



1350 I STREET NW  
SUITE 700  
WASHINGTON, DC 20005  
202-588-5180  
NWLC.ORG

**Testimony of Andrea Johnson, Director of State Policy & Strategy and Da Hae Kim, State Policy Senior Counsel**  
**National Women's Law Center**  
**in SUPPORT of HB 649/SB 525**

**February 19, 2024**

Thank you for the opportunity to submit this testimony on behalf of the National Women's Law Center ("NWLC"). Since 1972, NWLC has fought for gender justice—in the courts, in public policy, and in our society—working across the issues that are central to the lives of women and girls and LGBTQI+ people. NWLC works closely with state policymakers across the country to strengthen laws for closing racial and gender wage gaps.

**I. HB 649/SB 525 makes Maryland's current pay transparency law work better for businesses, workers, and the economy**

Maryland took an important step towards greater pay transparency in 2020 by requiring employers to provide job applicants with the pay range for a position upon request.

Since that time, a rapidly growing chorus of states and localities have passed or enacted laws specifically requiring pay ranges be included in job postings: **Colorado; Illinois; New York; Washington; Hawaii; California;** New York City; Ithaca, NY; Westchester County, NY; and Jersey City, NJ. **Washington D.C.** and **Massachusetts** recently passed their own pay range transparency laws which are awaiting Congressional review and signature by the governor, respectively. Each chamber of the **Virginia** legislature has passed pay range transparency bills this session which are now working their way through the opposite chamber.

We are seeing pay range posting laws take off across the country not just because research suggests pay range transparency can help close gender and racial wage gaps, but because employers and lawmakers are noticing how including pay ranges in job postings helps businesses attract and retain talent and save time and costs in hiring.

**Marylanders are increasingly demanding this type of transparency:** recent NWLC polling shows that **nearly three in four (74%) Marylanders support** implementing pay range transparency practices at their own jobs and **68%** of Marylanders say seeing a pay range included with a job posting has a positive impact on their overall interest in applying for a posted job.<sup>i</sup>

Maryland businesses are already accustomed to having to provide job applicants with pay ranges for a position under current law. But Maryland's current law doesn't provide employers with the recruiting edge, cost savings, or other efficiency gains (described below) that come when employers must include pay ranges in job announcements. Nor does it as effectively help close gender and racial wage gaps. HB649/SB 525 will change that by specifically requiring employers to include pay ranges in job announcements and will be a win-win for employers and Maryland working people alike.

Pay range transparency can also help the state's economy. A study from Recruitonomics found that after Colorado's law went into effect in 2021, the labor force participation rate increased 1.5% relative to Utah's, a nearby state without such a law that had similar economic and demographic characteristics.<sup>ii</sup> Recruitonomics found that "effectively, those out of the workforce felt better about applying to jobs in a jurisdiction that mandated pay ranges."

## **II. Pay range transparency can help reduce gender and racial wage gaps**

We all want to feel confident that we are being paid fairly. But when pay is set in a black box, discrimination can easily seep in, and women, especially women of color, lose out. Maryland women overall stand to lose over \$392,200 to the wage gap over a 40-year career; Black women specifically stand to lose nearly \$1 million to the wage gap.<sup>iii</sup> Secrecy around pay allows the devaluation of women's work to often go unchecked and bias and wage gaps to grow.

Requiring employers to be publicly transparent about pay ranges shines a light on employer pay practices, increasing accountability on employers to set fair, non-exploitative wages and encouraging employers to proactively review and evaluate their compensation practices and address any unjustified disparities between employees.

Research also suggests that public pay range transparency may help raise wages for low-paid workers in particular—workers who are disproportionately women—as it reduces the information leverage employers have over workers and helps employers learn from the market wages about the market value of the job and adjust their pay to attract talent.<sup>iv</sup> Indeed, a study of Colorado's pay range transparency law, enacted in 2019, found that posted salaries increased by about 3.6% on average following the new law, suggesting that greater transparency spurs more worker-friendly pay.<sup>v</sup> In addition, pay range transparency can help end the pay secrecy and informality in low-paid piece rate and tipped industries that fuel exploitation by some employers, including offering wages below the minimum wage rate.

Pay range transparency also holds promise for addressing occupational gender segregation because posted ranges help workers get information on which industries pay better and encourages workers to seek jobs in higher-paying industries or positions.

