
Equal Pay for Equal Work

Max Tejera

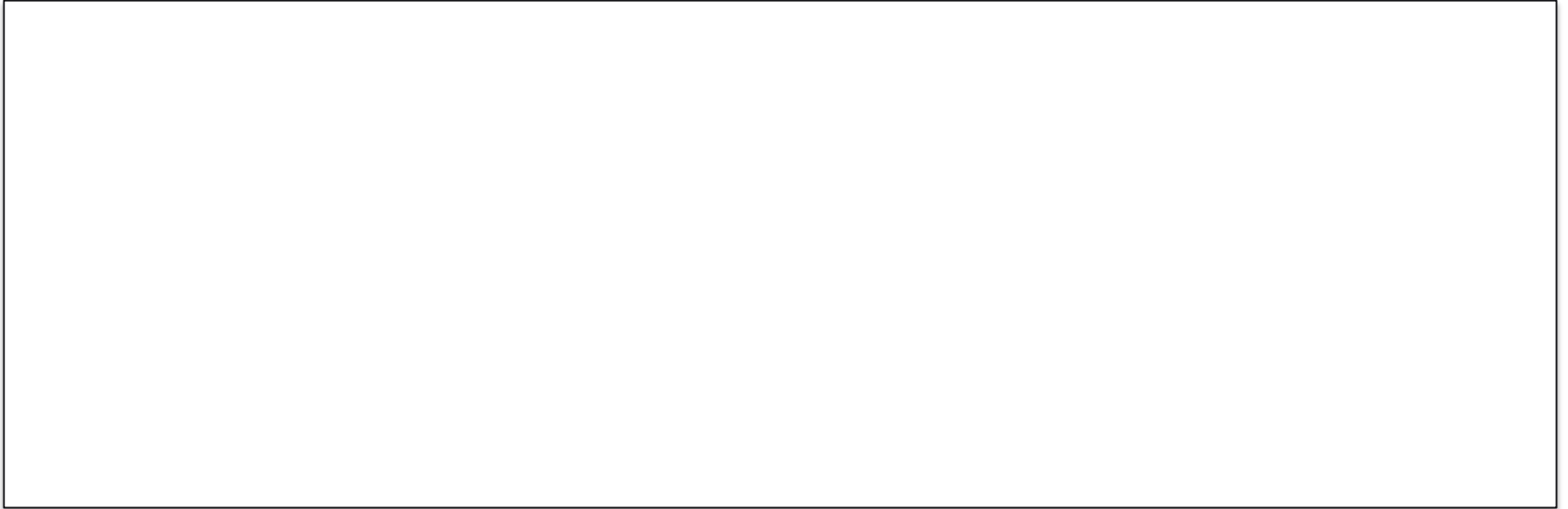
MA - Economics / MPA Candidate

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DENVER
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Takeaways



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2. The Equal Pay for Equal Work Act is a cost-effective solution.
3. Critics of the law claim the Equal Pay for Equal Work Act makes Colorado uncompetitive. This doesn't seem to hold in the data.

The Gender Wage Gap

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"You know, today, women make up about half our workforce, but they still make 77 cents for every dollar a man earns. That is wrong, and in 2014, it's an embarrassment.

Women deserve equal pay for *equal work*."

- Barack Obama
State of The Union, 2014

The Gender Wage Gap



“If you took individuals in the labor force and took those who were working *full-time, full-year*, and took all women, took the median annual earnings of those women and took the same thing for men, and divided the two, it would be 0.77 or around that... So, is this for *equal work*? Is it equal individuals?”

- Claudia Goldin
2023 Nobel Prize in Economics
Freakonomics Radio

Equal Pay for Equal Work Act

(b) Despite policies outlawing pay discrimination and creating avenues for women to bring a civil action for lost wages, women still earn significantly less than their male counterparts for the same work;

(c) According to a report released in March 2018 by the Institute for Women's Policy Research and The Women's Foundation of Colorado:

(I) Women in this state earn just 86 cents for every dollar men earn;

(II) Latinas earn 53.5 cents and black women earn 63.1 cents for every dollar earned by white men; and

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Equal Pay for Equal Work Act

TRANSPARENCY IN PAY AND OPPORTUNITIES FOR PROMOTION AND ADVANCEMENT

8-5-201. Employment opportunities - opportunities for promotion or advancement - pay rates in job listings. (1) AN EMPLOYER SHALL MAKE REASONABLE EFFORTS TO ANNOUNCE, POST, OR OTHERWISE MAKE KNOWN ALL OPPORTUNITIES FOR PROMOTION TO ALL CURRENT EMPLOYEES ON THE SAME CALENDAR DAY AND PRIOR TO MAKING A PROMOTION DECISION.

