

**Testimony of Cary Brown, Executive Director of the Vermont Commission on Women
House Committee on General and Housing
March 13, 2024**

RE: H704, an act relating to disclosure of compensation in job advertisements

Good morning. My name is Cary Brown and I'm the Executive Director of the Vermont Commission on Women. We are an independent state agency working to advance rights and opportunities for women and girls in Vermont. In that capacity we:

- act as advisor and information source for legislative and executive branches and other policy makers on issues affecting women
- serve as an educational resource by conducting research, producing publications, and coordinating events
- bring together diverse groups and engage in partnerships to consider issues of gender equity
- provide information and referrals to the public on matters related to women and families

The Commission on Women has long held economic equity as one of its top priorities. One of our core policy positions states that:

"the Vermont Commission on Women supports pay equity legislation, policies, programs, and initiatives that enhance enforcement of equal or equivalent pay policies."

Yesterday was Equal Pay Day, a symbolic day chosen each year to represent how far into the new year women must work in order to earn as much money as men made in the previous year. We continue to see a gap between what men and women earn, with women of color, Native, Latina, and disabled women making much less than white women and men.

Currently, women in the United States as a whole make 84% of what men make, and in Vermont they make 93% of what men do. This is actually the best ratio in the country, and we've seen it rise more in the last ten years than in the 20 years before that. This isn't by accident – Vermont deserves significant credit for its efforts to make change.

The gender wage gap is a complex issue with multiple factors causing it, and as such it needs to be addressed from multiple angles, including government, education, and the private sector all working together. The legislature gets credit for a strong equal pay law that has been even further strengthened this legislative session; allowing employees to discuss their pay so that it's easier to see pay disparities; prohibitions against requiring salary history from job applicants; and good protections against sexual harassment. Education and advocacy organizations get credit for supporting initiatives such as the LEEP Toolkit, a free pay equity tool for employers; the Equal Pay Compact, a pledge to take action to reduce pay inequity; and programs such as Vermont Works for Women's Gender Equity Advancement Roundtable, where employers learn about supporting women in the workplace.

One of the factors in causing pay inequity is how people are compensated. There is rarely outright, intentional discrimination at play when people are paid differently, but bias does have an impact. For instance, there is a motherhood penalty observed in hiring, pay, and promotion¹

- Women with children were 6 times less likely than women without children to be recommended for hire
- Mothers were recommended a starting salary that was 7.9% lower than the salary offered to non-mothers
- Non-mothers were 8.2 times more likely to be recommended for a promotion than mothers

Differences in pay that may start out small at the beginning of someone's career can get built in and perpetuated over time, widening as they go. When salaries are set based on previous earnings, this can set up a situation where women or people of color can face systemic pay inequity, even when there is no intention to do so.

This is why Vermont passed a law a few years ago prohibiting employers from asking applicants for their salary history, in order to make it harder to base compensation on past earnings. This bill, requiring pay ranges to be included in job postings, is a natural extension of that law.

This bill would address at least two significant factors impacting wage differences – inequity in the negotiation process and lack of transparency in compensation.

Research shows that pay negotiations are notoriously unfavorable to women and many people of color. Women who negotiate pay tend to end up with less than men who negotiate. Unfortunately, employers tend to perceive women who negotiate as greedy and aggressive; and some research shows that women often ask for less when they negotiate because they do not want to be negatively perceived.²

“When employers negotiate without giving salary range information to job applicants, applicants are more likely to rely on their past pay as a negotiation reference point, which perpetuates existing pay gaps. It is a common practice for job applicants to ask for an amount that is a 10 to 20 percent increase over their last pay. Given that women and people of color are typically paid less than white, non-Hispanic men in the same occupations, 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... Indeed, a recent study found that women of color state dramatically lower minimum salary requirements than white men, white women, and men of color.”³

Research shows that when job applicants are clearly informed about the context for negotiations, including the types of compensation, benefits, or conditions that are negotiable, or the typical pay for

