

119TH CONGRESS
1ST SESSION

S. 2438

To assist employers providing employment under special certificates issued under section 14(c) of the Fair Labor Standards Act of 1938 in transforming their business and program models to models that support people with disabilities through competitive integrated employment, to phase out the use of such special certificates, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 24, 2025

Mr. VAN HOLLEN (for himself, Mr. DAINES, Mrs. GILLIBRAND, and Mrs. BLACKBURN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To assist employers providing employment under special certificates issued under section 14(c) of the Fair Labor Standards Act of 1938 in transforming their business and program models to models that support people with disabilities through competitive integrated employment, to phase out the use of such special certificates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Transformation to
3 Competitive Integrated Employment Act”.

4 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Purposes.

TITLE I—COMPETITIVE INTEGRATED EMPLOYMENT
TRANSFORMATION GRANT PROGRAMS

Sec. 101. Program authorized.
Sec. 102. State grant program.
Sec. 103. Certificate holder grant program.

TITLE II—PHASE OUT OF SPECIAL CERTIFICATES UNDER
SECTION 14(c) OF THE FAIR LABOR STANDARDS ACT OF 1938

Sec. 201. Transition to fair wages for people with disabilities.
Sec. 202. Prohibition on new special certificates; sunset.

TITLE III—TECHNICAL ASSISTANCE AND DISSEMINATION

Sec. 301. Technical Assistance and dissemination.

TITLE IV—REPORTING AND EVALUATION

Sec. 401. Impact evaluation and reporting.
Sec. 402. Wage and hour reports.

TITLE V—GENERAL PROVISIONS

Sec. 501. Definitions.
Sec. 502. Authorization of appropriations.

5 **SEC. 3. PURPOSES.**

6 The purposes of this Act are to—

7 (1) assist employers with special certificates
8 issued under section 14(c) of the Fair Labor Stand-
9 ards Act of 1938 (29 U.S.C. 214(c)) to transform
10 their business and program operations to models
11 that support people with disabilities to find and re-
12 tain work in competitive integrated employment;

1 (2) ensure people with disabilities, families of
2 such people, State and local governments, and other
3 stakeholders are involved in the transformations de-
4 scribed in paragraph (1);

5 (3) ensure people employed in programs using
6 such special certificates transition to competitive in-
7 tegrated employment positions and, as needed, to in-
8 tegrated services that support them in their homes
9 and in community settings;

10 (4) identify models and processes for shifting
11 business and program models from such special cer-
12 tificates to competitive integrated employment mod-
13 els and integrated community participation and
14 wraparound services, and to share that information
15 with other such special certificate holders, State and
16 local entities, and other service providers for people
17 with disabilities; and

18 (5) support States and local governments as
19 they revise and implement their Olmstead plans and
20 local plans, respectively, in order to improve com-
21 petitive integrated employment outcomes for people
22 with disabilities through all State workforce develop-
23 ment systems.

1 **TITLE I—COMPETITIVE INTE-**
 2 **GRATED EMPLOYMENT**
 3 **TRANSFORMATION GRANT**
 4 **PROGRAMS**

5 **SEC. 101. PROGRAM AUTHORIZED.**

6 From the amounts appropriated to carry out this
 7 title, the Secretary of Labor shall award grants under sec-
 8 tions 102 and 103, on a competitive basis, to States and
 9 eligible entities to assist employers who were issued special
 10 certificates in transforming their business and program
 11 models from providing employment using such special cer-
 12 tificates to business and program models that employ and
 13 support people with disabilities by—

14 (1) providing competitive integrated employ-
 15 ment, including by compensating all employees of
 16 the employer at a rate that is—

17 (A) not less than the higher of the rate
 18 specified in section 6(a)(1) of the Fair Labor
 19 Standards Act of 1938 (29 U.S.C. 206(a)(1))
 20 or the rate specified in the applicable State or
 21 local minimum wage law; and

22 (B) not less than the customary rate paid
 23 by the employer for the same or similar work
 24 performed by other employees who are not peo-
 25 ple with disabilities, and who are similarly situ-

1 ated in similar occupations by the same em-
2 ployer and who have similar training, experi-
3 ence, and skills;

4 (2) assisting people with disabilities who were
5 employed by the employer in finding and retaining
6 work in competitive integrated employment, which
7 work may be with the employer after such trans-
8 formation or in another competitive integrated em-
9 ployment setting;

10 (3) providing integrated community participa-
11 tion and wraparound services for people with disabil-
12 ities; and

13 (4) ensuring all such services and other non-
14 employment services offered by the employer comply
15 with the requirements for home and community-
16 based services under the final rule of the Depart-
17 ment of Health and Human Services entitled “Med-
18 icaid Program; State Plan Home and Community-
19 Based Services, 5-Year Period for Waivers, Provider
20 Payment Reassignment, and Home and Community-
21 Based Setting Requirements for Community First
22 Choice and Home and Community-Based Services
23 (HCBS) Waivers” (79 Fed. Reg. 2948 (January 16,
24 2014)), or a successor rule.

1 **SEC. 102. STATE GRANT PROGRAM.**

2 (a) APPLICATION.—

3 (1) IN GENERAL.—To be eligible to receive a
4 grant under this section, a State shall submit an ap-
5 plication to the Secretary at such time, in such man-
6 ner, and including such information as the Secretary
7 may reasonably require.

