



A STRONG VOICE FOR OREGON'S WORKERS

To: Chair Holvey
Vice-Chairs Elmer and Sosa
Members of the House Business and Labor Committee

FR: Catie Theisen, Oregon AFL-CIO

RE: Concerns on HB 3205, bonuses and the wage gap

March 13, 2023

The Oregon AFL-CIO represents 300,000 workers across Oregon and is a voice for all workers in the legislative process. In 2017, we were proud to support Oregon's Equal Pay Act, which made significant progress to meaningfully address the fact that for far too long active participants of our workforce had been categorically denied equal access to wages, solely because of their gender and race.

We know that wages fundamentally and critically include the total compensation package – which include any bonuses. Unfortunately data substantiates that implicit bias has a significant impact on bonuses. Research continues to show that people tend to give preferential treatment to people who share their own traits and resemble them physically.¹

Further, research from HR software provider ADP found that the average bonus amount for women was less than two thirds of the amount paid to men who had equivalent base pay, age and tenure. This disparity existed across all age, salary and industry groups from the moment an employee was hired through the full-duration of the six-year study.²

We see this bear out in national data: Women, on average, earn a 17 percent (\$15,000) lower salary than men. However, when factoring in the gender pay gap for bonus pay, the total earnings pay gap widens to 19 percent (\$18,500).³ ADP has further found that an initial hiring bonus pay differential may seem minimal to start, but compounds significantly over the course of a woman's career.⁴

We know that none of the proponents of this bill are pursuing it with an intention for these adverse outcomes to occur, however without clear sideboards that hiring and retention bonuses be paid equitably and universally, it leaves the door wide open for implicit bias and the wage gap for women and people of color to worsen in Oregon.

While women overall in Oregon still earn on average 83.9 cents to every dollar a white man makes, as of 2023 Oregon now ranks in the top 10 of all states when it comes to closing the wage gap for Black, Latina and Native women.⁵ Consequently, we have significant concerns that without any additional clarifying language on discriminatory intent or impact, HB 3205 would fundamentally undermine both state and federal equal pay laws and ultimately perpetuate and stand to worsen the wage gap that we have worked so hard to address in Oregon.

¹ https://insight.kellogg.northwestern.edu/article/hirable_like_me

² <https://www.adpri.org/wp-content/uploads/2020/08/Rethinking-Gender-Pay-Inequity-in-a-More-Transparent-World-Full-Report.pdf>

³ <https://www.adp.com/spark/articles/2018/09/the-gender-pay-gap-widens-as-women-earn-less-bonus-pay.aspx>

⁴ <https://www.adp.com/spark/articles/2018/09/the-gender-pay-gap-widens-as-women-earn-less-bonus-pay.aspx>

⁵ <https://nwlc.org/resource/wage-gap-state-by-state/>