

Testimony in Support of LD 54, "An Act to Require Employers to Disclose Pay Ranges and Maintain Records of Employees' Pay Histories"

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Good Morning, Senator Tipping, Representative Roeder, and Members of the Joint Standing Committee on Labor. My name is James Myall. I'm a Policy Analyst at the Maine Center for Economic Policy and I'm here to testify in support of LD 54, "An Act to Require Employers to Disclose Pay Ranges and Maintain Records of Employees' Pay Histories." MECEP supports LD 54 because it will improve the bargaining power of Maine workers, helping them to consolidate recent wage gains and reducing discrimination in hiring practices. Higher wages for Maine workers means better living conditions for Maine families, more local spending and a stronger economy as our prosperity is shared more widely.

Pay is almost always the most important consideration for anyone looking for a job. Mainers need to know that the job they are applying for values their skills appropriately, treats them equitably, and will help them meet their living expenses. By requiring employers to disclose pay ranges up front, LD 54 will make it easier for Mainers to know if a prospective job meets these criteria.

Economists often say that a market functions best when involved parties are well-informed, and that is what LD 54 will achieve. Currently there is a big information mismatch in job searches. Employers usually know how much they have budgeted to pay a new employee, but they don't always tell prospective applicants. This gives them more leverage in negotiations to hire someone for less than they might be prepared to pay – but it also creates a lot of missed opportunities. Some people won't apply for the job because they don't know that it offers great pay and benefits. Some Mainers will get most of the way through the application process before having to back out when they realize the salary is too low for what they need. At the everyday level, people and companies waste time and opportunities from an inefficient market. At the wider level, the economy isn't as strong as it should be because people aren't maximizing their potential in the best jobs.

This bill will be an important tool in fighting discrimination. When employers hold all the cards in wage negotiations, it is too easy for women, people of color, and other vulnerable groups to be offered wages at less than they deserve – a phenomenon which contributes to white men earning disproportionately more. As of 2023, one measure of the wage gap between men and women in Maine shows that women earn just 84% of a man's salary on average.ⁱ For women of color, the gap is even greater. MECEP recently found that even with recent gains due to the strong economy, Black immigrant women in Maine earn just 52 cents for every dollar earned by white non-Hispanic men.ⁱⁱ

While there are a variety of factors behind the persistent gender and racial wage gaps in this country, we know that some of it is due employers lowballing women and people of color at job interviews.ⁱⁱⁱ

A significant number of states and cities now have laws similar to LD 54, allowing researchers to measure the impacts of these laws. They have found that they increase overall wages offered to workers,ⁱ reduce recruiting costs to employers,^v close the gender pay gap,^{vi} and numerous other benefits.^{vii}

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.^{viii} Wide pay ranges have also been found to disproportionately deter women from applying, thereby weakening the law's overall impact.^{ix} The version of the law recently passed in Connecticut includes some clear guidance as to how employers should calculate the advertised wage range.^x

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.

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

Notes

ⁱ Median earnings for men and women employed full-time, year-round in Maine. US Census Bureau, American Community Survey, 2023 data. Table B19326 retrieved via data.census.gov

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

ⁱⁱ James Myall, "State of Working Maine 2024," *Maine Center for Economic Policy*. <https://www.mecep.org/jobs-and-income/state-of-working-maine-2024/>

ⁱⁱⁱ Shiya Wang, and Adina Sterling. *Setting Up the Gap? Gender Differences in Initial Salary Offers*. February 03, 2025. <https://business.columbia.edu/faculty/research/setting-gap-gender-differences-initial-salary-offers>

^{iv} https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4186234

^v David Arnold, Simon Quach, and Bledi Taska, "The Impact of Pay Transparency in Job Postings on the Labor Market." *Social Scholars Research Network*. 18 Aug 2022. <https://www.shrm.org/mena/topics-tools/news/talent-acquisition/study-pay-transparency-reduces-recruiting-costs>

^{vi} Michael Baker et al., "Pay Transparency And The Gender Gap." *National Bureau of Economic Research: Working Paper 25834*. Dec 2021. https://www.nber.org/system/files/working_papers/w25834/w25834.pdf

^{vii} For a list of examples see "Pay Range Transparency Is Critical for Driving Pay Equity." *National Women's Law Center* Mar 2024. <https://nwl.org/wp-content/uploads/2024/03/Pay-Range-Transparency-2024v2.pdf>

^{viii} 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>

^{ix} Darren Bernard, Joe Croom, and Benjamin Yang, "The Joint Effect of Pay Range Disclosure Width and Gender on Job Applications." *Social Scholas Research Network*. 3 Jan 2024. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4546369

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