8 (2) CONTENTS.—Each application submitted
9 under paragraph (1) shall include—

10 (A) a description of the status of the em-
11 ployers in the State providing employment
12 using special certificates, including—

13 (i) the number of employers in the
14 State using special certificates to employ
15 and pay people with disabilities;

16 (ii) the number of employers described
17 in clause (i) that also employ people with
18 disabilities in competitive integrated em-
19 ployment, which shall include employers
20 providing such employment in combination
21 with integrated services;

22 (iii) the number of employees em-
23 ployed under a special certificate,
24 disaggregated by—

25 (I) employer; and

1 (II) demographic characteristics,
2 including gender, race, ethnicity, and
3 type of disability, unless indicating
4 such characteristics would disclose
5 personal identifying information;

6 (iv) the average, median, minimum,
7 and maximum number of hours such em-
8 ployees work per week, disaggregated by
9 employer, and reported for the State as a
10 whole; and

11 (v) the average, median, minimum,
12 and maximum hourly wage for such em-
13 ployees, disaggregated by employer, and
14 reported for the State as a whole;

15 (B) a description of the activities of the
16 State with respect to competitive integrated em-
17 ployment for people with disabilities, including,
18 as applicable—

19 (i) a copy of the State plan for car-
20 rying out the Employment First initiative;

21 (ii) a copy of the Olmstead plan of the
22 State;

23 (iii) a description of activities related
24 to the development and promotion of
25 ABLE accounts; and

(iv) a description of the medical assistance provided by the State through a Medicaid buy-in eligibility pathway under subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)), including any premiums or other cost sharing imposed on individuals who enroll in the State Medicaid program through such a pathway;

(C) a description of activities to be funded under the grant, and the goals of such activities, including—

(i) the process to be used to identify each employer in the State that will transform its business and program models from employing people with disabilities using special certificates to employing people with disabilities in competitive integrated employment settings or settings involving a combination of competitive integrated employment and integrated services;

(ii) the number of such employers in the State that will carry out a transformation described in clause (i);

1 (iii) the service delivery infrastructure
2 that will be implemented in the State to
3 support people with disabilities who have
4 been employed under special certificates
5 through such a transformation, including
6 providing enhanced integrated services to
7 support people with the most significant
8 disabilities;

9 (iv) a description of the process to re-
10 cruit and engage Federal, State, and local
11 governments and nonprofit and private em-
12 ployers to hire people with disabilities into
13 competitive integrated employment who
14 have been employed under special certifi-
15 cates;

16 (v) the competitive integrated employ-
17 ment and integrated services that will be
18 implemented in the State to support such
19 people;

20 (vi) a timeline for assisting employers
21 that operate in the State in phasing out
22 employment using special certificates,
23 which shall not extend past the date on
24 which the legal effect of such certificates
25 expires under section 14(c)(7) of the Fair

1 Labor Standards Act of 1938 (29 U.S.C.
2 214(c)(7)), as added by title II;

3 (vii) a timeline for the expansion of
4 employers that will provide competitive in-
5 tegrated employment, or a combination of
6 competitive integrated employment and in-
7 tegrated services, to people with disabilities
8 who have been employed by such employers
9 under special certificates;

10 (viii) a description of the expanded
11 competitive integrated employment and in-
12 tegrated services to be provided to such
13 people as a result of transformations de-
14 scribed in clause (i); and

15 (ix) a description of the process to be
16 used to engage stakeholders in such trans-
17 formations;

18 (D) a description of how the activities
19 under the grant will coordinate and align Fed-
20 eral, State, and local programs, agencies, and
21 funding in the transformations described in
22 subparagraph (C)(i);

23 (E) a description of the State's evaluation
24 plan to determine the social and economic im-
25 pact of the grant, including the impact (as

1 measured throughout the transformation and
2 the 2-year period after the State has assisted
3 employers in phasing out employment using
4 special certificates) on—

5 (i) the employment status of people
6 with disabilities in the State, including the
7 number of hours worked, average wages,
8 and job satisfaction, of such people; and

9 (ii) changes in provider capacity to
10 support competitive integrated employment
11 and integrated services;

12 (F) assurances that—

13 (i) the activities carried out under the
14 grant will result in each employer in the
15 State that provides employment using spe-
16 cial certificates on the date of enactment of
17 this Act transforming as described in sub-
18 paragraph (C)(i);

19 (ii) people with the most significant
20 disabilities, including intellectual and de-
21 velopmental disabilities, who will be af-
22 fected by such a transformation will be
23 given priority in receiving the necessary
24 competitive integrated employment sup-

1 ports and integrated services to succeed
2 during and after such a transformation;

3 (iii) each individual in the State who
4 is employed under a special certificate will,
5 as a result of such a transformation, be
6 given an opportunity to be employed in
7 competitive integrated employment;

8 (iv) at a minimum, the State agencies
9 responsible for developmental disability
10 services, Medicaid, education, vocational
11 rehabilitation, mental health services,
12 transportation, and workforce development
13 agree to be partners in the goals of the
14 grant;

15 (v) until the date that is 2 years after
16 the legal effect of special certificates ex-
17 pires under section 14(c)(7) of the Fair
18 Labor Standards Act of 1938 (29 U.S.C.
19 214(c)(7)), as added by title II, the State
20 will comply with requirements of the Sec-
21 retary with respect to the collection of
22 data, and will require employers providing
23 employment under special certificates in
24 the State to comply with such require-
25 ments;

1 (vi) the State will cooperate with the
2 evaluation under title IV by providing all
3 data required and allow the evaluation of
4 activities under the grant;

5 (vii) the State will establish an advisory council described in paragraph (3) to
6 monitor and guide the process of transforming business and program models of
7 employers in the State as described in sub-
8 paragraph (C)(i);
9
10

11 (viii) the State will cooperate with the
12 nonprofit entity carrying out technical assistance and dissemination activities under
13 title III;
14

15 (ix) all integrated services and non-
16 employment services offered by employers
17 in the State will comply with—

18 (I) the requirements for home
19 and community-based services under
20 the final rule of the Department of
21 Health and Human Services entitled
22 “Medicaid Program; State Plan Home
23 and Community-Based Services, 5-
24 Year Period for Waivers, Provider
25 Payment Reassignment, and Home

1 and Community-Based Setting Re-
2 quirements for Community First
3 Choice and Home and Community-
4 Based Services (HCBS) Waivers” (79
5 Fed. Reg. 2948 (January 16, 2014)),
6 or a successor rule;

7 (II) the holding of the Olmstead
8 decision; and

9 (III) the Americans with Disabil-
10 ities Act of 1990 (42 U.S.C. 12101 et
11 seq.); and

12 (x) the State will disseminate informa-
13 tion to all people with disabilities employed
14 under special certificates regarding the
15 availability of—

16 (I) ABLE accounts and other
17 asset developmental options for people
18 with disabilities;

19 (II) the Ticket to Work and Self
20 Sufficiency Program established under
21 section 1148 of the Social Security
22 Act (42 U.S.C. 1320b–19); and

23 (III) other resources related to
24 benefits counseling for people with
25 disabilities who wish to work or are

1 working in competitive integrated em-
2 ployment settings; and

3 (G) such other information and assurances
4 as the Secretary may reasonably require.

