
BILL NO.: House Bill 123
TITLE: Labor and Employment – Wage History and Wage Range
COMMITTEE: Economic Matters
DATE: February 4, 2020
POSITION: **SUPPORT**

House Bill 123 seeks to build on the progress made in 2016 to eliminate the gender pay gap in Maryland by eliminating employers' rote use of salary history when establishing base pay. Despite positive changes in the law, women's incomes in Maryland still lag behind those of their male counterparts: women earn on average only \$0.86 to every dollar earned by men. For women of color, the pay gap is even larger – African American women take home \$0.68 and Latina women earn only \$0.46 for every dollar a white man makes. Our employment practices simply do not reflect the reality of today's workforce. Women are now the primary, sole, or co-bread winners in nearly 2/3 of families in Maryland. Therefore, any gender pay gap detrimentally, and unacceptably, effects Maryland's families.

In July 2015, the Acting Director of the U.S. Office of Personnel Management issued a memorandum advising federal agencies of the dangers of relying in past salary information in setting new hire standards. "Reliance on existing [or prior] salary to set pay could potentially adversely affect a candidate who is returning to the workplace after having taken extended time off from his or her career or for whom an existing rate of pay is not reflective of the candidate's current qualifications or existing labor market conditions"¹. The federal government understood that in order to achieve pay equity it needed to address the roots of the problem: salaries.

Employer responses to a wage history ban have often suggested that an applicant could always refuse to provide prior salary history information. However, as reported in the Harvard Business Review, a recent study of over 15,000 job applicants found that in jurisdictions where wage history information is permitted, a woman who was asked about her salary history and refused to disclose was actually offered 1.8% *less* than a woman who was asked and did disclose. Meanwhile, if a man refused to disclose when asked about salary history, he received an offer that was 1.2% higher than a man who did². Thus the evidence suggests that placing the burden on the applicant to refuse disclosure results in a concrete financial burden on that individual. By prohibiting the practice all together we level the playing field.

Other jurisdictions have begun to follow suit, as this innovative approach would benefit all workers, not just women. To date, 13 other states have passed similar legislation, with several other jurisdictions considering it this year. The effect on employers should also be minimal; while some attempts to close the wage gap aim at deterring adverse employment actions by creating more opportunities for litigation, this proactive approach prevents unintentional discrimination from occurring in the first place.

For the above reasons, the Women's Law Center of Maryland urges a favorable report for HB 123.

The Women's Law Center of Maryland is a private, non-profit, membership organization that serves as a leading voice for justice and fairness for women. It advocates for the rights of women through legal assistance to individuals and strategic initiatives to achieve systemic change.

¹ Additional Guidance on Advancing Pay Equality in the Federal Government, <https://www.chcoc.gov/content/additional-guidance-advancing-pay-equality-federal-government>

² <https://www.payscale.com/data/salary-history>