



### Testimony in Support of Bill Addressing Wage Discrimination: HB5261 House Committee on Labor March 17, 2021

The Economic Progress Institute supports HB5261 which, if enacted, would provide critical protections against employer-imposed wage differentials based on race, color, religion, sex, sexual orientation, gender identity or expression, disability, age, or country of origin.

Pay gaps based on sex and other characteristics have many causes and many potential solutions, but their reality remains undeniable. Figure 1 highlights ongoing sex-based wage gaps

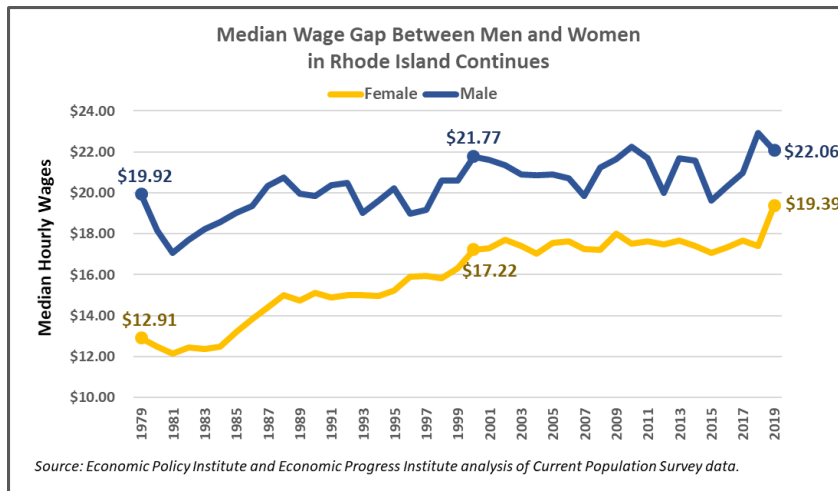


Figure 1

in Rhode Island. These gaps persist in good economic times and bad. Figure 2 shows persistent and even larger wage gaps between White and Latinx Rhode Islanders.

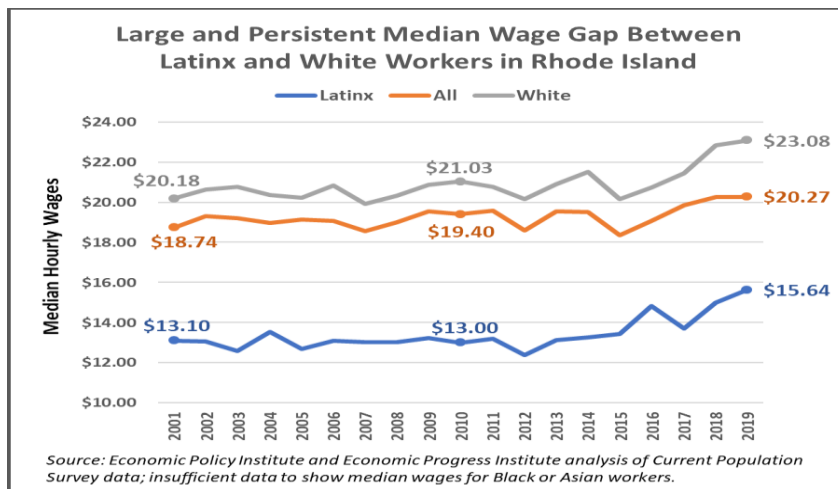


Figure 2

We know from the Women’s Fund of Rhode Island report **The Uneven Path 2020: State Investment in Women’s Economic Security**<sup>1</sup> that wage disparities based on sex and race/ethnicity are additive. Figure 3 shows the lifetime wage loss for women based on race and ethnicity, comparing the median wages of each demographic group to those of non-Latino White men. While the gender gap between the median wages of Non-Latina White women and



men is stark – totaling \$428,700 over the course of a 40-year career – Rhode Island women of color face gaps that are much larger. Over the course of a lifetime, Black women see wage losses of nearly \$1 million due to the pay gaps they face, and Latina Rhode Islanders face a gap that is over \$1.2 million. (Unfortunately, data limitations prevent us from also exploring the wage penalties faced by Rhode Island women and men with other protected characteristics that are often the basis of pay discrimination.)

Representative Donovan’s HB5261 gives Rhode Island important new tools to help close these persistent wage gaps, by extending Rhode Island’s current sex-based protections for equal pay to other groups, by ensuring that Rhode Island courts use a fair “comparable work” standard to assess claims, by closing loopholes used by employers to circumvent equal pay protections, by protecting employees from retaliation for discussing pay, and by prohibiting reliance on salary history when determining employee compensation.

**Although wage gaps are, in part, due to demographic differences in which people work in which professions, a considerable portion of the pay gap can be attributed to pay differentials within professions:** “[I]f you left women in their current occupations and just closed the gaps between women and their male counterparts within occupations (e.g., if male and female civil engineers, and male and female teachers, made the same per hour), that would close a whopping 68 percent of the gap.”<sup>2</sup> **And this is the very gap that HB5261’s focus on a comparable pay standard seeks to remedy.**

We recognize that the prevalence of wage disparities based on sex, race, ethnicity, and other demographic characteristics will not be entirely eliminated by the provisions of this bill. We must do more to ensure that our public schools, colleges, and universities proactively work to address other disparities that contribute to the wage gap, especially disparities in high school completion rates and attainment of post-secondary education. We are confident, however, that this bill will help shift Rhode Island’s employment policies towards greater equity, without placing undue burdens on Rhode Island employers. We urge this committee to pass this bill out of committee for consideration by your House colleagues.

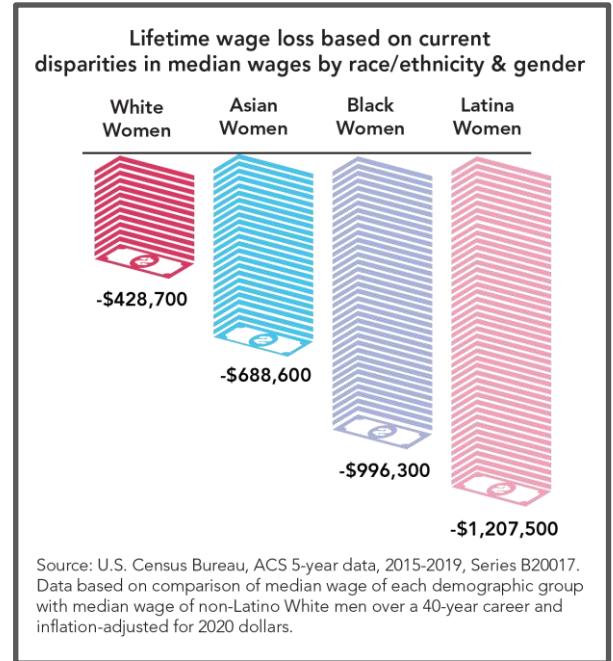


Figure 3

<sup>1</sup> See <http://www.economicprogressri.org/wp-content/uploads/2020/01/Uneven-Path-Report-FINAL-WEB.pdf>.

<sup>2</sup> Elise Gould, Jessica Schieder, and Kathleen Geier, “What is the gender pay gap and is it real? The complete guide to how women are paid less than men and why it can’t be explained away,” Economic Policy Institute, October 20, 2016, <https://www.epi.org/publication/what-is-the-gender-pay-gap-and-is-it-real/>, citing research of Claudia Goldin, “A Grand Gender Convergence: Its Last Chapter,” *American Economic Review* (vol. 104:4, April 2014), pp. 1091-1119, <https://www.aeaweb.org/articles?id=10.1257/aer.104.4.1091>.