

**Testimony of  
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National Women's Law Center  
In SUPPORT of HB 832  
Before the Maryland House Economic Matters Committee**

**February 28, 2023**

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 help women and families achieve economic security. We work closely with state policymakers across the country to strengthen laws for closing gender and racial wage gaps. Pay transparency laws, like HB 832, have been identified as a leading tool for closing gender and racial wage gaps.

**I. HB 832 makes Maryland's current pay transparency law work better for businesses and workers**

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

Since Maryland passed its original pay range transparency law, a rapidly growing chorus of states and localities have passed and/or implemented laws specifically requiring pay ranges be *included in job postings*: Colorado, New York, Washington, California, New York City, Ithaca, NY; Westchester County, NY; and Jersey City, NJ. Dozens of additional states are considering similar legislation this year.

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

Maryland businesses are already accustomed to having to provide job applicants 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 that come when employers must include pay ranges in job announcements. Nor does it as effectively help close gender and racial wage gaps. HB 832 will change that by specifically requiring employers to include pay ranges in job announcements.

**II. Including pay ranges in job announcements helps business attract and retain talent, save time and costs in hiring**

More and more employers have begun to include pay ranges in their job postings as it becomes starkly clear that doing so is crucial to **attracting talent**.<sup>1</sup> A ResumeBuilder.com survey found an overwhelming majority (85%) of workers are more likely to apply for a job if the pay range is listed, and a Monster.com survey found more than half of respondents would refuse to even apply for a job that does not disclose the salary range.<sup>2</sup> Pay range transparency is especially

crucial for attracting Gen Z talent. 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>3</sup> Moreover, survey after survey has shown that an overwhelming majority of job candidates prefer to work at a company that discloses pay information and almost all candidates believe an employer should disclose pay ranges in job announcements.<sup>4</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>5</sup>

Including pay ranges in job announcements also helps employers **avoid wasting time** culling and interviewing someone who would not accept the position because the pay does not meet their expectations. Research shows that it also helps **reduce online recruiting costs**.<sup>6</sup>

We've heard from **small businesses** who don't have an HR team that it is crucial for them to include pay ranges in job postings given that they have limited resources and time available to hire. Smaller businesses also appreciate when pay range transparency laws, like HB 832, require employers to provide a "general description of benefits and other compensation to be offered" as it allows them to give a fuller picture of what they can offer beyond pay.

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 two years after, 99% of employers are in compliance.<sup>7</sup> A study analyzing the impact of Colorado's salary range transparency law found that, on average, the state experienced a greater increase in its labor force participation rate than Utah, a neighboring state with similar economic and demographic characteristics.<sup>8</sup>

Unfortunately, many employers, especially in the private sector, are still not transparent about how much a position pays. Even if an employer doesn't have formal pay ranges for particular roles, employers usually budget a general amount or range for the position for which they are hiring. Pay range transparency laws simply ask employers to share that information with applicants. Already, according to a PayScale survey, 86% of surveyed employers have a compensation structure in place or are working to develop one and around 68% of respondents stated they share their salary ranges with current employees, demonstrating that pay range transparency is possible.<sup>9</sup>

### **III. Pay range transparency helps close gender and racial wage gaps**

We all want to feel confident that we are being paid fairly. But when an employer doesn't provide job applicants the pay range for positions, women lose out. For example, research shows that pay negotiations are notoriously unfavorable to women: Women who negotiate are perceived as greedy and not team players; relatedly, because women are typically coming from roles where they are paid less, women often ask for less than their equally qualified male counterparts.<sup>10</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 given that women may be perceived more negatively when they ask for the pay range and thus may be more reluctant to ask.

Fortunately, research shows that when job applicants are clearly informed about the context for negotiations, including the pay range, gender gaps in negotiations diminish, which could help narrow gender wage gaps.<sup>11</sup>

Being required to post pay ranges in job announcements also prompts employers to proactively review and evaluate their compensation practices and address any unjustified disparities between employees.

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>12</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>13</sup>

#### **IV. Conclusion**

We urge the members of this Committee to show up for Maryland businesses and working people by supporting H.B. 832.

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<sup>1</sup> Roy Maurer, “More Employers Post Salary Ranges to Attract Workers,” Society for Human Resource Management (SHRM), August 16, 2021, available at <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/salary-ranges-.aspx>; “It Pays to be Transparent,” <https://recruitonomics.com/it-pays-to-be-transparent/>.

<sup>2</sup> Monster.com, Monster Poll: Workers Want Pay Transparency (Nov. 2022), <https://hiring.monster.com/resources/blog/workers-want-pay-transparency/>; ResumeBuilder.com, 1 in 20 Workers Will Quit if Transparency Laws Reveal They are Paid Less Than Co-Workers (Jan. 2023), <https://www.resumebuilder.com/1-in-20-workers-will-quit-if-transparency-laws-reveal-they-are-paid-less-than-co-workers/>.

