July 30, 2025. Under the law, employers may also request a one-time, one-year extension for certificates for workers eligible for services from DSHS DDOS. Therefore, the last date that a worker could potentially continue to be paid less than minimum wage is July 31, 2026 — but only if that worker continued to work under a valid certificate and was eligible to receive services from DDOS. No employer requested an extension, so all remaining certificates are now expired.

The law further requires L&I to notify employers, employees, legal guardians, and/or other authorized representatives regarding the expiration date for each certificate and the employer’s right to request an extension. L&I must provide this notification to the parties 90 days prior to the expiration of each certificate.

Finally, the Legislature required L&I and DSHS to report on the remaining certificates for workers with a disability annually beginning in 2021. The agencies must report how many workers with a disability had expired certificates, lost their jobs, and requested DSHS services. L&I and DSHS must also report how many workers continue to be employed after their certificate’s expiration. That information is below.

The two agencies submit this final report now that all certificates have expired.

2025 Discussion and Update

Under ESSB 5284, the Legislature directed L&I and DSHS to prepare an annual report until all remaining certificates for workers with a disability expire. The annual report must contain three key components:

- the number of certificates remaining;
- the number of individuals working under a certificate who have contacted DSHS DDCS to receive individual technical assistance or other services, and a list of services provided; and
- the number of individuals who continue to be employed after the expiration date of their certificate, and a description of any services or assistance provided to these individuals by DSHS DDCS or DVR.

The two agencies offer the following information in response to the legislative requirement.

As shown in Figure 1, at the beginning of FY 2025, there were 15 active certificates issued to employers of workers with a disability. These certificates were held by one employer. The final certificate expired Feb, 28, 2025. There are no remaining subminimum wage certificates active in Washington state. Also, there are no DDCS clients with subminimum wage certificates and no DDCS clients earning subminimum wage.

During FY 2024 and FY 2025, DSHS DVR received no referrals for career counseling, information, and referral services for subminimum wage workers. Upon referral from an entity employing individuals at subminimum wage, DSHS DVR is required — under the Workforce Innovation and Opportunity Act of 2014 — to provide services to people with disabilities (or their representative as appropriate), regardless of age, who are employed at subminimum wage so that such individuals have the opportunity to pursue competitive integrated employment if they wish to do so.

During FY 2021 through FY 2023, DSHS DVR reported annually the number of referrals received — and out of those referrals, the number of individuals who were provided with career counseling, information, and referral services for subminimum wage workers. At the time, DSHS DVR did not have the information to indicate if those individuals continued to be employed after the expiration date of special certificates issued by L&I. Individuals could also sign a refusal of services form; may not have participated due to extenuating circumstances; or may have participated in a career counseling, information, and referral services session but did not complete the required documentation.

DSHS DVR career counseling, information, and referral services for subminimum wage workers sessions provided career counseling on:

- employment that paid at least the state or local minimum wage;

- opportunities for career advancement;
- employment working with people without disabilities with support in customized jobs; and
- referral services about DSHS DVR and other programs available in their community that offer services and support for people who are seeking higher-paying jobs.

As of June 2025, there are no DDCCS clients with subminimum wage certificates, and there are no DDCCS clients earning subminimum wage. There are 12 DDCCS clients whose subminimum wage certificates have expired. Here is what they are doing now:

(Please note that the total exceeds 12 because some clients fall into more than one category.)

- Six are making Washington state minimum wage or higher (employment with the support of DDCCS and/or DVR).
- Two individuals are involved in DDCCS Community Inclusion. Community Inclusion services help individuals connect with their communities.
- Four individuals are involved in both DDCCS Community Inclusion and Supported Employment services. Supported Employment services help an individual find and maintain a job.
- Two DDCCS clients are receiving Supported Employment Services.
- Four are no longer making less than minimum wage and do not have a DDCCS-funded Supported Employment or Community Inclusion service.
 - Some of these individuals chose to leave service due to emotional health struggles.
 - One individual is on the No-Paid Services caseload, and one individual is receiving Community Engagement. The No-Paid Services caseload is when a client is DDCCS-eligible but does not receive any DDCCS services. Community engagement is a DDCCS waiver service that connects a client to community support services, resources, and activities to help the client fully access their community for daily-living needs to reduce social isolation.

For the 12 individuals whom DDCCS is tracking in this process, two clients have seen a reduction in their waiver service hours; of those two, one saw a reduction in service hours for supported employment. Some clients have also gained waiver service hours in one program or another at this time. Two clients saw an increase in employment support hours. A reduction in hours is not a reflection of a lack of support; rather, it is a change in an individual's person-centered plan.

DDCCS documented that two DDCCS clients contacted DDCCS for technical assistance or services between July 2024 and June 2025. All requests have been acted upon. DDCCS has contacted all DDCCS clients with subminimum wage certificate holders in relation to services offered by DDCCS.

Figure 1 shows the number of workers with active subminimum wage certificates from L&I and the number of employers holding those certificates.

Figure 1: Number of Active Certificates for Workers with a Disability

Fiscal Year (July 1 through June 30)	Number of Certificates Remaining	Number of Employers With Certificates
2026	0	0
2025	15	1
2024	54	4
2023	63	7
2022	126	6
2021	174	11

Source: L&I Employment Standards Program

Figure 2 shows services the 12 DDCCS clients whose subminimum wage certificates have expired as of June 2025 are receiving. Please note that clients may appear in multiple status categories.

Figure 2: DDCCS Client Data with Subminimum Wage Contracts July 2024 – July 2025

Status	Goodwill
DDCCS clients with subminimum wage certificates	0
DDCCS clients earning subminimum wage	0
DDCCS clients earning minimum wage or better	6
DDCCS clients receiving community inclusion services	2
DDCCS clients receiving individual employment services	1
DDCCS clients receiving concurrent services	4
DDCCS clients receiving group supported employment services	1
DDCCS clients receiving no employment or day services	4
DDCCS clients who contacted DDCCS for services	2
DDCCS clients whose DDCCS employment support hours increased	2
DDCCS clients who experienced reduction of any kind in waive services	2

Source: Department of Social and Health Services

Conclusion

Beginning FY 2025, there were 15 subminimum wage certificates issued for one employer. The final certificate expired Feb. 28, 2025. There are no remaining subminimum wage certificates.

The two agencies submit this final report now that all certificates have expired.