¹ Correll, Shelly, Stephen Benard, and In Paik. “Getting a Job: Is there a Motherhood Penalty?” *American Journal of Sociology* (112(5):1297-1339 (2007)

² [NWLC-Pay-Range-Transparency-Factsheet_2023-1.pdf](#)

³ [NWLC-Pay-Range-Transparency-Factsheet_2023-1.pdf](#)

the position, gender differences in negotiation outcomes lessen⁴ and suggests that initiatives which improve transparency are likely to help equalize opportunities at the bargaining table.⁵

Transparency in compensation simply makes it harder to pay employees different salaries for the same job – in a landmark Supreme Court case, Lilly Ledbetter was able to get justice after she was tipped off by a fellow employee to the fact that for years working at Goodyear she had been paid thousands less than her male counterparts. If there had been pay transparency at Goodyear, she would likely never have had to experience those years of inequity.

Jobs in the public sector have

“The much narrower wage gap in the public sector—where agencies typically have transparent and public pay structures—is further evidence that greater pay transparency helps reduce wage disparities... Union members also experience a narrower gender wage gap compared to nonunion members likely in part because unions help to ensure transparency around wages, including greater access to and control over information about salaries, and set pay scales.”⁶

Including pay ranges in job postings is also beneficial for employers:

“EFFICIENCY GAINS: Transparency about pay ranges helps employers avoid wasting time interviewing someone who would not accept the position because the pay doesn’t align with their expectations.

BETTER EMPLOYEE RETENTION: Pay range transparency promotes employee trust and loyalty, which is good for employers’ bottom line. A recent survey found that the perception of pay transparency in the workplace decreases intent to leave by 30%, indicating that pay transparency can also help retain employees.

INCREASED QUALIFIED CANDIDATES: A study by SHRM shows that 70% of organizations that list pay ranges on job postings experienced more people applying to their postings and 66% saw an increase in the quality of job applicants they’re seeing. 65% of organizations also said sharing pay ranges on job postings makes them more competitive in attracting top talent.

OTHER BUSINESS BENEFITS: Research also shows that including pay ranges in job postings helps reduce online recruiting costs because it reduces the cost-per-click (total clicks per job divided by the cost to promote it). Two academic studies suggest that pay transparency increases employee productivity; if employees are aware of how their pay compares to that of their colleagues, they may be compelled to work harder, thus benefitting employers with greater productivity.”⁷

This is a practice that many employers are already doing, and in fact it’s growing rapidly, as employers recognize the advantage it provides in recruiting and as more applicants are expecting it.

⁴ [NWLC-Pay-Range-Transparency-Factsheet_2023-1.pdf](#)

⁵ Recalde, Maria & Vesterlund, Lise, “Gender Differences in Negotiation and Policies for Improvement,” National Bureau of Economic Research, Working Paper 28183, December 2020

⁶ [NWLC-Pay-Range-Transparency-Factsheet_2023-1.pdf](#)

⁷ [NWLC-Pay-Range-Transparency-Factsheet_2023-1.pdf](#)

At Indeed.com, 45% of all postings now include salary range, which is up from less than 20% before the pandemic.⁸

Adobe's Future Workforce Study found that 85% of upcoming and recent grads say they're less likely to apply for a job if the company does not disclose the salary range in the job posting⁹

A Monster.com survey found that 98% of workers believe companies should include pay ranges in job postings, and a study from the Society for Human Resources Management (SHRM) found that 82% of workers are more likely to consider applying to a job if the pay range was listed; 74% say that they are less interested in applying to job postings that do not list a pay range; and 73% are more likely to trust organizations that provide pay ranges.¹⁰

A recent survey from [ResumeLab](#) found that 4 out of 5 individuals would likely stop "applying for the given profession" if a job posting did not include information about compensation.¹¹