Adding pay ranges to job announcements can also help level the negotiating playing field which is notoriously unfavorable to women. Women are often assumed to be less likely than men to ask for higher pay, but emerging research has shown that's not necessarily true.<sup>vi</sup> However, women are likely to be treated worse in negotiations, and women who negotiate are perceived negatively and as aggressive.<sup>vii</sup> Fortunately, research shows that when job applicants are clearly informed about the context for negotiations, like the range of pay, these gender differences in negotiation outcomes are reduced.<sup>viii</sup>

Given these biased perceptions of women in the hiring process, a law like Maryland's current law that puts the onus on a job applicant to ask for the pay range risks allowing disparities to persist as women may be perceived more negatively when they ask for the pay range and thus may be more reluctant to ask.

A growing line of research points to a reduction in gender pay gaps and increased wages for women after states and/or employers have enacted pay transparency policies.<sup>ix</sup> The much narrower wage gaps in

unionized and public sector positions where pay structures are typically transparent provide further evidence that greater pay transparency helps reduce wage disparities.<sup>x</sup>

### III. Including pay ranges in job announcements helps businesses attract and retain talent, save time and costs in hiring

The Society for Human Resource Management (“SHRM”) found that 70% of organizations that list pay ranges on job postings say that doing so has led to **more people applying to their postings**, and nearly two-thirds (66%) say that doing so has **increased the quality of applicants** they’re seeing.<sup>xi</sup>

Survey after survey has shown that an overwhelming majority of job candidates prefer to work at a company that discloses pay information and one survey from Monster.com found that nearly all workers (98%) believe an employer should disclose pay ranges in job announcements.<sup>xii</sup>

Pay range transparency is especially crucial for attracting Gen Z talent. While workers from all generations support pay range transparency, Adobe’s Future Workforce Study of upcoming college seniors and recent college grads revealed 85% are less likely to apply for a job if the company does not disclose the salary range in the job posting.<sup>xiii</sup>

Pay transparency is also shown to promote employee trust, loyalty, and productivity, which **helps retain talent** and is good for employers’ bottom line.<sup>xiv</sup>

In addition, including pay ranges in job announcements helps employers **avoid wasting time** culling through applications and interviewing candidates who would not accept the position because the pay does not align with their expectations. Research shows that it also helps **reduce online recruiting costs**.<sup>xv</sup>

We’ve heard from **small businesses** that don’t have an HR team that pay range transparency helps them save costs and time in hiring, which is crucial given they have limited resources and time available to hire. Not surprisingly, research found that many small businesses in Colorado already tended to share ranges before the pay range transparency law was passed in their state.<sup>xvi</sup> Smaller businesses also appreciate when pay range transparency laws, like HB 649/SB 525, require employers to provide a “general description of benefits and other compensation offered for the position” as it allows them to give a fuller picture of what they can offer beyond pay.

Pay range transparency is **easy for businesses to comply with**. Colorado, the first state to pass a pay range transparency law, saw a high rate of compliance among its 50 largest employers right after the law’s passage and nearly three years later continues to enjoy high rates of compliance. Ninety-nine percent of employers who were sent a notice of noncompliance have come into compliance just after receiving the notice.<sup>xvii</sup> Employers know from their budgets and from their sense of market rates what they are able and willing to offer. Pay range transparency laws simply ask employers to be transparent about what they are willing to pay and what they are hoping to pay for the position.

### Conclusion

We urge the members of this Committee to show up for Maryland businesses and working people by supporting HB 649/SB 525.