(2) AN EMPLOYER SHALL DISCLOSE IN EACH POSTING FOR EACH JOB OPENING THE HOURLY OR SALARY COMPENSATION, OR A RANGE OF THE HOURLY OR SALARY COMPENSATION, AND A GENERAL DESCRIPTION OF ALL OF THE BENEFITS AND OTHER COMPENSATION TO BE OFFERED TO THE HIRED APPLICANT.



Pay Transparency



**AMERICAN
PSYCHOLOGICAL
ASSOCIATION**

“The gender difference favoring men was reduced when negotiators... were provided with information about the bargaining range.”

- Mazei Et Al, 2014

(Meta analysis of 51 studies on negotiation effects by gender)

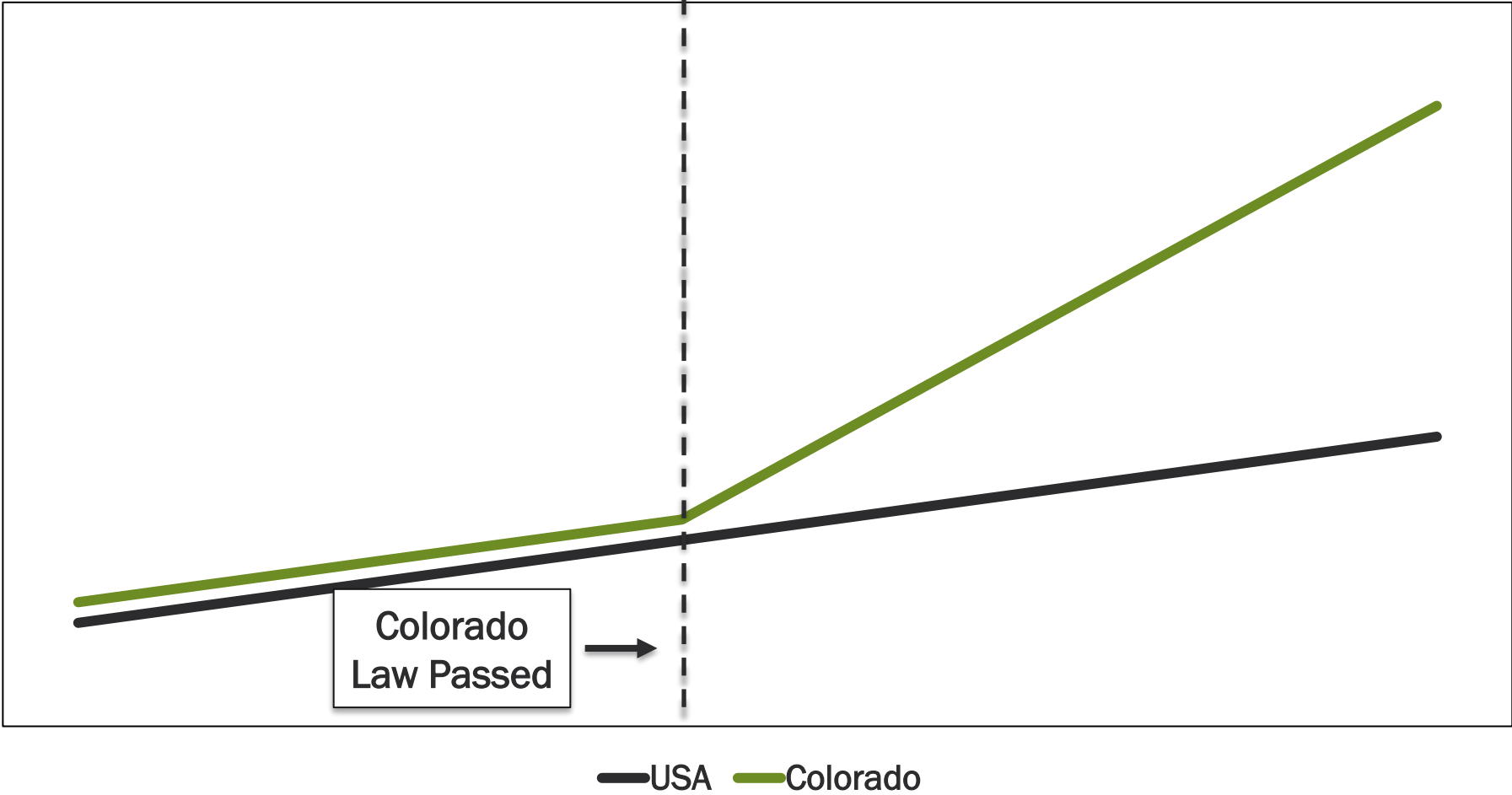


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Framework

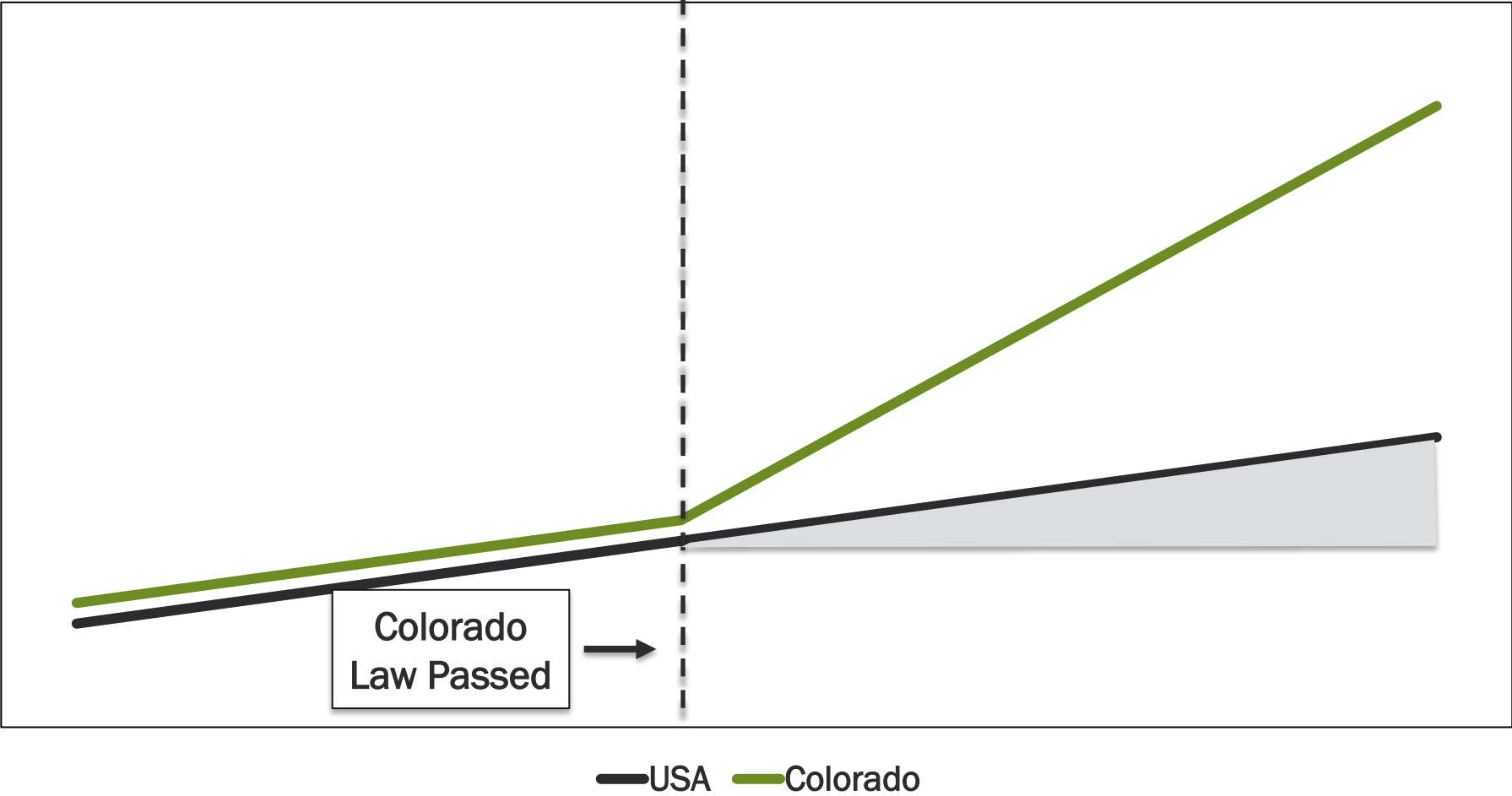
Difference in Difference

Women's Earnings as a % Men's Over Time



