



Date: March 5, 2026

To: Chair Cherry and Members of the Senate Committee on Labor

From: Patrick Schaefer, Policy Analyst, Michigan League for Public Policy

Subject: Support for SB 145 (Anthony)

The Michigan League for Public Policy supports Senate Bill 145 sponsored by Senator Anthony. This bill seeks to reduce pay disparities and improve economic mobility of Michiganders by banning inquiry regarding past pay and benefits, along with credit score and history, which will limit employers' reliance on salary history in hiring and compensation decisions.

For those of you who are not yet familiar, the League is a nonpartisan research and advocacy organization that promotes economic opportunity for all and analyzes the impact of public policy and budget decisions on the lives of Michiganders who have been historically and systemically left out of opportunities to advance prosperity. The League is also the state's Kids Count organization, working as a part of a national effort to measure the well-being of children at the state and local levels and to shape efforts that improve the lives of Michigan children.

In 2024, the median full-time female worker in Michigan earned just \$0.79 for every dollar earned by the median full-time male worker. This pay disparity was the sixth largest state gender pay gap in the country. The pay disparity is even greater when factoring in race. The median full-time Black female worker made just \$0.67 for every one dollar made by a white male worker. Research has also shown that this wage gap cannot be completely accounted for when considering factors like race, ZIP code, education, occupation, industry, and work experience, meaning women in the exact same job as their male peers still earn less even if they have the same education and work for the same company. These numbers represent a persistent legacy of wage discrimination that is in part perpetuated by a structural bias that occurs when employers utilize past salary as a factor in hiring and compensation decisions.

While the gender wage gap — and worse, the wage gap at the intersection of gender and race — is driven by a number of issues, using salary history exacerbates this. This is especially true where a prior salary may not reflect a person's current qualifications or capacity to do work or even reflect the current market conditions. For example, during the COVID-19 pandemic, many women had to leave work or reduce their hours in order to accommodate child caregiving responsibilities, resulting in lower wages. Additionally, relying on prior salary can depress the

Using data to educate, advocate and fight for policy solutions that undo historic and systemic racial and economic inequities to lift up Michiganders who have been left out of prosperity.

101 S. WASHINGTON SQUARE • SUITE 820 • LANSING, MICHIGAN 48933
P: 517.487.5436 • WWW.MLPP.ORG

wages for individuals who are moving from the public or nonprofit sector into the private sector. And, unfortunately, this does not simply affect the employee's starting pay, but also pay decisions further in her career including future raises, bonuses, promotions or retirement savings opportunities.

By implementing a salary history ban during the hiring process, pay discrimination could be reduced across the state. A 2025 Boston University Law School review found newly hired female workers earned 7.8% more in regions that had implemented salary history bans compared to newly hired female workers in areas that had no ban. Another study found that non-white new hires in areas with salary history bans saw a 5.9% increase in wages over areas without salary history bans.

Salary and benefit history as well as credit history bans are very common across the country. Today, 18 states — plus Puerto Rico, the District of Columbia, and two dozen other municipalities — have already enacted some form of broad salary history ban during the hiring process. This includes some of our fellow midwestern states, such as Illinois and Minnesota, which have salary history bans similar to what is proposed in SB 145. Moreover, salary history bans already exist in Michigan for state agencies and departments. Executive Directive 2019-10 bars state agencies and departments from inquiring about a job applicant's current or previous salaries unless and until the department or agency first makes a conditional offer of employment. This acknowledges the efficacy of these salary history bans and reaffirms compensation and employment should be based on the nature of the work and services provided and not gender or race.

Employers can also benefit from bans on requesting prior salary and benefit information. It can expand the pool of applicants. Research has also shown that increasing diversity in employment recruitment and retention can increase productivity and innovation. In the past, several large employers reduced their reliance on salary history. And employers can reduce their exposure to litigation.

While SB 145 is a good first step toward reducing wage discrimination, another way to support job seekers would be to broaden the scope of the bill and not just restrict employers from inquiring or seeking past wages, but also restrict seeking current salary. Executive Directive 2019-10 utilizes the language "current or previous salaries." Many other states such as Illinois and Minnesota also specify both current and past salary in their salary history bans.

It is clear Michigan can and needs to do more to reduce gender and race pay and benefit disparities across the state. We urge the committee to pass this proposal.