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**Testimony Of**

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**National Women’s Law Center**

**In SUPPORT Of Senate Bill (S.B.) 925**

**Before the Oregon Senate Committee On Labor and Business**

**March 16, 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 the purpose of closing gender and racial pay gaps. Pay transparency laws, like Senate Bill 925, have been identified as a leading tool for closing gender and racial pay gaps.

For years, Oregon has been a leader on equal pay, including by strengthening the Oregon Equal Pay Act in 2017. But the practice of pay secrecy is continuing to allow gender and racial wage gaps to persist within Oregon businesses and the Oregon economy, undermining Oregon’s efforts to achieve equal pay. By requiring employers to include pay ranges in job announcements, S.B. 925 will give employers and employees a tool to help close gender and racial wage gaps and more efficiently and effectively recruit and retain talent**.**

1. **Pay range posting laws are sweeping the country, and many states are including private rights of action in their bills**

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

A rapidly growing chorus of states and localities have passed and/or implemented laws specifically requiring pay ranges to be included in job postings: **Washington, Colorado, New York, California**, New York City, Ithaca, NY; Westchester County, NY; and Jersey City, NJ. Four more states—Nevada, Maryland, Connecticut, and Rhode Island require employers to provide pay ranges at some point in the hiring process. This year, nearly twenty additional states are considering pay range transparency legislation.

Within this trend, states like Washington, California, Nevada, Connecticut, and Rhode Island explicitly provide private rights of action in their pay range transparency bills. Private right of action is a crucial mechanism for civil rights and employment laws, and including it is important to ensure that the bill will be enforced.

1. **Pay range transparency helps close gender and racial pay 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.[[1]](#endnote-1)

For women of color, who on average, often experience the largest wage gaps**,** research shows that they state dramatically lower minimum salary requirements than white men, white women, and men of color.[[2]](#endnote-2)

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 pay gaps.[[3]](#endnote-3) 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 pay for

women after states and/or employers have enacted pay transparency policies.[[4]](#endnote-4) Research also suggests that pay range transparency helps raise wages for low-paid workers.[[5]](#endnote-5)

The much narrower pay gaps in unionized and public sector positions where pay structures are typically transparent provide further evidence that greater pay transparency helps reduce pay disparities. [[6]](#endnote-6)

1. **Businesses have found that including pay ranges in job announcements helps them attract and retain talent and 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**.[[7]](#endnote-7) A recent survey by the Society of Human Resource Management found that 70% of organizations that list pay ranges on job postings say that doing so has led to more people applying to their postings, nearly two-thirds (66%) found an increase in the quality of applicants, and 65% stated that doing so makes them more competitive in attracting top talent.[[8]](#endnote-8)

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% of those surveyed are less likely to apply for a job if the company does not disclose the salary range in the job posting.[[9]](#endnote-9) 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.[[10]](#endnote-10) Pay transparency is also shown to promote employee trust, loyalty, and productivity, which helps **retain talent** and is good for employers’ bottom line.[[11]](#endnote-11) Also, by leveling the negotiating playing field, pay range transparency helps employers avoid gender and racial wage gaps from arising to begin with and thus avoid liability.

Including pay ranges in job announcements also helps employers avoid wasting time culling

and interviewing candidates who would not accept the position because the pay does not meet their expectations. Research shows that it also helps **reduce online recruiting costs**.[[12]](#endnote-12)

We’ve heard from **small businesses** who don’t have a human resources 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 S.B. 925, 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 compliance rate among its 50 largest employers right after the law’s passage, and nearly two years later, continues to enjoy even higher rates of compliance.[[13]](#endnote-13) 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.[[14]](#endnote-14)

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,[[15]](#endnote-15) demonstrating that pay range transparency is possible.

1. **Conclusion**

We urge the members of this Committee to show up for Oregon businesses and working people by supporting S.B. 925.

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