5 (3) MEMBERS OF THE ADVISORY COUNCIL.—A
6 State receiving a grant under this section shall, for
7 the purpose described in paragraph (2)(F)(vii), es-
8 tablish an advisory council composed of the fol-
9 lowing:

10 (A) People with disabilities (who shall com-
11 prise not less than 25 percent of the members),
12 including such people with intellectual or devel-
13 opmental disabilities who are or were employed
14 under a special certificate.

15 (B) A family member of a person with an
16 intellectual or developmental disability who is
17 employed under a special certificate.

18 (C) A family member of a person with an
19 intellectual or developmental disability who is
20 employed in competitive integrated employment.

21 (D) An employer providing competitive in-
22 tegrated employment.

23 (E) An employer providing employment
24 under special certificates.

1 (F) A representative of a nonprofit agency
2 or organization specializing in competitive inte-
3 grated employment.

4 (G) A representative of the State develop-
5 mental disability agency.

6 (H) A representative of the State voca-
7 tional rehabilitation agency, as such term is
8 used under the Rehabilitation Act of 1973 (29
9 U.S.C. 701 et seq.).

10 (I) A representative of an agency that is in
11 the State and described in paragraph (6) or (7)
12 of section 8501 of title 41, United States Code.

13 (J) A representative of the State inde-
14 pendent living centers, as such term is used
15 under the Rehabilitation Act of 1973 (29
16 U.S.C. 701 et seq.).

17 (K) A representative of the State Council
18 on Developmental Disabilities, as defined in sec-
19 tion 102 of the Developmental Disabilities As-
20 sistance and Bill of Rights Act of 2000 (42
21 U.S.C. 15002).

22 (L) A representative of one of the State
23 University Centers for Excellence in Develop-
24 mental Disabilities Education, Research, and
25 Service, established under subtitle D of title I

1 of the Developmental Disabilities Assistance
2 and Bill of Rights Act of 2000 (42 U.S.C.
3 15061 et seq.).

4 (M) A representative of the State protec-
5 tion and advocacy system, as defined in section
6 102 of the Developmental Disabilities Assist-
7 ance and Bill of Rights Act of 2000 (42 U.S.C.
8 15002).

9 (N) A representative of the State Medicaid
10 office.

11 (O) Representatives of other State agencies
12 and disability organizations and other disability
13 related offices and groups with expertise in
14 competitive integrated employment.

15 (b) GEOGRAPHIC DIVERSITY.—To the extent prac-
16 ticable, the Secretary shall distribute grant funds under
17 this section equitably among geographic areas of the
18 United States, and take into account rural and urban di-
19 versity.

20 (c) DURATION OF AWARDS.—A grant under this sec-
21 tion shall be awarded for a period of 5 years.

22 (d) LIMIT ON AWARD NUMBER.—A State may only
23 be awarded 1 grant under this section.

24 (e) AMOUNT OF AWARDS.—A grant awarded under
25 this section may not be made in an amount that is less

1 than \$3,000,000, or more than \$15,000,000, for the 5-
 2 year grant period.

3 (f) ADDITIONAL FUNDING FOR SUPPORTED EMPLOY-
 4 MENT SERVICES.—

5 (1) IN GENERAL.—Title VI of the Rehabilita-
 6 tion Act of 1973 is amended—

7 (A) in section 603 (29 U.S.C. 795h)—

8 (i) in subsection (a), by adding at the
 9 end the following:

10 “(3) REFERENCES.—For purposes of this sub-
 11 section, any reference in this subsection to sums or
 12 amounts appropriated shall not include the amounts
 13 appropriated under section 611(e).”;

14 (ii) in subsection (c)—

15 (I) by inserting “or a grant
 16 under section 611” after “allotment
 17 under this title”; and

18 (II) by inserting “or such grant”
 19 after “such allotment”; and

20 (iii) in subsection (d)—

21 (I) by inserting “or a grant
 22 under section 611” after “allotment
 23 under this title”; and

24 (II) by inserting “or such grant”
 25 after “such allotment”;

1 (B) in section 604(b)(2) (29 U.S.C.
 2 795i(b)(2)), by inserting “(or made available
 3 through a grant awarded under section 611)”
 4 after “allotted under this title”;

5 (C) in section 610 (29 U.S.C. 795o)—

6 (i) by inserting “, except for section
 7 611,” after “this title”;

8 (ii) by striking “and”; and

9 (iii) by inserting “, and such sums as
 10 may be necessary for each of fiscal years
 11 2026 through 2035” before the period at
 12 the end; and

13 (D) by adding at the end the following:

14 **“SEC. 611. ADDITIONAL FUNDING FOR CERTAIN STATES**
 15 **WITH COMPETITIVE INTEGRATED EMPLOY-**
 16 **MENT.**

17 “(a) GRANTS.—From amounts appropriated under
 18 subsection (e), the Secretary, in consultation with the Sec-
 19 retary of Labor, shall award a grant under this section
 20 to each eligible State that submits an application under
 21 subsection (c) for the purposes described in section 604.

22 “(b) ELIGIBILITY.—

23 “(1) IN GENERAL.—A State is eligible for a
 24 grant under this section for a fiscal year if the
 25 State—

1 “(A) is eligible for an allotment under sec-
2 tion 603(a) for the fiscal year; and

3 “(B) has successfully completed a grant
4 under section 102 of the Transformation to
5 Competitive Integrated Employment Act during
6 that fiscal year or the preceding fiscal year, as
7 determined under paragraph (2).

8 “(2) SUCCESSFULLY COMPLETING A COMPETI-
9 TIVE INTEGRATED EMPLOYMENT GRANT.—A State
10 has successfully completed a grant under section
11 102 of the Transformation to Competitive Inte-
12 grated Employment Act if, at the conclusion of the
13 5-year period of the grant, the Secretary of Labor
14 determines the State has complied with all require-
15 ments under such section for such grant.