<sup>3</sup> Vaishali Sabhahit, Adobe’s Future Workforce Study Reveals What Gen Z is Looking for in the Workplace (Jan. 2023), <https://blog.adobe.com/en/publish/2023/01/24/adobes-future-workforce-study-reveals-what-next-generation-workforce-looking-for-in-workplace>

<sup>4</sup> Workers Overwhelmingly Support Pay Transparency, CNBC, October 2022, <https://www.cnbc.com/2022/10/26/workers-overwhelmingly-support-pay-transparency.html>; Glassdoor Economic Research, 85% of Employed Women Believe They Deserve a Pay Raise; More Salary Transparency Can Help (March 2022), <https://www.glassdoor.com/research/pay-transparency-survey-2022/> (nearly 2 in 3 employees prefer to work at a company that discloses pay information over one that does not); Visier, Pay Transparency: Should Salary Be a Secret? (2022), <https://assets.ctfassets.net/lbgy40h4xfb7/1syomfc7rV3ta2100Y4YpM/cbb69babc37b3b6310febee8f6dfa48f/Visier-Pay-Transparency-Report.pdf> (68% of those surveyed would switch employers for greater pay transparency, even if compensation was the same).

<sup>5</sup> PayScale, available at <https://www.payscale.com/content/whitepaper/Pay-Transparency-Closing-Gender-Wage-Gap.pdf>; Marcel Schwantes, “New Report: Pay Transparency May Be the Key to Keeping Your Employees in 2021,” Inc.com, February 11, 2021, available at <https://www.inc.com/marcel-schwantes/new-report-paytransparency-may-be-key-to-keeping-your-employees-in-2021.html>; see Deborah Thompson Eisenberg, “Money, Sex and Sunshine: A Market-Based Approach to Pay Discrimination,” 2011, available at [https://digitalcommons.law.umaryland.edu/cgi/viewcontent.cgi?article=2093&context=fac\\_pubs](https://digitalcommons.law.umaryland.edu/cgi/viewcontent.cgi?article=2093&context=fac_pubs)

<sup>6</sup> Sam Kuhn, Recruitonomics, “It Pays to be Transparency,” Nov. 2022, <https://recruitonomics.com/it-pays-to-be-transparent/>

<sup>7</sup> “Equal Pay for Equal Work: What the Colorado Law Means for Employers,” Colorado Dept. of Labor, [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); HR Brew, “How Colorado’s Equal Pay for Equal Work Act has affected HR teams,” Sept. 2022, <https://www.hr-brew.com/stories/2022/09/15/how-colorado-s-equal-pay-for-equal-work-act-has-affected-hr-teams>.

<sup>8</sup> Sam Kuhn, Recruitonomics, “Does Colorado’s Pay Transparency Law Help Recruiters?” August 2022, <https://recruitonomics.com/does-colorados-pay-transparency-law-help-recruiters/>

<sup>9</sup> “2022 Compensation Best Practices Report,” PayScale.com, available at <https://www.payscale.com/research-and-insights/cbpr/>

<sup>10</sup> Artz, B., Goodall, A. H., & Oswald, A. J. 2018. “Do Women Ask?” *Industrial Relations* 57(4): 611-636. <https://onlinelibrary.wiley.com/doi/abs/10.1111/irel.12214>; 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*, 2007, available at <https://www.sciencedirect.com/science/article/abs/pii/S0749597806000884>; Marcus Dittrich, Andreas Knabe, and Kristina Leipold, “Gender Differences in Experimental Negotiations,” February 25, 2014, available at <https://onlinelibrary.wiley.com/doi/abs/10.1111/ecin.12060>; Anna Dreber, Emma Heikensten, and Jenny Save-Soderbergh, “Why Do Women Ask for Less?,” November 20, 2020, available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3703813](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3703813); Jenny Save-Soderbergh, “Gender Gaps in Salary Negotiations: Salary Requests and Starting Salaries in the Field,” May 2019, available at <https://www.sciencedirect.com/science/article/abs/pii/S0167268119300290>.

<sup>11</sup> Andreas Leibbrandt and John A. List, “Do Women Avoid Salary Negotiations? Evidence From A Large-Scale Natural Field Experiment,” National Bureau of Economic Research, November 2012 available at <https://www.nber.org/papers/w18511>; see, e.g., Maria Recalde and Lise Vesterlund, “Gender Differences in Negotiation and Policy for Improvement,” National Bureau of Economic Research, December 2020, available at <https://www.nber.org/papers/w28183>; Hannah Riley Bowles, Bobbi Thomason, and Immaculada Macias-Alonso, “When Gender Matters in Organizational Negotiations,” 2022, available at <https://www.annualreviews.org/doi/epdf/10.1146/annurev-orgpsych-012420-055523>; see Jennifer E. Dannals et. al., “The Dynamics of Gender and Alternatives in Negotiation,” 2021, available at <https://psycnet.apa.org/record/2021-03654-001>

<sup>12</sup> Sourav Sinha, “Salary History Ban: Gender Pay Gap and Spillover Effects,” 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,” June 2020, available at <https://ssrn.com/abstract=3628729> or <http://dx.doi.org/10.2139/ssrn.3628729>

<sup>13</sup> “Gender Pay Differences: The Pay Gap for Federal Workers Has Continued to Narrow, but Better Quality Data on Promotions Are Needed,” U.S. Government Accountability Office, December 3, 2020, available at <https://www.gao.gov/products/gao-21-67>; “Unions are Good for Women,” National Women’s Law Center, July 2021, available at <https://nwlc.org/wp-content/uploads/2021/07/Union-Factsheet-9.8.21.pdf>