"Not surprisingly, women of color seem to be placing particular importance on pay range transparency. Reboot Representation, a tech industry coalition funded by Melinda French Gates' Pivotal Ventures, surveyed over 2,000 Black, Latina, and Native American women and found that the women listed increasing access to information, including salary ranges, had one of the most outsized impacts in their ability to join, stay, or advance at a company. The women surveyed also reported that employers could increase the representation of Black, Latina, and Native American women in tech if they share salary ranges, which could attract these underrepresented groups to join, advance, or stay with their employers."¹²

Several other states and municipalities have enacted such laws, and a table is included at the end of this testimony. One of the key differences among states is the size of the employer who is subject to the law, and it varies from one employee to 50 employees. Recognizing that the vast majority of Vermont employers are small employers, our laws generally apply to smaller numbers, but in recent years your trend has been to include all employers in all workplace protections. It would be consistent with that practice to apply this law to all employers who have at least one employee.

Some possible pitfalls to consider:

Some employers may prefer not to disclose pay ranges because they want to preserve the possibility of paying a higher amount in order to attract a particular applicant. Nothing in this bill would prevent an employee from negotiating a higher pay, and it's much better practice for an employer to have a clear compensation policy that they use to set pay that does the best job of attracting and retaining the most desirable candidates.

⁸ [How Pay Transparency Laws Help and Limit Job Seekers - The New York Times \(nytimes.com\)](#)

⁹ [Adobe's Future Workforce Study Reveals What the Next Generation Workforce Is Looking for in the Workplace | Adobe Blog](#)

¹⁰ [NWLC-Pay-Range-Transparency-Factsheet_2023-1.pdf](#)

¹¹ [Quick Facts About State Salary Range Transparency Laws - Center for American Progress](#)

¹² [NWLC-Pay-Range-Transparency-Factsheet_2023-1.pdf](#)

There may be a concern that some employers might opt not to hire Vermonters for remote positions in order to avoid complying with the law – but as noted earlier the practice is generally beneficial for employers, and this is a requirement that is increasing nationwide.

Another concern is that some employers may post overly broad ranges that end up not being helpful. Netflix did this in California, posting a pay range of \$60,000 - \$290,000 for a job in consumer products.¹³ But Colorado amended its law in 2023 to require employers to disclose in good faith the range and benefits, hoping to avoid this problem.

¹³ [How Pay Transparency Laws Help and Limit Job Seekers - The New York Times \(nytimes.com\)](https://www.nytimes.com/2023/03/02/us/politics/pay-transparency-laws.html)

STATE	WHO IT APPLIES TO	WHAT IT REQUIRES
Colorado	at least one employee in the state	<ul style="list-style-type: none"> • employers must disclose in good faith the pay range and a general description of benefits and other compensation for the job opportunity • requires an employer to make reasonable efforts to announce, post, or otherwise make known to all current employees all opportunities for promotion
Hawaii	50 or more employees	<ul style="list-style-type: none"> • include an hourly rate or a salary range in job listings • The employer must share a range that reasonably reflects the expected compensation
Illinois	15 or more employees	<ul style="list-style-type: none"> • include a pay range and a general description of benefits and other compensation in their job listings. • If an employer does not post a position, the bill requires employers to disclose the pay range and a general description of benefits and other compensation to a job applicant before discussing pay and at the applicant's request. • The bill also requires employers to share opportunities for promotion to all current employees within 14 days of the employer

		making an external posting of the position
California	15 or more employees	<ul style="list-style-type: none"> include the pay scale for a position in any job posting. If the employer is advertising the job through a third party, then the employer must provide the pay scale to the third party, who must then include it in the job posting. requires employers to provide the pay scale of a position to the employee currently holding the position, upon request.
New York	4 or more employees	<ul style="list-style-type: none"> disclose the pay range and job description when advertising a job, promotion, or transfer opportunity. Employers may not refuse to interview, hire, promote, employ, or otherwise retaliate against a job applicant or current employee for exercising any rights under the law.
Washington	15 or more employees	<ul style="list-style-type: none"> include salary ranges on their job postings, as well as a general description of benefits