16 “(c) APPLICATION.—A State seeking a grant under
17 this section shall submit an application to the Secretary
18 at such time, in such manner, and containing such infor-
19 mation as the Secretary may reasonably require, including
20 information demonstrating the State has successfully com-
21 plied with the requirements under subsection (b)(2).

22 “(d) AWARDS.—

23 “(1) IN GENERAL.—A grant to a State under
24 this section shall be awarded in an amount deter-

1 mined under paragraph (2) for each of 5 fiscal
2 years, except as provided under paragraph (3).

3 “(2) AMOUNT.—Subject to available appropria-
4 tions under subsection (e), the amount of a grant
5 under this section to a State for a fiscal year shall
6 be equal to 25 percent of the amount allotted to
7 such State under subsection (a) of section 603 for
8 the preceding fiscal year (excluding any additional
9 amounts allotted to the State under subsection (b)
10 of such section).

11 “(3) CONTINUED COMPLIANCE.—In the case
12 that a State receiving a grant under this section
13 ceases compliance with subsection (b)(2) for a fiscal
14 year—

15 “(A) no amounts shall be awarded through
16 such grant for such fiscal year; or

17 “(B) if such amounts have already been
18 awarded to the State for such fiscal year, the
19 State shall return to the Secretary such
20 amounts.

21 “(4) COMPETITIVE INTEGRATED EMPLOYMENT
22 FUND.—

23 “(A) ESTABLISHMENT OF FUND.—There
24 is established in the Treasury of the United
25 States a fund to be known as the ‘Competitive

1 Integrated Employment Fund’ (referred to in
2 this paragraph as the ‘Fund’).

3 “(B) DEPOSITS.—The Secretary shall de-
4 posit into the Fund any amount received under
5 paragraph (3)(B).

6 “(C) USE OF FUND AMOUNTS.—Amounts
7 in the Fund shall be available to the Secretary
8 of Labor, without fiscal year limitation, for ac-
9 tivities to increase competitive integrated em-
10 ployment opportunities for people with disabil-
11 ities.

12 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated for each of fiscal years
14 2031 through 2035 such sums as may be necessary to
15 carry out this section.”.

16 (2) TABLE OF CONTENTS.—The table of con-
17 tents in section 1(b) of the Rehabilitation Act of
18 1973 is amended by inserting after the item relating
19 to section 610 the following:

“Sec. 611. Additional funding for certain States with competitive integrated
employment.”.

20 **SEC. 103. CERTIFICATE HOLDER GRANT PROGRAM.**

21 (a) IN GENERAL.—To be eligible to receive a grant
22 under this section, an eligible entity shall submit an appli-
23 cation to the Secretary at such time, in such manner, and

1 including such information as the Secretary may reason-
 2 ably require.

3 (b) CONTENTS.—Each application submitted under
 4 subsection (a) shall include—

5 (1) the status of the eligible entity’s use of spe-
 6 cial certificates to employ people with disabilities, in-
 7 cluding—

8 (A)(i) the number of employees the eligible
 9 entity employs using such special certificates at
 10 the time of submission of the application;

11 (ii) the aggregate demographic profile of
 12 such employees, including gender, race, and
 13 type of disability of such employees, unless indi-
 14 cating such demographic profile would disclose
 15 personal identifying information; and

16 (iii) an historical accounting, covering each
 17 of the previous 4 fiscal years, of—

18 (I) the number of employees with a
 19 disability working for a wage that is—

20 (aa) less than the higher of the
 21 rate specified in section 6(a)(1) of the
 22 Fair Labor Standards Act of 1938
 23 (29 U.S.C. 206(a)(1)) or the rate
 24 specified in the applicable State or
 25 local minimum wage law; or

- 1 (bb) less than the customary rate
2 paid by the employer for the same or
3 similar work performed by other em-
4 ployees who are not people with dis-
5 abilities, and who are similarly situ-
6 ated in similar occupations by the
7 same employer and who have similar
8 training, experience, and skills; and
9 (II) an aggregate demographic profile
10 of such employees including gender, race,
11 ethnicity, age, and type of disability;
12 (B) the average, minimum, maximum, and
13 range of hourly wages paid to employees em-
14 ployed using such special certificates during the
15 previous year;
16 (C) for each of the preceding 5 fiscal
17 years, the number of people with disabilities,
18 disaggregated by fiscal year, who have been
19 transitioned by the eligible entity from employ-
20 ment under such special certificates to competi-
21 tive integrated employment; and
22 (D) a description of the business and pro-
23 gram models (including the financial and orga-
24 nizational structure) of the eligible entity that
25 is using the special certificates, including—

1 (i) the number and type of contracts
2 the entity has entered into during the pre-
3 ceding 5 fiscal years to supply goods or
4 services, including an indication for each
5 such contract of whether people with dis-
6 abilities are employed under the contract;

7 (ii) the budget and the funding struc-
8 ture, including all sources of funding, for
9 the preceding 5 fiscal years;

10 (iii) the human resource structure;
11 and

12 (iv) the entities partnering with the
13 eligible entity as described in subsection
14 (h)(2);

15 (2) a description of activities to be funded
16 under the grant, and the goals of such activities, in-
17 cluding—

18 (A) a description of the business and pro-
19 gram models of competitive integrated employ-
20 ment or a combination of competitive integrated
21 employment, integrated services, and other com-
22 panionship and personal support services, into
23 which the models of the eligible entity will
24 transform, including the business plan, employ-

1 ment structure, and leadership organization of
2 the eligible entity;

3 (B) a description of—

4 (i) the integrated services to be pro-
5 vided by the eligible entity; or

6 (ii) the eligible entity's process for re-
7 ferring an individual requiring such serv-
8 ices to a provider of such services to en-
9 sure that the individual receives such serv-
10 ices;

11 (C) after the transformation of the eligible
12 entity's business and program models as de-
13 scribed in subparagraph (A), the number of em-
14 ployees that will be employed under such mod-
15 els;

16 (D) the date on which the eligible entity
17 will discontinue using special certificates, and
18 the funding structure the eligible entity will use
19 to provide competitive integrated employment
20 or a combination of such employment and inte-
21 grated services; and

22 (E) the process to be used for the trans-
23 formation of the eligible entity's business and
24 program models as described in subparagraph
25 (A), including—

