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**"ROCK CENTER with Brian Williams" will be broadcast tonight, June 21 at 10P/9C**

## Some disabled workers paid just pennies an hour – and it's legal

*By Anna Schechter, Producer, NBC News*

One of the nation's best-known charities is paying disabled workers as little as 22 cents an hour, thanks to a 75-year-old legal loophole that critics say needs to be closed.

Goodwill Industries, a multibillion-dollar company whose executives make six-figure salaries, is among the nonprofit groups permitted to pay thousands of disabled workers far less than minimum wage because of a federal law known as Section 14 (c). Labor Department records show that some Goodwill workers in Pennsylvania earned wages as low as 22, 38 and 41 cents per hour in 2011.

"If they really do pay the CEO of Goodwill three-quarters of a million dollars, they certainly can pay me more than they're paying," said Harold Leigland, who is legally blind and hangs clothes at a Goodwill in Great Falls, Montana for less than minimum wage.

"It's a question of civil rights," added his wife, Sheila, blind from birth, who quit her job at the same Goodwill store when her already low wage was cut further. "I feel like a second-class citizen. And I hate it." Section 14 (c) of the Fair Labor Standards Act, which was passed in 1938, allows employers to obtain **special minimum wage certificates** from the Department of Labor. The

certificates give employers the right to pay disabled workers according to their abilities, with no bottom limit to the wage.

Most, **but not all**, special wage certificates are held by nonprofit organizations like Goodwill that then set up their own so-called "sheltered workshops" for disabled employees, where employees typically perform manual tasks like hanging clothes.

The non-profit certificate holders can also place employees in outside, for-profit workplaces including restaurants, retail stores, hospitals and even Internal Revenue Service centers. Between the sheltered workshops and the outside businesses, more than 216,000 workers are eligible to earn less than minimum wage because of Section 14 (c), though many end up earning the full federal minimum wage of \$7.25.

### **NBC News**

#### **Harold Leigland, who is blind, with his guide dog on the bus during his morning commute to the Goodwill facility in Great Falls, Montana, where he works hanging clothing.**

When a non-profit provides Section 14 (c) workers to an outside business, it sets the salary and pays the wages. For example, the Helen Keller National Center, a New York school for the blind and deaf, has a special wage certificate and has placed students in a Westbury, N.Y., Applebee's franchise. The employees' pay ranged from \$3.97 per hour to \$5.96 per hour in 2010. The franchise told NBC News it has also hired workers at minimum wage from Helen Keller. A spokesperson for Applebee's declined to comment on Section 14 (c).

Helen Keller also placed several students at a Barnes & Noble bookstore in Manhasset, N.Y., in 2010, where they earned \$3.80 and \$4.85 an hour. A Barnes & Noble spokeswoman defended the Section 14 (c) program as providing jobs to "people who would otherwise not have [the opportunity to work]."

Most Section 14 (c) workers are employed directly by nonprofits. In 2001, the most recent year for which numbers are available, the GAO estimated that more than 90 percent of Section 14 (c) workers were employed at nonprofit work centers.

Critics of Section 14 (c) have focused much of their ire on the nonprofits, where wages can be just pennies an hour even as some of the groups receive funding from the government. At one workplace in Florida run by a nonprofit, some employees earned one cent per hour in 2011.

"People are profiting from exploiting disabled workers," said Ari Ne'eman, president of the Autistic Self Advocacy Network. "It is clearly and unquestionably exploitation."

Defenders of Section 14 (c) say that without it, disabled workers would have few options. A Department of Labor spokesperson said in a statement to NBC News that Section 14 (c) "provides workers with disabilities the opportunity to be given meaningful work and receive an income."

Terry Farmer, CEO of ACCSES, a trade group that calls itself the "voice of disability service providers," said scrapping the provision could "force [disabled workers] to stay at home," enter rehabilitation, "or otherwise engage in unproductive and unsatisfactory activities."

Harold Leigland, however, said he feels that Goodwill can pay him a low wage because the company knows he has few other places to go. "We are trapped," he said. "Everybody who works at Goodwill is trapped."

Leigland, a 66-year-old former massage therapist with a college degree, currently earns \$5.46 per hour in Great Falls.

