

**Written Testimony of
Andrea Johnson, Director of State Policy, Workplace Justice & Cross-Cutting Initiatives
National Women's Law Center
In OPPOSITION to Int. No. 134
Before the New York City Committee on Civil and Human Rights**

April 8, 2021

Thank you for the opportunity to submit this testimony on behalf of the National Women's Law Center. NWLC has been working since 1972 to secure and defend women's legal rights and opportunities, and to help women and families achieve economic security. A large part of our work involves supporting local and state elected officials across the country in their efforts to pass laws that will help close gender and racial wage gaps.

Salary range transparency is a top equal pay policy priority right now and a trend we are seeing sweep the country. We submit this testimony in opposition to Int. No. 134 because its employer carve outs and exemptions would undermine the law's effectiveness as a tool to close NYC's racial and gender wage gaps.

1. Secrecy around salary ranges perpetuates gender and racial wage gaps

When an employer asks a job applicant what their salary expectations are without providing the applicant any information about the pay for the position, women and people of color lose out. Studies show that women often ask for less when they negotiate than men, even when the women applicants are otherwise equally qualified.¹ That may be, in part, because it is a common practice for job applicants to ask for an amount that is a 10 to 20 percent increase over their prior salary.² Given that women and people of color are typically paid less than white, non-Hispanic men, they would have to request a particularly large percentage increase over their current pay for their request to be on par with their white, non-Hispanic male counterparts. Since employers tend to anchor salary negotiations, consciously or subconsciously, on the job applicant's first salary request, providing applicants with a salary range that the employer is willing to pay helps level the negotiating playing field and reduces gender and racial wage gaps.

2. Salary range transparency helps narrow gender wage gaps

Research shows that when job applicants are clearly informed about the context for negotiations, including the salary range, women are more willing to negotiate, more successful in negotiating, and the gender wage gap narrows.³

Providing applicants and employees with salary range information also helps employees evaluate whether they are being paid fairly and work with their employers to resolve pay disparities. And salary range transparency provides companies with an opportunity to proactively review and evaluate their compensation practices and address any unjustified disparities between employees.

The much narrower wage gap in the public sector, where agencies typically have transparent and public pay structures, further proves that greater salary range transparency helps reduce wage disparities. Nationally, the gender-based wage gap for all full-time workers, based on median earnings, is 18 percent. However, in the federal government, where pay rates are publicly available, the gender-based wage gap in 2017 was 7 percent.⁴

3. Salary range transparency helps businesses more effectively and efficiently hire and set pay

We are seeing more and more businesses—small and large alike—voluntarily implement salary range transparency not only because it helps employers avoid wage gaps and in turn, litigation and liability, but because it helps them more efficiently and effectively attract and match with interested candidates and avoid wasting time interviewing candidates who won't ultimately be interested in the position.⁵ Indeed, a recent study found that the number of job postings that include salary ranges has been on the rise this year, given the increasingly tight labor market.⁶ Candidates are increasingly expecting more transparency from employers and looking for salary ranges in job announcements.⁷ In addition, providing employees with compensation information is shown to promote employee loyalty and productivity, which is good for employers' bottom line.⁸

4. States are increasingly enacting and considering salary range transparency requirements

Seven states have enacted laws requiring employers to provide job applicants the salary range for a position at some point in the hiring process—four in just the last year: Colorado, Washington, Rhode Island, Connecticut, Nevada, Maryland, and California. And this year, at least a dozen states from California to Indiana have been considering legislation to require salary range transparency from employers.

Colorado's salary range transparency requirement, like New York City's, requires salary ranges be posted in the job announcement and, importantly, applies to all size employers. Salary range information is important no matter where you work and it is a simple measure to implement. Even if an employer doesn't have established pay ranges, all employers must budget an amount for the position for which they are hiring. Salary range transparency laws just ask employers to be open about that amount or range.

Conclusion

Requiring employers to provide salary ranges to applicants is a crucial step towards closing the wage gap. And since the wage gap has barely budged in more than a decade, we must act now. We urge the members of this Committee to show up for working people in New York City by opposing Int. 134.

¹ See Linda Babcock & Sara Laschever, *WOMEN DON'T ASK: NEGOTIATION AND THE GENDER DIVIDE* (2003); Jenny Save-Soderbergh, *Are Women Asking for Low Wages? Gender Differences in Wage Bargaining*

Strategies and Ensuring Bargaining Success, Swedish Inst. Soc. Res. Working Paper Series 7/2007 10 (2007), available at https://ideas.repec.org/p/hhs/sofiwp/2007_007.html.

² See Jacquelyn Smith, *How Much Money to Ask for in a Salary Negotiation* (May 22, 2015), <http://www.businessinsider.com/how-much-money-to-ask-for-in-a-salary-negotiation-2015-5>; Melissa Phips, *Interview Questions about Your Salary Expectations* (Nov. 11, 2016), <https://www.thebalance.com/interview-questions-about-your-salary-expectations-2061235>.

³ See, e.g., Maria Recalde & Lise Vesterlund, *Gender Differences in Negotiation and Policy for Improvement*, National Bureau of Economic Research (Dec. 2020); Hannah Riley Bowles, Linda Babcock & Kathleen L. McGinn, *Constraints and Triggers: Situational Mechanics of Gender in Negotiations*, 89 J. PERSONALITY & SOC. PSYCH. 951, 955-56 (2005)

⁴ Gender Pay Differences: The Pay Gap for Federal Workers Has Continued to Narrow, but Better Quality Data on Promotions are Needed, GOVERNMENT ACCOUNTABILITY OFFICE (2020), <https://www.gao.gov/assets/720/711014.pdf>.

⁵ NAT'L WOMEN'S LAW CTR, EMPLOYER LEADERSHIP TO ADVANCE EQUAL PAY: EXAMPLES OF PROMISING PRACTICES (Mar. 1 2017), <https://nwlc.org/resources/employer-leadership-to-advance-equal-pay-examples-of-promising-practices/>.

⁶ See Roy Maurer, *More Employers post Salary Ranges to Attract Workers* (Aug. 16, 2021), <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/salary-ranges-.aspx>.

⁷ See Roy Maurer, *More Employers post Salary Ranges to Attract Workers* (Aug. 16, 2021), <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/salary-ranges-.aspx>; Greg Lewis, "This Job Description Heatmap Shows You What Candidates Really Care About (and What They Ignore)," LinkedIn (June 19, 2018), available at <https://www.linkedin.com/business/talent/blog/talent-acquisition/job-description-heatmap>.

⁸ See, Deborah Thompson Eisenberg, *Money, Sex and Sunshine: A Market-Based Approach to Pay Discrimination*, 43 Ariz. State L.J. 951, 1001-15 (2011); Lamb, N. & Klein, W., *A Proactive Approach to Wage Equality is Good for Business*, Employment Relations Today (Summer 2015), <http://arjuna-capital.com/news/a-proactive-approach-to-wageequality-is-good-for-business/>; See, Andrew Chamberlain, *Is Salary Transparency More Than a Trend?*, Glassdoor (Apr. 27, 2015), <https://www.glassdoor.com/research/studies/issalary-transparency-more-than-a-trend/>.