- 1 (i) redesign of contracts;
- 2 (ii) changes in funding sources;
- 3 (iii) staff training on competitive inte-
- 4 grated employment support and practices;
- 5 (iv) input from key stakeholders, in-
- 6 cluding people with disabilities, their fami-
- 7 lies, and other local stakeholders; and
- 8 (v) a description of the individuals
- 9 who will be responsible for the development
- 10 and implementation of such process;
- 11 (3) a description of the process to recruit and
- 12 engage Federal, State, and local governments and
- 13 nonprofit and private employers to hire people with
- 14 disabilities who have been employed under special
- 15 certificates;
- 16 (4) a timeline of activities to be implemented
- 17 and goals to be reached on at least a quarterly basis
- 18 during the 3-year grant period;
- 19 (5) a description of how the activities under the
- 20 grant will coordinate and align Federal, State, and
- 21 local programs, agencies, and funding in the trans-
- 22 formation described in paragraph (2)(A);
- 23 (6) assurances that—

1 (A) the activities carried out under the
2 grant will result in the transformation described
3 in paragraph (2)(A);

4 (B) people with disabilities who are em-
5 ployed by the eligible entity under special cer-
6 tificates will be employed in competitive inte-
7 grated employment;

8 (C) the eligible entity will comply with the
9 requirements of the Secretary with respect to
10 the collection of data;

11 (D) the eligible entity will cooperate in the
12 evaluation described in title IV by providing all
13 data required and allow evaluation of the activi-
14 ties under the grant; and

15 (E) the eligible entity will cooperate with
16 the nonprofit entity carrying out technical as-
17 sistance and dissemination required under title
18 III;

19 (7) a description of the eligible entity's evalua-
20 tion plan to determine the impact of the grant;

21 (8) assurances of collaboration and support
22 from all State entities involved in supporting people
23 with disabilities to secure competitive integrated em-
24 ployment, including the State Medicaid agency, the
25 State developmental disability agency, the State vo-

1 cational rehabilitation agency, the State department
2 of education, and the State board, and other State
3 and local governmental entities (including the local
4 board) and organizations that support trans-
5 formations to providing competitive integrated em-
6 ployment and integrated services for employees em-
7 ployed under a special certificate; and

8 (9) such other information and assurances as
9 the Secretary may reasonably require.

10 (c) GEOGRAPHIC DIVERSITY.—To the extent prac-
11 ticable, the Secretary shall distribute grant funds under
12 this section equitably among geographic areas of the
13 United States, and shall take into account rural and urban
14 diversity.

15 (d) PROGRAM SIZE.—To the extent practicable, the
16 Secretary shall distribute grant funds under this section
17 equitably among eligible entities providing employment
18 using special certificates serving different numbers of peo-
19 ple.

20 (e) DURATION OF AWARDS.—

21 (1) GRANT PERIOD.—A grant awarded under
22 this section shall be awarded for a period of 3 years.

23 (2) GRANT CYCLES.—Grants shall be awarded
24 under this section in 2 grant cycles. Grants for the
25 second grant cycle shall be awarded not earlier than

1 the end of the second year of the first 3-year grant
2 cycle.

3 (f) LIMIT ON AWARD NUMBER.—An eligible entity
4 may only be awarded 1 grant total under this section.

5 (g) AMOUNT OF AWARDS.—A grant awarded under
6 this section may not be made in an amount that is less
7 than \$200,000, or more than \$750,000, for the 3-year
8 grant period.

9 (h) ELIGIBLE ENTITY DEFINED.—In this title, the
10 term “eligible entity” means an entity that—

11 (1) employs people with disabilities under spe-
12 cial certificates and is located in a State that did not
13 receive a grant under section 102; and

14 (2) partners with at least 2 entities with experi-
15 ence providing support to people with disabilities in
16 competitive integrated employment, such as—

17 (A) an employer providing competitive in-
18 tegrated employment;

19 (B) a State developmental disability agen-
20 cy;

21 (C) a State mental health services agency;

22 (D) a representative of an agency de-
23 scribed in paragraph (6) or (7) of section 8501
24 of title 41, United States Code;

1 (E) a representative of the State Council
2 on Developmental Disabilities, as defined in sec-
3 tion 102 of the Developmental Disabilities As-
4 sistance and Bill of Rights Act of 2000 (42
5 U.S.C. 15002);

6 (F) a representative of the State vocational
7 rehabilitation agency, as such term is used
8 under the Rehabilitation Act of 1973 (29
9 U.S.C. 701 et seq.);

10 (G) a representative of the State inde-
11 pendent living centers, as such term is used
12 under the Rehabilitation Act of 1973 (29
13 U.S.C. 701 et seq.);

14 (H) a representative of one of the State
15 University Centers for Excellence in Develop-
16 mental Disabilities Education, Research, and
17 Service, established under subtitle D of title I
18 of the Developmental Disabilities Assistance
19 and Bill of Rights Act of 2000 (42 U.S.C.
20 15061 et seq.);

21 (I) a representative of the State protection
22 and advocacy system, as defined in section 102
23 of the Developmental Disabilities Assistance
24 and Bill of Rights Act of 2000 (42 U.S.C.
25 15002); and

1 (J) a nonprofit agency or organization spe-
 2 cializing in competitive integrated employment.

3 **TITLE II—PHASE OUT OF SPE-**
 4 **CIAL CERTIFICATES UNDER**
 5 **SECTION 14(c) OF THE FAIR**
 6 **LABOR STANDARDS ACT OF**
 7 **1938**

8 **SEC. 201. TRANSITION TO FAIR WAGES FOR PEOPLE WITH**
 9 **DISABILITIES.**

10 (a) IN GENERAL.—Subparagraph (A) of section
 11 14(c)(1) of the Fair Labor Standards Act of 1938 (29
 12 U.S.C. 214(c)(1)) is amended to read as follows:

13 “(A) at a rate that equals, or exceeds, the
 14 greater of—

15 “(i)(I) 60 percent of the wage rate in ef-
 16 fect under section 6(a)(1), beginning on the ef-
 17 fective date described in section 201(b) of the
 18 Transformation to Competitive Integrated Em-
 19 ployment Act;

20 “(II) 70 percent of the wage rate in effect
 21 under section 6(a)(1), beginning 2 years after
 22 the date of enactment of such Act;

23 “(III) 80 percent of the wage rate in effect
 24 under section 6(a)(1), beginning 3 years after
 25 such date of enactment;

1 “(IV) 90 percent of the wage rate in effect
 2 under section 6(a)(1), beginning 4 years after
 3 such date of enactment; and

4 “(V) the wage rate in effect under section
 5 6(a)(1), beginning 5 years after such date of
 6 enactment; or

7 “(ii) the wage rate in effect on the day be-
 8 fore the date of enactment of the Trans-
 9 formation to Competitive Integrated Employ-
 10 ment Act for the employment, under a special
 11 certificate issued under this paragraph, of the
 12 individual for whom the wage rate is deter-
 13 mined under this paragraph;”.