- <sup>i</sup> “New Polling Shows High Support for Pay Range Transparency in Maryland”, National Women’s Law Center (Jan. 22, 2024), available at <https://nwlc.org/resource/new-polling-shows-high-support-for-pay-range-transparency-in-maryland/>.
- <sup>ii</sup> Sam Kuhn, “Does Colorado’s Pay Transparency Law Help Recruiters?”, *Recruiteconomics* (Aug. 2, 2022), available at <https://recruiteconomics.com/does-colorados-pay-transparency-law-help-recruiters/>.
- <sup>iii</sup> “Lifetime Wage Gap Losses by State for Women Overall – March 2023”, National Women’s Law Center (Mar. 2023), available at [https://nwlc.org/wp-content/uploads/2023/03/lifetime\\_table\\_women\\_overall.pdf](https://nwlc.org/wp-content/uploads/2023/03/lifetime_table_women_overall.pdf); “Lifetime Wage Gap Losses by State for Black Women – March 2023”, National Women’s Law Center (Mar. 2023), available at [https://nwlc.org/wp-content/uploads/2023/03/lifetime\\_table\\_black\\_women.pdf](https://nwlc.org/wp-content/uploads/2023/03/lifetime_table_black_women.pdf).
- <sup>iv</sup> Zoë Cullen, “Is Pay Transparency Good?”, Harvard Business School (Jan. 2023; revised Mar. 2023), available at <https://www.hbs.edu/faculty/Pages/item.aspx?num=63443>.
- <sup>v</sup> David Arnold, Simon Quach, and Bledi Taska, “The Impact of Pay Transparency in Job Postings on the Labor Market”, SSRN (Aug. 9, 2022), available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4186234](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4186234).
- <sup>vi</sup> Benjamin Artz, Amanda H. Goodall, and Andrew J. Oswald, “Do Women Ask?”, *Industrial Relations: A Journal of Economy and Society* (May 9, 2018), available at [https://onlinelibrary.wiley.com/doi/abs/10.1111/irel.12214?casa\\_token=ZPH84Ye4dDgAAAAA:qLp4uD0UY1NOVqfPJP7mswxBxBkQjJqX-lonhecAwZL2kDse1rqQ1FAj1Rq5PzVY4553mLyG4gZorB](https://onlinelibrary.wiley.com/doi/abs/10.1111/irel.12214?casa_token=ZPH84Ye4dDgAAAAA:qLp4uD0UY1NOVqfPJP7mswxBxBkQjJqX-lonhecAwZL2kDse1rqQ1FAj1Rq5PzVY4553mLyG4gZorB).
- <sup>vii</sup> Hannah Riley Bowles, Linda Babcock, and Lei Lai, “Social Incentives for Gender Differences in the Propensity to Initiate Negotiations: Sometimes It Does Hurt to Ask”, *Organizational Behavior and Human Decision Processes* (May 2007), available at <https://dash.harvard.edu/bitstream/handle/1/38437278/Bowles%20Babcock%20%26%20Lai%202007.pdf?sequence=1>; Kim Elssesser, “Why Women Fall Short In Negotiations (It’s Not Lack Of Skill)”, *Forbes* (Jan. 21, 2021), available at <https://www.forbes.com/sites/kimelssesser/2021/01/21/why-women-fall-short-in-negotiations-its-not-lack-of-skill/?sh=52c69fa55d02>.
- <sup>viii</sup> Da Hae Kim, “Salary Range Transparency Reduces Gender Wage Gaps”, National Women’s Law Center (Oct. 13, 2023), available at <https://nwlc.org/resource/salary-range-transparency-reduces-gender-wage-gaps/>.
- <sup>ix</sup> Sourav Sinha, “Salary History Ban: Gender Pay Gap and Spillover Effects”, SSRN (Oct. 2, 2019), available at <https://doi.org/10.2139/ssrn.3458194>; James E. Bessen, Chen Meng, and Erich Denk, “Perpetuating Inequality: What Salary History Bans Reveal About Wages”, SSRN (Jun. 24, 2020; revised Jul. 8, 2021), available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3628729](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3628729).