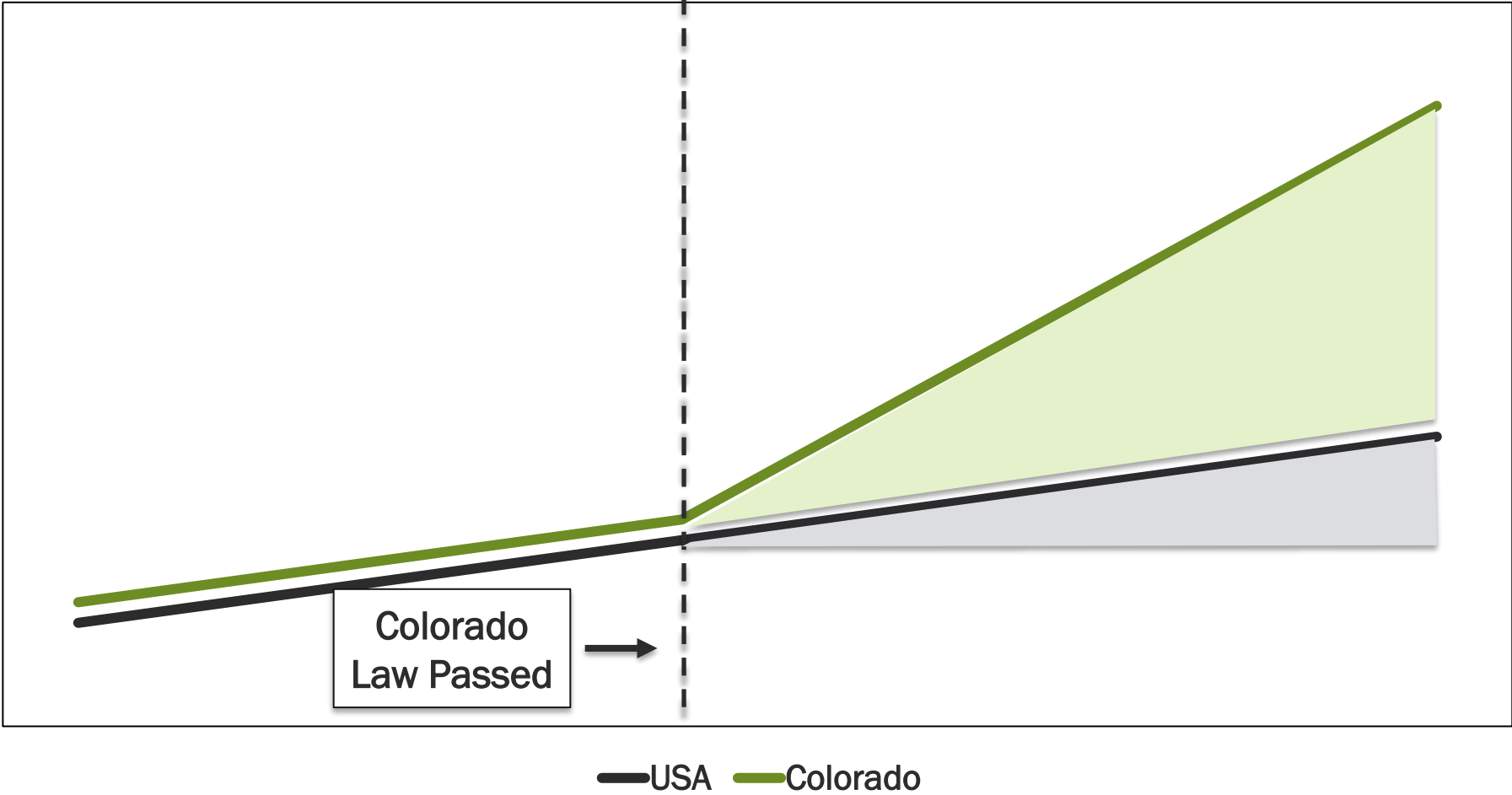
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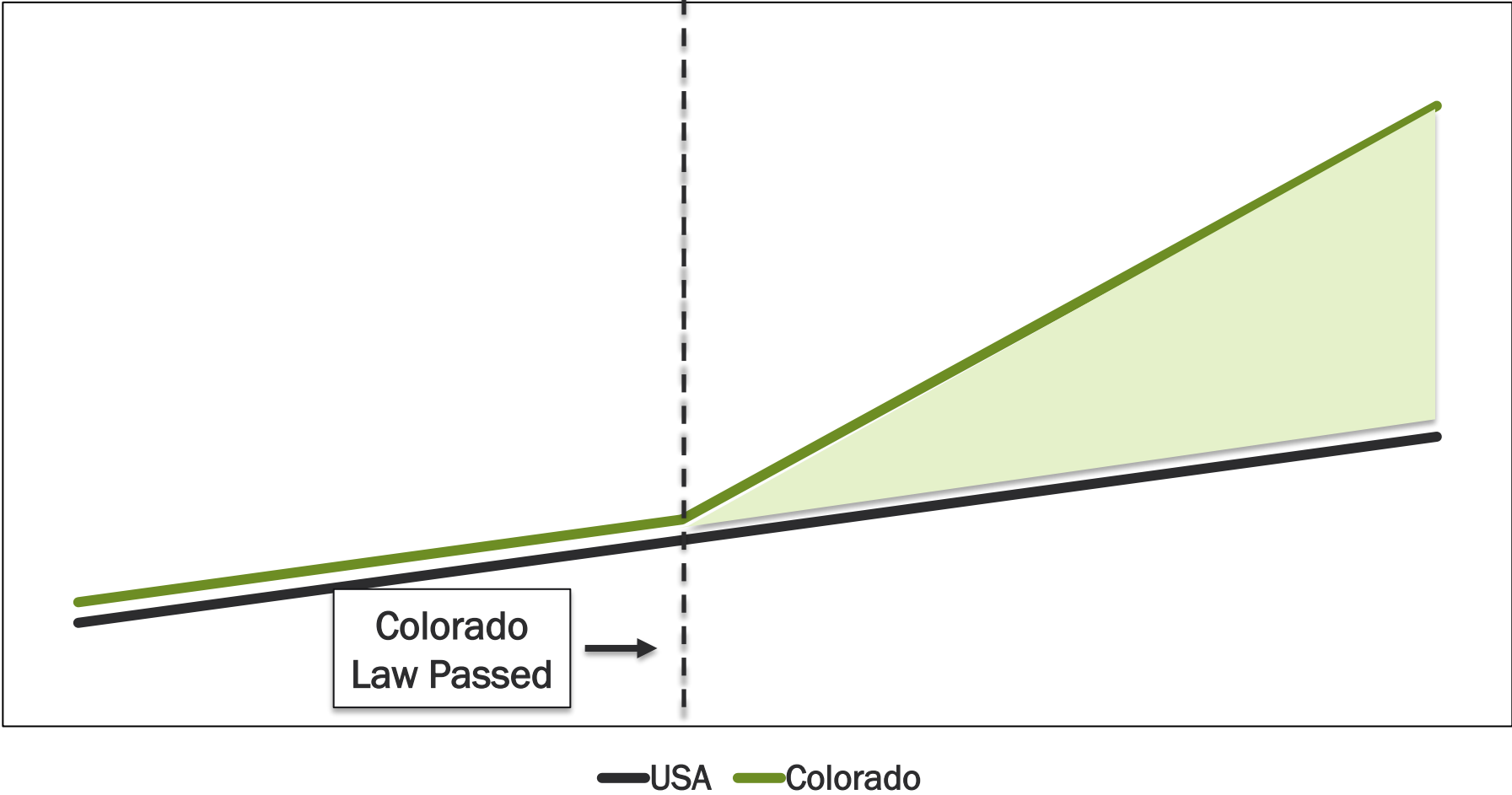
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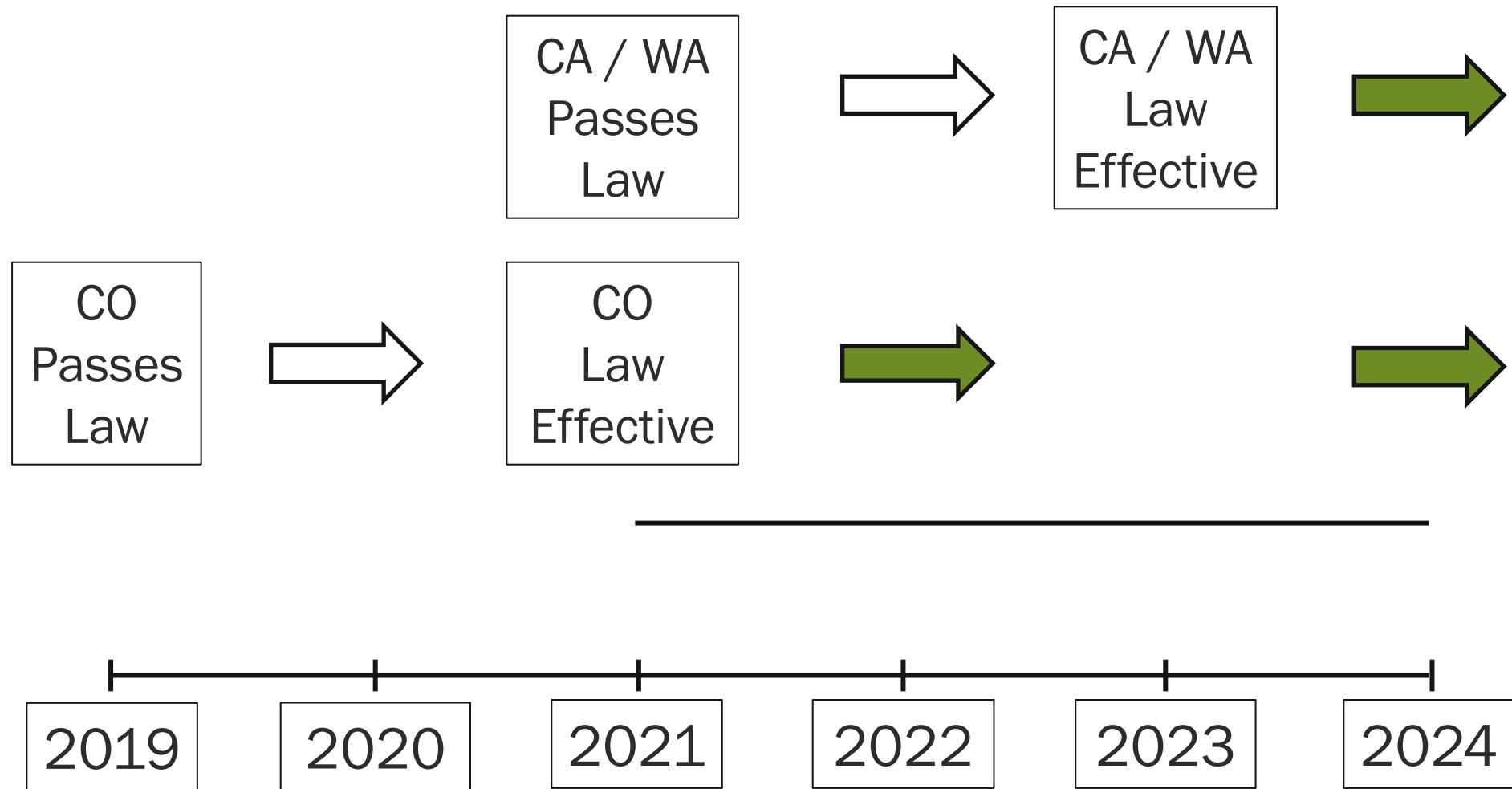


