

Testimony in Support of LD 936, "An Act to Require Disclosure of Pay Ranges and Record Keeping of Pay History."
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Good afternoon Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor and Housing. I'm here to testify in support of LD 936, "An Act to Require Disclosure of Pay Ranges and Record Keeping of Pay History." This bill would empower workers, help better match jobseekers with available jobs, and improve the labor market for everyone.

Any economist will tell you that information is the key to any well-functioning market. And this bill would improve the information available to Mainers applying for jobs. Knowing the wage or salary range for a position will have several important benefits for jobseekers and the economy as a whole.

Firstly, it will make sure applicants for jobs are given a fair offer of pay if they are offered the job. For women, and people of color, this is particularly important. We know that women in Maine typically earn just 82 percent of a man's wages.¹ And for women of color the differential is even larger. Black women in Maine typically earn just 52 percent of a white man's wages.² There are many factors underlying the "wage gap" as it is known. Some of that is women being pushed into low-paying work, but some is employers lowballing women and people of color at job interviews.³ One survey found that 60 percent of the time, women are offered lower salaries than men when they are hired.⁴ This legislature has already made progress on this issue by prohibiting asking about prior salaries as part of a job application. This bill will build on that effort. Making the pay range for a job available to all applicants makes lowballing women applicants impossible and will lead to fairer wages.⁵

It will also improve conditions for existing workers. Having information about the wages and salaries available elsewhere will help workers to realize the value of their own labor. If you know the fast food restaurant on the other side of town is paying new staff more, you can go to your boss and ask for a raise.

It's clear that jobseekers increasingly want this information available. Surveys show overwhelming majorities of job seekers think the wage or salary range is the most important factor in looking for a new job, and that it's important to know that amount before applying.⁶ Currently, either jobseekers are not applying for jobs because they don't realize how much they could be paid, or they are wasting both their own time and the employer's time by applying for something that may not meet their needs in terms of pay. This bill will both meet a demand from Mainers who are looking for work, and has the potential to make Maine a more attractive destination for people moving from out of state.⁷

Finally, from an economist's perspective, this legislation will help the job market function more efficiently. Right now, too many people are stuck in the wrong jobs or paid too little because they don't know what their other options are. By making more information available to current and potential workers, this bill will allow them to make more informed choices. How much someone is paid should be a reflection of how valuable their labor is and our goal

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should be to make sure workers are in the roles where they are producing the most value to their employers. This bill helps move us further in that direction.

I do have some recommendations to amend the bill. The requirement should apply to all employers. I can see no administrative burden created by this legislation that would make it hard for small businesses to adopt. All employers should have a salary or wage range in mind when drafting a job advertisement already. By excluding small employers, the bill as currently written is less effective than it should be.

I would also urge the committee to consider whether it is necessary to set guidelines for how a pay range is to be defined in this law. When New York City passed a similar law, there were instances of employers posting unrealistically large wage ranges for positions that gave applicants no real information.⁸ The version of the law recently passed in Connecticut includes some clear guidance as to how employers should calculate the advertised wage range.⁹

The bill as written also currently contains no penalty for employers who violate the law. In order for it to be effective, I would recommend the committee include some kind of consequence to ensure compliance with the new law.

This bill would have many benefits, not just to workers but to the economy as a whole. That's why similar laws have been adopted by several other states and large cities.¹⁰ I urge you to vote ought to pass.

Thank you for your time. I'm happy to take any questions.

Notes

¹ Median earnings for men and women employed full-time, year-round in Maine. US Census Bureau, American Community Survey, 2021 data. Table B19326 retrieved via data.census.gov

<https://data.census.gov/table?q=maine+sex+earnings&tid=ACSDT1Y2021.B19326>

² Median earnings for white non-Hispanic men and Black women employed full-time, year-round in Maine. ACS 2017-2021 data using the Integrated Public Use Microdata System (IPUMS)

³ Sarah Jane Glynn, Diana Bosch, "Connecting the Dots: "Women's Work" and the Wage Gap." *US Department of Labor Blog*.

<https://blog.dol.gov/2022/03/15/connecting-the-dots-womens-work-and-the-wage-gap>

⁴ "The 2020 State of Wage Inequality in the Workplace." *Hired.com*. <https://hired.com/wage-inequality-report/2020/>

⁵ "Salary Range Transparency Reduces Gender Wage Gaps." *National Women's Law Center*. Jan 13, 2023.

<https://nwlc.org/resource/salary-range-transparency-reduces-gender-wage-gaps>

⁶ "Only 12% of U.S. Jobs Posted Online Disclose Salary But 98% of Job Seekers Say It's Important to Know the Salary Before Applying, According to New Talent.com Survey." *BusinessWire*. July 28, 2022.

<https://www.businesswire.com/news/home/20220727005446/en/Only-12-of-U.S.-Jobs-Posted-Online-Disclose-Salary-But-98-of-Job-Seekers-Say-It%E2%80%99s-Important-to-Know-the-Salary-Before-Applying-According-to-New-Talent.com-Survey>

⁷ For an example, see Christine Cruzvergara, "Why New Pay Transparency Laws Are Good For Recruiting." *Forbes*. Nov 23, 2022.

<https://www.forbes.com/sites/christinecruzvergara/2022/11/23/why-new-pay-transparency-laws-are-good-for-recruiting/>

⁸ Jeff Green, Richard Abbey, Eric Fan, "NYC employers are skirting the game-changing pay transparency law by listing \$100,000-plus salary ranges for jobs." *Fortune*. Nov 4, 2022. <https://fortune.com/2022/11/04/new-york-city-pay-transparency-law-salary-range/>

⁹ Connecticut Public Law 21-30. <https://www.cga.ct.gov/2021/act/pa/pdf/2021pa-00030-r00hb-06380-pa.pdf>

¹⁰ "Salary Range Transparency Reduces Gender Wage Gaps." *National Women's Law Center*. Jan 13, 2023.

<https://nwlc.org/resource/salary-range-transparency-reduces-gender-wage-gaps>