

More Equal Wages Will Support Maryland Families, Boost Local Economy

Position Statement in support of House Bill 123


Given before the House Economic Matters Committee

Ensuring that employers don't pay lower wages or make less favorable employment offers due to an applicant's gender or race would improve uneven economic growth and would help create greater economic security for working families. For these reasons, the Maryland Center on Economic Policy supports House Bill 123.

Despite prior federal and state legislation to address the gap in average wages between men and women, there is still significant pay disparity in Maryland, and it is worse for women of color. A woman working in Maryland makes only 86 cents for every dollar made by men in comparable jobs.ⁱ African American women make 69 cents, and Latina women make only 46 cents for every dollar paid to a white man doing comparable workⁱⁱ. While there are multiple factors at play, research estimates that discrimination is responsible for at least 6 to 8 percent of the wage gapⁱⁱⁱ. Closing this gap is a vital step toward ensuring all Marylanders have the same opportunity to climb the economic ladder.

If someone experiences pay discrimination early in their career, the use of salary history can compound the effects and cause them to earn less than they might have in future positions. House Bill 123 will build on past legislation by prohibiting employers from asking for an applicant's salary history during the screening process and limiting how the applicant's salary history can be used to determine their wages. Applicants can still voluntarily share salary history.

In addition, the bill requires that employers provide information about the company's wage scale upon request. Having more information improves the negotiating position for applicants who might have been paid below-average wages for past work when they enter salary negotiations for a new position, also helping prevent past wage discrimination from affecting future wages.



As a whole, Maryland women who work full time lose an estimated \$8.5 billion per year due to the wage gap.^{iv} The median income for a woman working full-time in Maryland is \$8,604 less than that of a man. The income that women could potentially gain if pay was equal could help them put food on the table, pay household bills, and pay for education.

Women and people of color in Maryland are more likely to be getting by on very low wages. The poverty rate for women who work is higher than for men who work. For families for which a woman is the primary breadwinner, more than 19 percent struggled to get by on wages below the federal poverty line in 2018—just \$16,460 for a family of two. And the poverty rate for Black and Latinx Marylanders is significantly higher than the state average – about 13 percent for Black Marylanders and 12 percent for Latinx Marylanders. Ensuring equal wages and closing the wage gap will provide vital income for these workers and their families.

This policy would also ensure Maryland is keeping up with the protections available to working people in other states. Similar policies are already in place in 13 states, including Delaware and New Jersey, and these changes can be implemented quickly with little or no cost to businesses.

House Bill 123 is an important step toward ensuring that everyone receives fair, equal treatment in the workplace. By strengthening the law, Maryland is making sure that women, people of color, and others who experience wage discrimination can continue providing for their families and building a stronger economy.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee give a favorable report to House Bill 123.

Equity Impact Analysis: House Bill 123

Bill summary

House Bill 123 would prohibit employers from requiring job applicants to disclose their salary history. Applicants could still voluntarily share their salary history. It would also require that employers make information about the pay range for a position available upon request.

Background

Maryland's current Equal Pay for Equal Work law applies to employees but provides no provisions for job applicants. Under the law, an employer may not prohibit an employee from asking about or disclosing their own wages or those of another employee. Additional protections state that the employer may not require an employee to sign a waiver or any other document that would deny the employee these rights, and they may not fire someone or take any other adverse employment actions against an employee for protected actions around wages.

Equity Implications

Preventing the reliance on salary history to set wages and providing more transparency around the wage ranges for a position could help close the gender and racial pay gaps over time.

- A woman working in Maryland makes only 86 cents for every dollar made by men in comparable jobs. African American women make 69 cents, and Latina women make only 46 cents for every dollar paid to a white man doing comparable work.
- The gap in wages gets greater with age, due to the compounding effects of lower wages early in a woman's career.
- Major factors in these pay disparities include: the motherhood penalty, race and gender-based discrimination, and a lack of transparency around wages^v. The policies in HB 123 would help address all of these factors.

Impact

House Bill 123 would likely **improve racial, ethnic and gender equity** in Maryland

ⁱ "America's Women and the Wage Gap." *National Partnership for Women and Families*. September 2018. <http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/americas-women-and-the-wage-gap.pdf>

ⁱⁱ "Black Women and the Wage Gap," National Partnership for Women and Families, April 2018. <http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/african-american-women-wage-gap.pdf>

ⁱⁱⁱ "The Simple Truth About the Gender Pay Gap," American Association of University Women, 2017. https://www.aauw.org/aauw_check/pdf_download/show_pdf.php?file=The-Simple-Truth

^{iv} U.S. Census Bureau. (2015). *American Community Survey 1-Year Estimates 2014, Geographies: All States within United States and Puerto Rico, Table B20017: Median Earnings in the Past 12 Months by Sex by Work Experience in the Past 12 Months for the Population 16 Years and Over with Earnings in the Past 12 Months*. Retrieved 17 September 2015, from http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_B20017&prodType=table
U.S. Census Bureau. (2015). *Current Population Survey, Annual Social and Economic (ASEC) Supplement: Table PINC-05: Work*

^v "The Simple Truth About the Gender Pay Gap: 2019 Update," American Association of University Women, 2016 https://www.aauw.org/files/2016/02/Simple-Truth-Update-2019_v2-002.pdf