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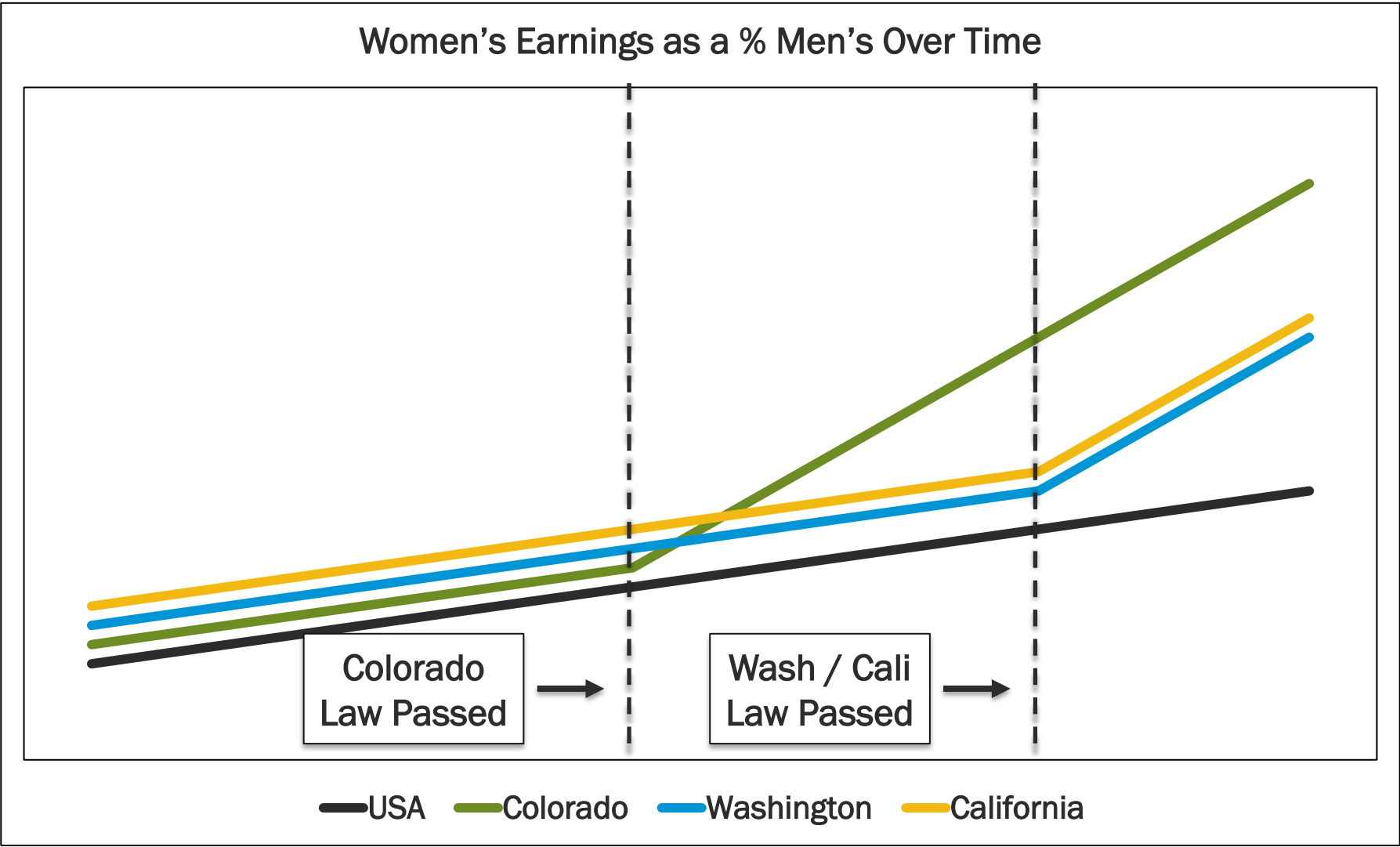


