

May 1, 2024

To: Senate Committee on Economic Development

Re: H.704, “An act relating to disclosure of compensation in job advertisements”

Dear Senators,

We are writing to express our enthusiastic support of H.704, “An act relating to disclosure of compensation in job advertisements.” Vermont Works for Women promotes economic justice by advancing gender equity and supporting women and youth at every stage of their career journeys. Enacting laws and policies such as H.704 addresses systemic barriers and issues that move Vermont in the direction of eliminating the wage gap and advancing economic stability for all.

The gender wage gap persists in Vermont and the statistics are staggering:

- Currently women working full time in VT earn \$0.89 for every \$1.00 that their male counterparts earn.
- When part-time workers are factored in, the gap widens to \$0.85 for every \$1.00 men earn.
- The wage gap gets progressively worse when intersectionality is factored; black women, indigenous women, Hispanic women, women who are mothers, and those that identify as LGBTQ+ have a wider gap.

Women of every race are paid less than men, at all education levels — and it only gets worse as women’s careers progress. This leaves women and their families with less money now and less money to invest in their retirement security and wealth for the future. Today’s wage gap in Vermont costs the average woman \$258,000 over a 40-year career, and a woman would have to work until age 65 to earn what her male counterparts earn by age 60 – a whole 5 years longer!

Proven strategies to address and reduce the wage gap include standardized compensation, pay transparency and conducting regular pay equity audits. Studies have found that there is no wage gap in organizations where employees believe they are paid in a transparent way, and the gap is much smaller in industries where pay bands are fully transparent. For example, government and federal employees have a gap of only 6%.

All workers deserve the right to know the compensation range for jobs during the application process, however it is particularly important for women. According to the National Women’s Law Center, “Pay range transparency empowers job applicants and current employees with pay information to aid in their job search, inform their employment decisions, and better manage pay negotiations with employers.” Pay range transparency gives job applicants crucial information that can help them negotiate for higher pay or make more informed choices about which jobs to pursue.

Transparency around pay ranges also provides businesses with an opportunity and strong incentive to proactively review and evaluate their compensation practices and address unjustified disparities between employees, while helping them attract and retain talent. Because of this, more and more states are passing laws requiring employers to be transparent about pay ranges in job announcements.

Vermont Works for Women works toward a day that all Vermonters, regardless of gender, have equal access to opportunities and to thrive economically. Enacting laws and policies such as H.704 addresses systemic barriers and issues that move Vermont in the direction of eliminating the wage gap and advancing economic stability for all. Vermont Works for Women supports this bill.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dai Po" followed by a flourish.

Executive Director

# Facts and Data on the Wage Gap and Pay Transparency

---

- Motherhood penalty
  - Mothers are offered lower starting salaries than women without children (Budig, (2014). The Fatherhood Bonus and The Motherhood Penalty: Parenthood and the Gender Gap in Pay, Third Way.
- Ellequate Findings: Percentage of employees who do not understand how pay and other forms of compensation are determined.
  - 28% of employees overall
  - 01% of employees under age 45
  - 35% of LGBTQ+ employees
  - 36% of people with disabilities
  - 30% of BIPOC women
  - 24% of white and BIPOC men
- Ellequate Findings: Percentage of employees who do not feel their pay is fair compared to others with similar roles and responsibilities in their organizations.
  - 20% of employees overall
  - 25% of BIPOC employees
  - 33% of people with disabilities
  - 31% of LGBTQ+ employees
  - 31% of Black women
  - 39% of Black women with children
  - 17% of employees age 45+
  - 25% of employees under age 45
- Ellequate Findings: When employees do not understand how pay is determined and perceive their pay as fair, they are:
  - More likely to experience stress in the workplace that affects their personal life
  - Less likely to experience feelings of belonging and psychological safety in the workplace
  - Black women that do not believe they are paid fairly are 1.7x as likely to report that they do not feel safe bringing up problems and tough issues at their employer as compared to employees overall.
- Ellequate: We must commit to building more equitable systems through:
  - Standardize compensation
  - Promote pay transparency
  - Mitigate bias in hiring
  - Conduct regular pay equity audits
  - Reduce bias in performance reviews

## Facts and Data on the Wage Gap and Pay Transparency (continued..)

---

- PAY Transparency: Why?
  - According to LinkedIn, 70% of professionals want to hear about salary in the first message from a recruiter.
  - Pay transparency can close the pay gap
    - A study conducted by PayScale found that there is no wage gap in organizations where employees believe they are paid in a transparent way
    - Pay gap private sector employees: 22%
    - Pay gap of federal employees: 6%
  - A SHRM study found that companies that proactively address pay disparities have higher levels of employee satisfaction, commitment, and productivity
- Cincinnati Women's Fund Data: Pay transparency: influenced by legal mandates (Cincinnati Law lessons/data)
  - Narrows gender wage gap
  - Increased racial wage equity
  - Improved productivity, job satisfaction, trust, and perceived fairness
  - Employers reaching pay equity goals.
  - Impact on compensation systems: Observable metrics to determine pay

## Sources

---

PayScale: <https://www.payscale.com/research-and-insights/pay-transparency/> (Note there are some great tables in this document)

National Women's Law Center: <https://nwlc.org/issue/equal-pay-and-the-wage-gap/>

Ellequate's Pay Equity Report: <https://www.ellequate.com/payequity>

Women's Fund of Greater Cincinnati Pay Equity Research: <https://www.gcfnd.org/womensfund/learn/#payequityresearch>

Women's Fund of Greater Cincinnati Pay Transparency Research: <https://www.gcfnd.org/wp-content/uploads/2023/03/Pay-Transparency-Measures-in-the-U.S.-2023.pdf>

Women's Fund of Greater Cincinnati Pay Transparency One-Pager: [Pay-Transparency-One-Pager-2024.pdf \(gcfnd.org\)](https://www.gcfnd.org/wp-content/uploads/2024/03/Pay-Transparency-One-Pager-2024.pdf)