14 (b) EFFECTIVE DATE.—The amendment made by
 15 subsection (a) shall take effect on the date that is 90 days
 16 after the date of enactment of this Act.

17 **SEC. 202. PROHIBITION ON NEW SPECIAL CERTIFICATES;**
 18 **SUNSET.**

19 Section 14(c) of the Fair Labor Standards Act of
 20 1938 (29 U.S.C. 214(c)) (as amended by section 201),
 21 is further amended by adding at the end the following:

22 “(6) PROHIBITION ON NEW SPECIAL CERTIFI-
 23 CATES.—Notwithstanding paragraph (1), the Secretary
 24 shall not issue a special certificate under this subsection
 25 to an employer that was not issued a special certificate

1 under this subsection before the date of enactment of the
 2 Transformation to Competitive Integrated Employment
 3 Act.

4 “(7) SUNSET.—Beginning on the day after the date
 5 that is 5 years after the date of enactment of the Trans-
 6 formation to Competitive Integrated Employment Act—

7 “(A) the authority to issue special certificates
 8 under paragraph (1) shall expire; and

9 “(B) no special certificates issued under para-
 10 graph (1) shall have any legal effect.”.

11 **TITLE III—TECHNICAL ASSIST-** 12 **ANCE AND DISSEMINATION**

13 **SEC. 301. TECHNICAL ASSISTANCE AND DISSEMINATION.**

14 (a) GRANT AUTHORIZED.—From the amounts appro-
 15 priated for this title, the Secretary (acting through the
 16 Office of Disability Employment Policy in partnership
 17 with the Employment and Training Administration), in
 18 partnership with the Administration for Community Liv-
 19 ing of the Department of Health and Human Services and
 20 the Office of Special Education and Rehabilitative Serv-
 21 ices of the Department of Education, shall award a grant
 22 to a nonprofit entity to—

23 (1) provide technical assistance to employers
 24 who are transforming from employing people with

1 disabilities using special certificates to providing
2 competitive integrated employment;

3 (2) identify and disseminate private and public
4 sector models of the transformation described in
5 subparagraph (A);

6 (3) build a set of replicable strategies for em-
7 ployers using special certificates to increase their use
8 of evidence-based practices in providing competitive
9 integrated employment and increase their options for
10 providing competitive integrated employment;

11 (4) collect and disseminate—

12 (A) evidence-based practices with respect
13 to the transformations described in paragraph
14 (1)(A), including practices that increase aware-
15 ness of and access to training materials from
16 and opportunities offered through the Office of
17 Disability Employment Policy; and

18 (B) evidence-based strategies for imple-
19 menting the aims of activities that are intended
20 to improve the quality of integrated services
21 provided to people with disabilities leading to
22 competitive integrated employment and that are
23 carried out—

1 (i) under the Workforce Innovation
2 and Opportunity Act (29 U.S.C. 3101 et
3 seq.);

4 (ii) through settlement agreements
5 made pursuant to the employment require-
6 ments under the Olmstead decision; or

7 (iii) through home and community-
8 based services described in the final rule of
9 the Department of Health and Human
10 Services entitled “Medicaid Program; State
11 Plan Home and Community-Based Serv-
12 ices, 5-Year Period for Waivers, Provider
13 Payment Reassignment, and Home and
14 Community-Based Setting Requirements
15 for Community First Choice and Home
16 and Community-Based Services (HCBS)
17 Waivers” (79 Fed. Reg. 2948 (January
18 16, 2014)), or a successor rule;

19 (5) leverage and increase awareness of and ac-
20 cess to training materials and opportunities made
21 available through training and technical assistance
22 investments of—

23 (A) the Office of Disability Employment
24 Policy;

1 (B) the Employment and Training Admin-
 2 istration;

3 (C) the Administration for Community
 4 Living of the Department of Health and
 5 Human Services; and

6 (D) the Office of Special Education and
 7 Rehabilitative Services of the Department of
 8 Education;

9 (6) raise awareness of efforts in States to carry
 10 out the Employment First initiative; and

11 (7) coordinate dissemination efforts related to
 12 ABLE accounts and other financial asset develop-
 13 ment resources through the ABLE National Re-
 14 source Center and the Department of the Treasury.

15 (b) APPLICATION.—

16 (1) IN GENERAL.—To be eligible to receive a
 17 grant under this section, a nonprofit entity shall
 18 submit an application to the Secretary at such time,
 19 in such manner, and including such information that
 20 the Secretary may reasonably require.