Natural Policy Experiment Timeline



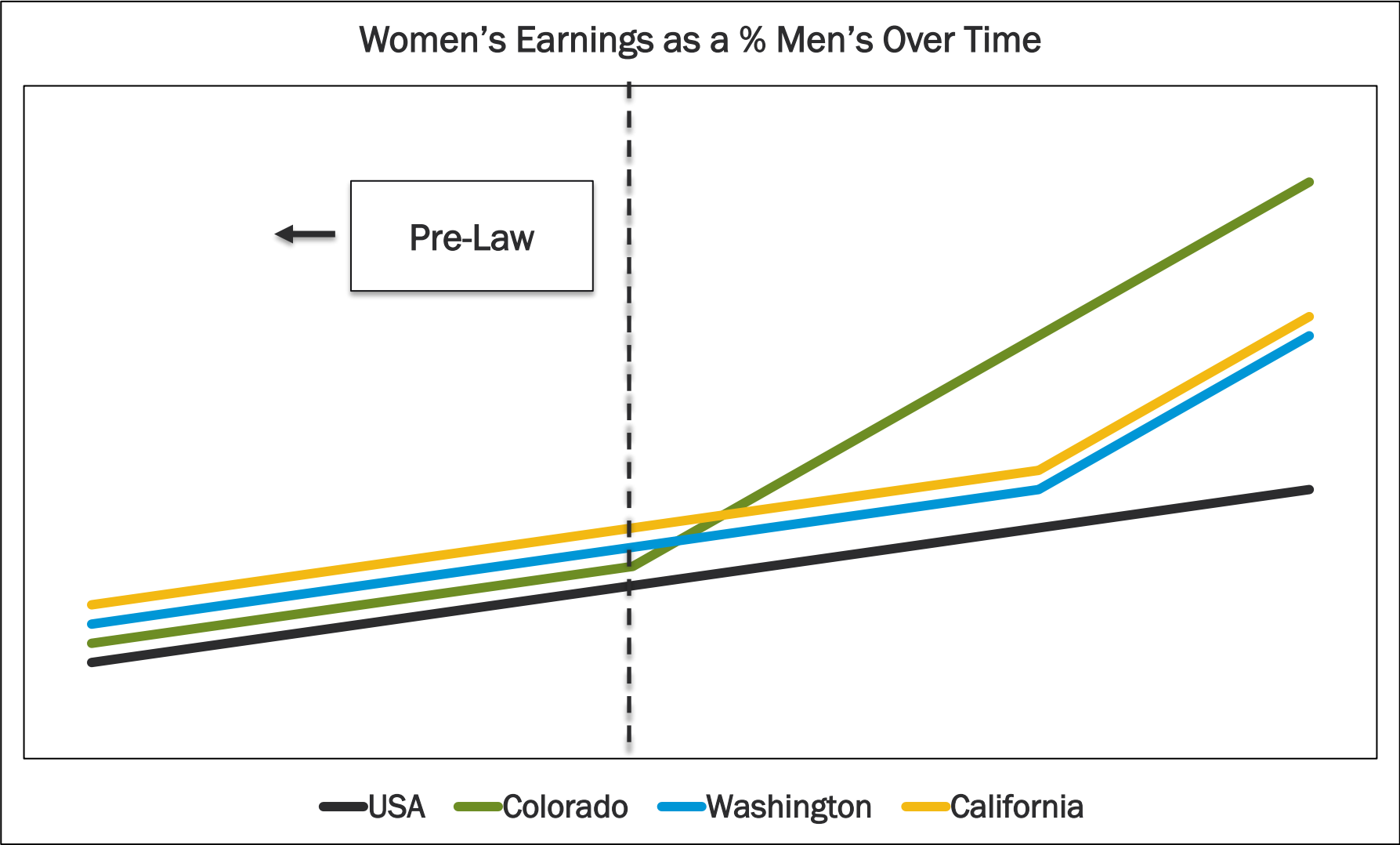
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