



PROPONENT TESTIMONY OF:

Erin Ryan
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IN SUPPORT OF:

HB 385 – Wage Information
Protect communications about wages and salary history
House Economic Development, Commerce & Labor

Chairman Young, Vice-Chair Riedel, Ranking Minority Member Lepore-Hagan, and distinguished members of the House Economic Development, Commerce & Labor Committee, thank you for the opportunity to testify today on Ohio House Bill 385

My name is Erin Ryan and I serve as the Managing Director of the Ohio Women's Public Policy Network (WPPN), a coalition of more than 25 organizations working collaboratively to promote public policies that create economic security for women and strengthen families. We believe that policymakers must advance public policy that addresses the following issue areas:

1. Promoting an economic security agenda for women and their families;
2. Ensuring fairness and opportunity in the workplace; and
3. Improving women's health and well-being

These shared policy goals – focused on fostering a policy landscape in Ohio that promotes economically secure, healthy, and thriving women – guide our work as a coalition and have shaped our interest in House Bill 385. This legislation would break down barriers that perpetuate gender and racial pay disparities and would strengthen equal pay laws for state employees.

In Ohio, women make up 48 percent of the state's workforce, and families are increasingly dependent upon the wages of women. In fact, 85 percent of Black mothers, 62 percent of Latina mothers and 53 percent of white mothers are key family breadwinners.¹ Yet, workplace policies do not match the shifting dynamics of the American workforce, and our state continues to keep policies in place that lead to unfair pay and discriminatory hiring practices, such as requiring salary history or allowing wage secrecy. Ohio House Bill 385 would change that, taking steps to establish stronger equal pay laws that would contribute to closing the gender wage gap.

¹<http://www.nationalpartnership.org/research-library/work-family/paid-leave/paid-leave-means-a-stronger-ohio.pdf>

Studies show that the gender wage gap exists for a number of reasons, including the unfair and discriminatory hiring practices HB 385 addresses. Because of this persisting wage gap, the full economic potential of women and their families is stifled. On average, women working full-time in Ohio continue to make 75 cents for every dollar their male colleagues take home, amounting to an annual wage gap of \$12,686. And the gender wage gap is even larger for women of color: Black women are paid, on average, 64 cents and Latinas paid, on average, just 61 cents for every dollar paid to white, non-Hispanic men² Failing to provide equal pay not only impacts women's paychecks, but also has longer term impacts on women's wealth attainment, investment, and retirement savings.

HB 385 gets to the root of many of the problems that perpetuate the gender wage gap. Firstly, it prohibits state agencies from seeking an applicant's salary history, a hiring practice that disproportionately hurts women and people of color. When employers rely too heavily on previous salary, it reinforces gender and racial disparities and opens the door for unconscious bias or discrimination that often lead to women, particularly women of color, being paid less. And this follows women over the course of their career, diminishing their earning potential over their lifetime.

Additionally, this practice is likely to penalize women who have gaps in employment or who work part-time as a result of shouldering a disproportionate share of the caregiving duties for new children and aging family members. Requiring salary history as a part of the hiring process can hurt women if they do decide to re-enter the workforce, as their previous salaries will no longer be in line with job market conditions or their qualifications for the position.

This specific piece of the legislation has gained traction across the country as a growing number of cities and states enact or consider salary history bans. Massachusetts, California, Delaware, Oregon, and Puerto Rico have all enacted laws that prohibit all employees from seeking salary history. And last year, nearly half of the states in the U.S. had legislation introduced that would ban this process. At the local level, Pittsburgh and New Orleans have enacted bans for public employees and New York City, Philadelphia, and San Francisco have done so for all employees.³

While HB 385 only bans salary history for state agencies, it is worth noting that many private sector recognize the benefit this policy has for employees and businesses. Amazon, Wells Fargo, American Express, Cisco, Google and Bank of America have all recently eliminated the practice of requiring applicants to provide salary history. In their decision to do so, they have cited the role this plays in contributing to wage gap and acknowledged that employees should instead be paid commensurate with their qualifications, experience, and required responsibilities of the job they are seeking. They also note that eliminating the practice of relying on salary history can attract wider, more diverse talent that would otherwise not apply.

The second piece of this legislation would address the wage gap by prohibiting pay secrecy within state agencies, allowing employees to discuss salaries and preventing retaliation against employees who do so.

² <http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/4-2017-oh-wage-gap.pdf>

³ Pelisson, Áine Cain Anaele. "9 Places in the US Where Job Candidates May Never Have to Answer the Dreaded Salary Question Again." Business Insider. April 10, 2018. Accessed June 18, 2018. <http://www.businessinsider.com/places-where-salary-question-banned-us-2017-10>.

Although there are laws protecting workers' rights to discuss pay and other workplace matters freely, including the 1935 National Labor Relations Act, many companies still strongly discourage their employees from discussing pay. In a 2014 report, the Institute for Women's Policy Research found that about half of American employees in all sectors are either explicitly prohibited or strongly discouraged from discussing pay with their coworkers.⁴

The law might protect an employee from being fired solely for discussing pay, but employees still fear being cold shouldered by management or risking an opportunity to rise within the company. Internal pay secrecy policies often persist because companies face no real enforcement, and pay secrecy opens the door for discrimination to occur unchecked. By prohibiting state agencies from retaliating in any way against employees who discuss pay, transparency is increased and workers' rights are protected in more concrete way.

Lastly, this legislation not only takes steps to directly address policies that contribute to the wage gap, but it also makes a commitment to study the implications of the policies it implements. By establishing the Wage Disparity Study Commission, our state would have the ability to further study the issue and measure the actual impact of the legislation over a five-year period. This commission would allow us to develop data and evidence to better understand the effectiveness of these practices, and create a model for other states to follow.

Again, we strongly urge the committee to support the passage of Ohio House Bill 385. This legislation would make important strides in establishing fairer and better hiring practices - for applicants and employers - and contribute greatly to closing the gender wage, which holds back women - particularly women of color - and their families from reaching their full economic potential.

Chairman Young, thank you again for the opportunity to testify in support of this legislation. I am available to answer any questions today or by email at ryan@innovationohio.org.

Sincerely,

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⁴ Jonathan Timm, "When the Boss Says, 'Don't Tell Your Coworkers How Much You Get Paid'," The Atlantic, July 15, 2014, accessed June 18, 2018, <https://www.theatlantic.com/business/archive/2014/07/when-the-boss-says-dont-tell-your-coworkers-how-much-you-get-paid/374467/>.