21 (2) CONTENTS.—Each application submitted
 22 under paragraph (1) shall include—

23 (A) a description of the nonprofit entity's
 24 expertise in providing technical assistance that
 25 shall include evidence of—

1 (i) knowledge of transforming busi-
2 ness and program models providing em-
3 ployment using special certificates to mod-
4 els providing competitive integrated em-
5 ployment and integrated services;

6 (ii) knowledge of methods for sup-
7 porting employers, including employers not
8 receiving a grant or assistance through a
9 grant under title I, to transform as de-
10 scribed in clause (i);

11 (iii) experience working with nonprofit
12 entities, for-profit entities, and Federal,
13 State, and local agencies focusing on em-
14 ployment of youth and adults who are peo-
15 ple with disabilities; and

16 (iv) experience working with people
17 with disabilities and their families;

18 (B) a description of the nonprofit entity's
19 expertise in providing, collecting, compiling,
20 communicating, and disseminating information
21 about program and systems change for pro-
22 grams serving people with disabilities that shall
23 include—

24 (i) expertise documenting program
25 change;

1 (ii) experience compiling recommended
2 practices related to program trans-
3 formations;

4 (iii) expertise regarding competitive
5 integrated employment for youth and
6 adults who are people with disabilities;

7 (iv) expertise working with people
8 with disabilities and their families through
9 systems change procedures;

10 (v) expertise creating accessible prod-
11 ucts to disseminate learned information,
12 including through web-based means;

13 (vi) experience creating accessible
14 websites to disseminate information;

15 (vii) experience working with non-
16 profit entities, for-profit entities, and Fed-
17 eral, State, and local agencies focusing on
18 employment of youth and adults who are
19 people with disabilities;

20 (viii) experience with assisting youth
21 who are people with disabilities in
22 transitioning from receiving services under
23 the Individuals with Disabilities Education
24 Act (20 U.S.C. 1401 et seq.) and from
25 kindergarten through grade 12 to inclusive

1 postsecondary education and competitive
2 integrated employment; and

3 (ix) experience leveraging resources,
4 available through the Office of Disability
5 Employment Policy and the Employment
6 and Training Administration, that are de-
7 signed to provide effective and efficient
8 services to job seekers who are people with
9 disabilities in competitive integrated em-
10 ployment settings; and

11 (C) a description of the individuals at the
12 nonprofit entity who will be responsible for car-
13 rying out the activities under this section.

14 (3) DURATION OF AWARD.—A grant under this
15 section shall be awarded for a period of 6 years, and
16 shall be non-renewable.

17 (4) DEFINITION OF NONPROFIT ENTITY.—In
18 this section, the term “nonprofit entity” means a
19 nonprofit entity with expertise in collecting, com-
20 piling, communicating, and disseminating informa-
21 tion about program and systems change for pro-
22 grams serving people with disabilities.

TITLE IV—REPORTING AND EVALUATION

SEC. 401. IMPACT EVALUATION AND REPORTING.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary shall enter into a contract with a nonprofit entity with experience in conducting evaluations of program and systems change efforts to—

(1) conduct a multi-year evaluation on the impact of this Act, including the amendments made by this Act, with respect to people with disabilities (including such people receiving a wage rate under section 14(c) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)), as amended by title II); and

(2) prepare the reports described in subsection (c).

(b) EVALUATION.—In carrying out subsection (a)(1), the nonprofit entity awarded a contract under this section shall evaluate—

(1) changes in wages and employment for people described in subsection (a)(1); and

(2) actions taken by employers and States to comply with the amendments made by title II and, in the case of an employer or State receiving funds

1 under title I, to comply with the transformation re-
2 quirements under such title.

3 (c) REPORTS.—The Secretary shall submit to the
4 Committee on Health, Education, Labor, and Pensions of
5 the Senate and the Committee on Education and Work-
6 force of the House of Representatives, the following re-
7 ports on the evaluation conducted under subsection (a)(1):

8 (1) An interim report on the evaluation, not
9 later than 3 years after the evaluation commences
10 under subsection (a)(1).

11 (2) A final report on such evaluation, not later
12 than 18 months after the date on which the legal ef-
13 fect of special certificates expire pursuant to para-
14 graph (7) of section 14(c) of the Fair Labor Stand-
15 ards Act of 1938 (29 U.S.C. 214(c)), as added by
16 title II.

17 **SEC. 402. WAGE AND HOUR REPORTS.**

18 (a) IN GENERAL.—For each year of the 5-year period
19 described in section 14(c)(1)(A) of the Fair Labor Stand-
20 ards Act of 1938 (29 U.S.C. 214(c)(1)(A)), as amended
21 by title II, the Secretary (acting through the Adminis-
22 trator of the Wage and Hour Division), in coordination
23 with the Civil Rights Division of the Department of Jus-
24 tice, shall submit to the Committee on Health, Education,
25 Labor, and Pensions of the Senate and the Committee on

1 Education and Workforce of the House of Representa-
 2 tives, an annual report summarizing practices of employ-
 3 ers providing employment using special certificates, which,
 4 with respect to the preceding year, shall include—

5 (1) the number of employees (of such employ-
 6 ers) who are people with disabilities and who are
 7 compensated at a rate that is less than—

8 (A) the higher of the rate specified in sec-
 9 tion 6(a)(1) of the Fair Labor Standards Act of
 10 1938 (29 U.S.C. 206(a)(1)) or the rate speci-
 11 fied in the applicable State or local minimum
 12 wage law; or

13 (B) the customary rate paid by the em-
 14 ployer for the same or similar work performed
 15 by other employees who are not people with dis-
 16 abilities, and who are similarly situated in simi-
 17 lar occupations by the same employer and who
 18 have similar training, experience, and skills;

19 (2) the type of employment setting (such as
 20 segregated employment or competitive integrated
 21 employment) and the integrated services provided by
 22 such employers;

23 (3) the average hourly wage, minimum and
 24 maximum hourly wage, and average hours worked

1 per week of employees described in paragraph (1),
2 disaggregated by employer and by State;

3 (4) the aggregate demographic characteristics
4 of employees described in paragraph (1), including
5 the gender, ethnicity, race, and type of disability of
6 such employees; and

7 (5) the number of employees who have
8 transitioned from employment provided under a spe-
9 cial certificate to competitive integrated employment,
10 disaggregated by employer and by State.