- <sup>x</sup> “Release: OPM Releases Proposed Regulations to Prohibit Use of Previous Salary History”, U.S. Office of Personnel Management (May 10, 2023), available at <https://www.opm.gov/news/releases/2023/04/opm-releases-proposed-regulations-to-prohibit-use-of-previous-salary-history/#:~:text=The%20gender%20pay%20gap%20for,%25%20to%20the%20current%205.6%25> (Note that the federal government wage gap is calculated using average salaries for men and women, while the national gender wage gap is calculated using median salaries, meaning the analyses are not precisely comparable); Amanda Fins, Sarah David Heydemann, and Jasmine Tucker, “Unions Are Good for Women”, National Women’s Law Center (Jul. 2021), available at <https://nwlc.org/wp-content/uploads/2021/07/Union-Factsheet-7.27.pdf>.
- <sup>xi</sup> “New SHRM Research Shows Pay Transparency Makes Organizations More Competitive, Leads to Increase in Qualified Applicants”, SHRM (Mar. 14, 2023), available at <https://www.shrm.org/about/press-room/new-shrm-research-shows-pay-transparency-makes-organizations-competitive-leads-to-increase-qualified-applicants>.
- <sup>xii</sup> “Poll Results: Salary Disclosure”, Monster (Oct. 2022), available at [https://learnmore.monster.com/pay-transparency-poll?gl=1\\*1rvctdi\\*ga\\*MTU02ODAzODI4Ni4xNjc1OTUzOTEx\\*gid\\*MjI5NzQxNDEyLjE2NzU5NTM5MTE.\\*fplc\\*TEF2bGZmVknzcGlwMVbtM0kzJTJGMjd2QXFsazhHWWhvYjNTTtdIRk9WScUyQlRSUkY3NUo2TENTfY3aDFZdWFOqaFhWNfJE0Fib1BkbEhd3JJZUtwQQ9CRij5bTNDcmgwNndtQk9rcTNzZUR3NFEybw5yTG1xcHBveGFVMU00ZyUzRCUzRA](https://learnmore.monster.com/pay-transparency-poll?gl=1*1rvctdi*ga*MTU02ODAzODI4Ni4xNjc1OTUzOTEx*gid*MjI5NzQxNDEyLjE2NzU5NTM5MTE.*fplc*TEF2bGZmVknzcGlwMVbtM0kzJTJGMjd2QXFsazhHWWhvYjNTTtdIRk9WScUyQlRSUkY3NUo2TENTfY3aDFZdWFOqaFhWNfJE0Fib1BkbEhd3JJZUtwQQ9CRij5bTNDcmgwNndtQk9rcTNzZUR3NFEybw5yTG1xcHBveGFVMU00ZyUzRCUzRA).
- <sup>xiii</sup> Vaishali Sabhahit, “Adobe’s Future Workforce Study reveals what Gen Z is looking for in the workplace”, Adobe (Jan. 24, 2023), available at <https://blog.adobe.com/en/publish/2023/01/24/adobes-future-workforce-study-reveals-what-next-generation-workforce-looking-for-in-workplace>.
- <sup>xiv</sup> “Does Pay Transparency Close the Gender Wage Gap?”, PayScale, available at <https://www.payscale.com/research-and-insights/pay-transparency/>; Marcel Schwantes, “New Report: Pay Transparency May Be the Key to Keeping Your Employees in 2021”, *Inc.* (Feb. 11, 2021), available at <https://www.inc.com/marcel-schwantes/new-report-pay-transparency-may-be-key-to-keeping-your-employees-in-2021.html>; Deborah Thompson Eisenberg, “Money, Sex, and Sunshine: A Market-Based Approach to Pay Discrimination”, *Arizona State Law Journal* (2011), available at [https://digitalcommons.law.umaryland.edu/fac\\_pubs/1094/](https://digitalcommons.law.umaryland.edu/fac_pubs/1094/); Kathryn Mayer, “One Benefit of Pay Transparency? More Productive Workers”, SHRM (Apr. 25, 2023), available at <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/pay-transparency-may-result-in-more-productive-workers.aspx>.
- <sup>xv</sup> Sam Kuhn, “It Pays to Be Transparent”, *Recruiteconomics* (Nov. 14, 2022), available at <https://recruiteconomics.com/it-pays-to-be-transparent/#:~:text=Perhaps%20as%20pay%20transparency%20became,education%2C%20it's%2053%25%20lower>.

---

<sup>xvi</sup> David Arnold, Simon Quach, Bledi Taska, The Impact of Pay Transparency on Job Postings on the Labor Market, Aug. 2022, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4186234](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4186234).

<sup>xvii</sup> "Equal Pay for Equal Work: What the Colorado Law Means for Employers", Colorado Department of Labor and Employment, available at [https://cdle.colorado.gov/sites/cdle/files/documents/Equal\\_Pay\\_for\\_Equal\\_Work\\_Fact\\_Sheet\\_Web\\_0.pdf](https://cdle.colorado.gov/sites/cdle/files/documents/Equal_Pay_for_Equal_Work_Fact_Sheet_Web_0.pdf).