His wages have risen and fallen based on "**time studies**," the method nonprofits use to calculate



the salaries of Section 14 (c) workers. Staff members use a stopwatch to determine how long it takes a disabled worker to complete a task. That time is compared with how long it would take a person without a disability to do the same task. The nonprofit then uses a formula to calculate a salary, which may be equal to or less than minimum wage. The tests are repeated every six months.

### **NBC News**

#### **Harold Leigland works at the Goodwill facility in Great Falls, Montana, where he earns \$5.46 an hour.**

Leigland's pay has been higher than \$5.46, but it has also dropped down to \$4.37 per hour, based on the time-study results. He said he believes Goodwill makes the time studies harder when they want his wage to be lower.

"Sometimes the test is easier than others. It depends on if, as near as I can figure, they want your wage to go up or down. It's that simple," he said.

His wife, Sheila, 58, spent four years hanging clothes at the Great Falls Goodwill for about \$3.50 an hour. She said the time study was one of the most degrading and stressful parts about her job. "You never know how it's going to come out. It stressed me out a lot," she said.

She quit last summer when she returned to work after knee surgery and found that her wage had been lowered to \$2.75 per hour, a training rate.

"At \$2.75 it would barely cover my cost of getting to work. I wouldn't make any money," she said.

Harold said he believes Goodwill can afford to pay him minimum wage, based on the salaries paid to Goodwill executives. While according to the company's own figures about 4,000 of the 30,000 disabled workers Goodwill employs at 69 franchises are currently paid below minimum wage, salaries for the CEOs of those franchises that hold special minimum wage certificates totaled almost \$20 million in 2011.

In 2011 the CEO of Goodwill Industries of Southern California took home \$1.1 million in salary and deferred compensation. His counterpart in Portland, Oregon, made more than \$500,000. Salaries for CEOs of the roughly 150 Goodwill franchises across America total more than \$30 million.

Goodwill International CEO Jim Gibbons, who was awarded \$729,000 in salary and deferred compensation in 2011, defended the executive pay.

"These leaders are having a great impact in terms of new solutions, in terms of innovation, and in terms of job creation," he said.

Gibbons also defended time studies, and the whole Section 14 (c) approach. He said that for many people who make less than minimum wage, the experience of work is more important than the pay.

"It's typically not about their livelihood. It's about their fulfillment. It's about being a part of something. And it's probably a small part of their overall program," he said.

And Goodwill and the organizations that run the sheltered workshops are not alone in their support for Section 14 (c). In many cases, the families of the workers who have severe disabilities say their loved ones enjoy the work experience, enjoy getting a paycheck, and the amount is of no consequence.

### **NBC News**

#### **Sheila Leigland, who is blind, with her guide dog. She quit her job at Goodwill in**

## Great Falls, Montana, after her hourly wage was lowered to \$2.75.

"I feel really good about it. I don't have to worry so much about him," said Fran Davidson, whose son Jeremy has worked at Goodwill in Great Falls, Montana, for more than a decade. "I know he's not getting picked on, and he's in a safe place. He enjoys what he's doing, and he's happy, and that's what we like for our kids." Jeremy started out working for a sub-minimum wage but did well on his last time study and is currently earning \$7.80 an hour, Montana's minimum wage.

But foes of Section 14 (c) have hopes for a new bill that's now before Congress that would repeal Section 14 (c) and make sub-minimum wages illegal across the board.

"Meaningful work deserves fair pay," the sponsor of the bill, Rep. Gregg Harper, R.-Miss., told NBC News. "This dated provision unjustly prohibits workers with disabilities from reaching their full potential."

The bill is opposed by trade associations for the employers of the disabled, and past attempts to change the law have failed. But Marc Maurer, president of the National Federation of the Blind and a foe of the sheltered workshop system, is cautiously optimistic that this time the bill will pass, and end what he called a "two-tiered system."

That system, explained Maurer, says "'Americans who have disabilities aren't as valuable as other people,' and that's wrong. These folks have value. We should recognize that value."

Monica Alba contributed to this report.

Video: <http://www.nbcnews.com/video/rock-center/52257275/>



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you are interested in making arrangements for ADAP to come speak at one of your meetings,  
please contact Anita Davidson, one of ADAP's Legal Assistants,  
by calling 205-348-5107, or emailing her, [akdavidson@adap.ua.edu](mailto:akdavidson@adap.ua.edu)



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