11 (b) REPORT ON AUDIT OF EXISTING SPECIAL CER-
12 TIFICATE HOLDERS.—Not later than 1 year after the date
13 of enactment of this Act, the Secretary (acting through
14 the Administrator of the Wage and Hour Division) shall—

15 (1) conduct an audit of not less than 10 percent
16 of employers providing employment to employees
17 using special certificates, as of the date of enactment
18 of this Act, which shall include an audit of—

19 (A) the training and support provided to
20 such employees to promote their transition to
21 competitive integrated employment;

22 (B) the actions taken by employers to
23 identify competitive integrated employment for
24 such employees; and

1 (C) the wages of such employees, including
 2 whether such wages are at a rate that is less
 3 than—

4 (i) the higher of the rate specified in
 5 section 6(a)(1) of the Fair Labor Stand-
 6 ards Act of 1938 (29 U.S.C. 206(a)(1)) or
 7 the rate specified in the applicable State or
 8 local minimum wage law; or

9 (ii) the customary rate paid by the
 10 employer for the same or similar work per-
 11 formed by other employees who are not
 12 people with disabilities, and who are simi-
 13 larly situated in similar occupations by the
 14 same employer and who have similar train-
 15 ing, experience, and skills; and

16 (2) submit a report on such audit to the Com-
 17 mittee on Health, Education, Labor, and Pensions
 18 of the Senate, the Special Committee on Aging of
 19 the Senate, and the Committee on Education and
 20 Workforce of the House of Representatives.

21 **TITLE V—GENERAL PROVISIONS**

22 **SEC. 501. DEFINITIONS.**

23 In this Act:

1 (1) ABLE ACCOUNT.—The term “ABLE ac-
2 count” has the meaning given such term in section
3 529A(e)(6) of the Internal Revenue Code of 1986.

4 (2) COMPETITIVE INTEGRATED EMPLOY-
5 MENT.—The term “competitive integrated employ-
6 ment” has the meaning given the term in section
7 7(5) of the Rehabilitation Act of 1973 (29 U.S.C.
8 705(5)).

9 (3) DISABILITY.—The term “disability” in-
10 cludes any intellectual, developmental, mental health,
11 or other disability.

12 (4) INTEGRATED COMMUNITY PARTICIPATION
13 AND WRAPAROUND SERVICES; INTEGRATED SERV-
14 ICES.—

15 (A) IN GENERAL.—Except as provided in
16 subparagraph (B), the terms “integrated com-
17 munity participation and wraparound services”
18 and “integrated services” mean services for
19 people with disabilities that are—

20 (i) designed to assist such people in
21 developing skills and abilities to reside suc-
22 cessfully in home and community-based
23 settings;

24 (ii) provided in accordance with a per-
25 son-centered written plan of care;

1 (iii) created using evidence-based
2 practices that lead to such people—

3 (I) maintaining competitive inte-
4 grated employment;

5 (II) achieving independent living;
6 or

7 (III) maximizing socioeconomic
8 self-sufficiency, optimal independence,
9 and full participation in the commu-
10 nity;

11 (iv) provided in a community location
12 that is not specifically intended for people
13 with disabilities;

14 (v) provided in a location that—

15 (I) allows the people receiving the
16 services to interact with people with-
17 out disabilities to the fullest extent
18 possible; and

19 (II) makes it possible for the peo-
20 ple receiving the services to access
21 community resources that are not spe-
22 cifically intended for people with dis-
23 abilities and to have the same oppor-
24 tunity to participate in the community
25 as people who do not have a disability;

(vi) provided in multiple locations to allow the individual receiving the services to have options, thereby—

(I) optimizing individual initiative, autonomy, and independence; and

(II) facilitating choice regarding services and supports, and choice regarding the provider of such services; and

(vii) in compliance with the final rule of the Department of Health and Human Services entitled “Medicaid Program; State Plan Home and Community-Based Services, 5-Year Period for Waivers, Provider Payment Reassignment, and Home and Community-Based Setting Requirements for Community First Choice and Home and Community-Based Services (HCBS) Waivers” (79 Fed. Reg. 2948 (January 16, 2014)), or a successor rule.

(B) EXCLUSIONS.—The terms “integrated community participation and wraparound services” and “integrated services” shall not include

1 a service provided in any of the following set-
 2 tings:

3 (i) A nursing facility.

4 (ii) An institution for people with
 5 mental diseases.

6 (iii) An intermediate care facility for
 7 people with intellectual disabilities.

8 (iv) A congregate setting in which an
 9 individual does not have the ability, at the
 10 time preferred by the individual and in ac-
 11 cordance with other preferences of the in-
 12 dividual, to access services supporting the
 13 full inclusion and engagement of the indi-
 14 vidual in the greater community.

15 (5) LOCAL BOARD; LOCAL PLAN.—The terms
 16 “local board” and “local plan” have the meanings
 17 given such terms in section 3 of the Workforce Inno-
 18 vation and Opportunity Act (29 U.S.C. 3102).

19 (6) OLMSTEAD DECISION.—The term
 20 “Olmstead decision” means the decision of the Su-
 21 preme Court of the United States in *Olmstead v.*
 22 *L.C.*, 527 U.S. 581 (1999).

23 (7) OLMSTEAD PLAN.—The term “Olmstead
 24 plan”, with respect to a State, means the plan of the

1 State for complying with the holding in the
2 Olmstead decision.

3 (8) PEOPLE WITH DISABILITIES.—The term
4 “people with disabilities” includes individuals de-
5 scribed in section 14(c)(1) of the Fair Labor Stand-
6 ards Act of 1938 (29 U.S.C. 214(c)(1)).

7 (9) SECRETARY.—The term “Secretary” means
8 the Secretary of Labor.

9 (10) SPECIAL CERTIFICATE.—The term “spe-
10 cial certificate” means a special certificate issued
11 under section 14(c) of the Fair Labor Standards Act
12 of 1938 (29 U.S.C. 214(c)).

13 (11) STATE.—The term “State” means each of
14 the 50 States, the District of Columbia, the Com-
15 monwealth of Puerto Rico, and the territory of
16 Guam.

17 (12) STATE BOARD.—The term “State board”
18 has the meaning given such term in section 3 of the
19 Workforce Innovation and Opportunity Act.

20 (13) WORKFORCE DEVELOPMENT SYSTEM.—
21 The term “workforce development system” has the
22 meaning given such term in section 3 of the Work-
23 force Innovation and Opportunity Act.

1 **SEC. 502. AUTHORIZATION OF APPROPRIATIONS.**

2 (a) IN GENERAL.—There is authorized to be appro-
3 priated to carry out this Act, \$200,000,000 for each of
4 fiscal years 2026 through 2030.

5 (b) TECHNICAL ASSISTANCE.—From amounts made
6 available under subsection (a) for each fiscal year, 1 per-
7 cent shall be allocated for the activities under title III.

○