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SENATE BILL 217 Labor and Employment – Wage History and Wage Range (Lee, et al)

STATEMENT OF INFORMATION

DATE: February 13, 2020

COMMITTEE: Senate Finance Committee

SUMMARY OF BILL: SB 217 requires an employer, upon request, to provide to an applicant for employment the pay scale for a position and prohibits an employer from seeking and relying on wage history of an employee or applicant when screening, considering the applicant for an interview or employment, or in determining the wages of the applicant. After making an offer for employment, an employer may rely on the wage information if the applicant voluntarily provides the information, without prompting. Civil penalties are imposed by the Commissioner of Labor for violations.

EXPLANATION: Each State Personnel Management System (SPMS) classification has a predetermined grade level, and there are salary guidelines established to define how salaries are determined for various types of hires, e.g., initial appointments, promotions, demotions, reinstatements, etc. Each SPMS agency must abide by the salary guidelines unless they have statutory authority to determine their own salary rules. It is important to note that the [State Salary Schedules](#) are totally transparent.

Salary offers above base require justification and approval. Depending on the salary being offered, the approval authority falls under the hiring agency or with DBM. Therefore, State agencies request verification of an applicant's current salary when the applicant makes a demand for a salary above the State offer, pursuant to current State salary guidelines. The State needs to be mindful of hiring new employees at salary levels that are higher than current employees in the same classification. However, an applicant's current pay rate could be an indication of the market rate. There is a distinction between market rate salaries which are best determined through verification, as opposed to the desired salary an applicant seeks –this difference has significant financial ramifications for State personnel costs. If agencies are unable to verify their current salaries, the State is at risk of over inflating the salary offers, with the added financial pressure of having to increase the pay of existing employees performing the same work for purposes of equity and morale.