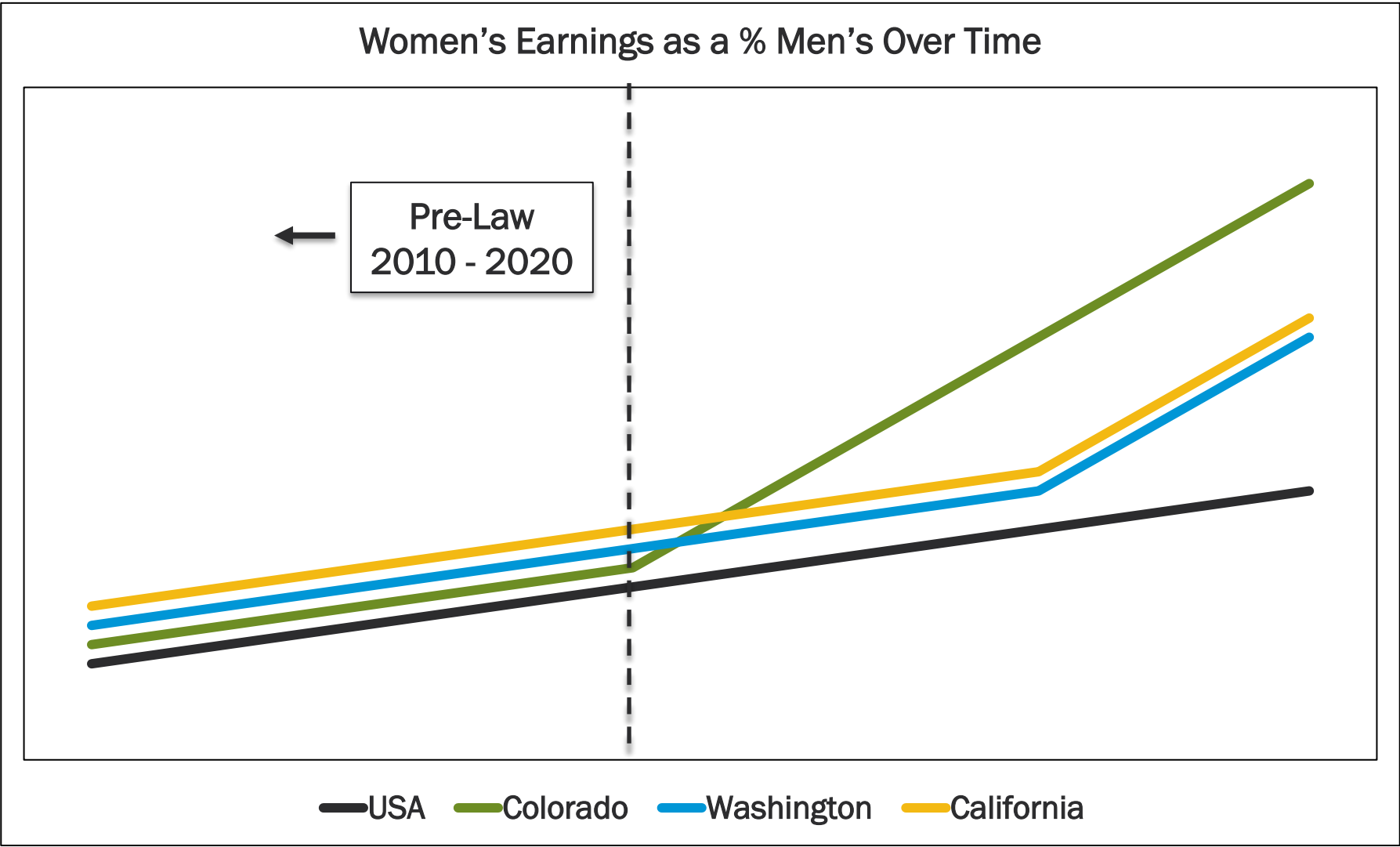
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Data

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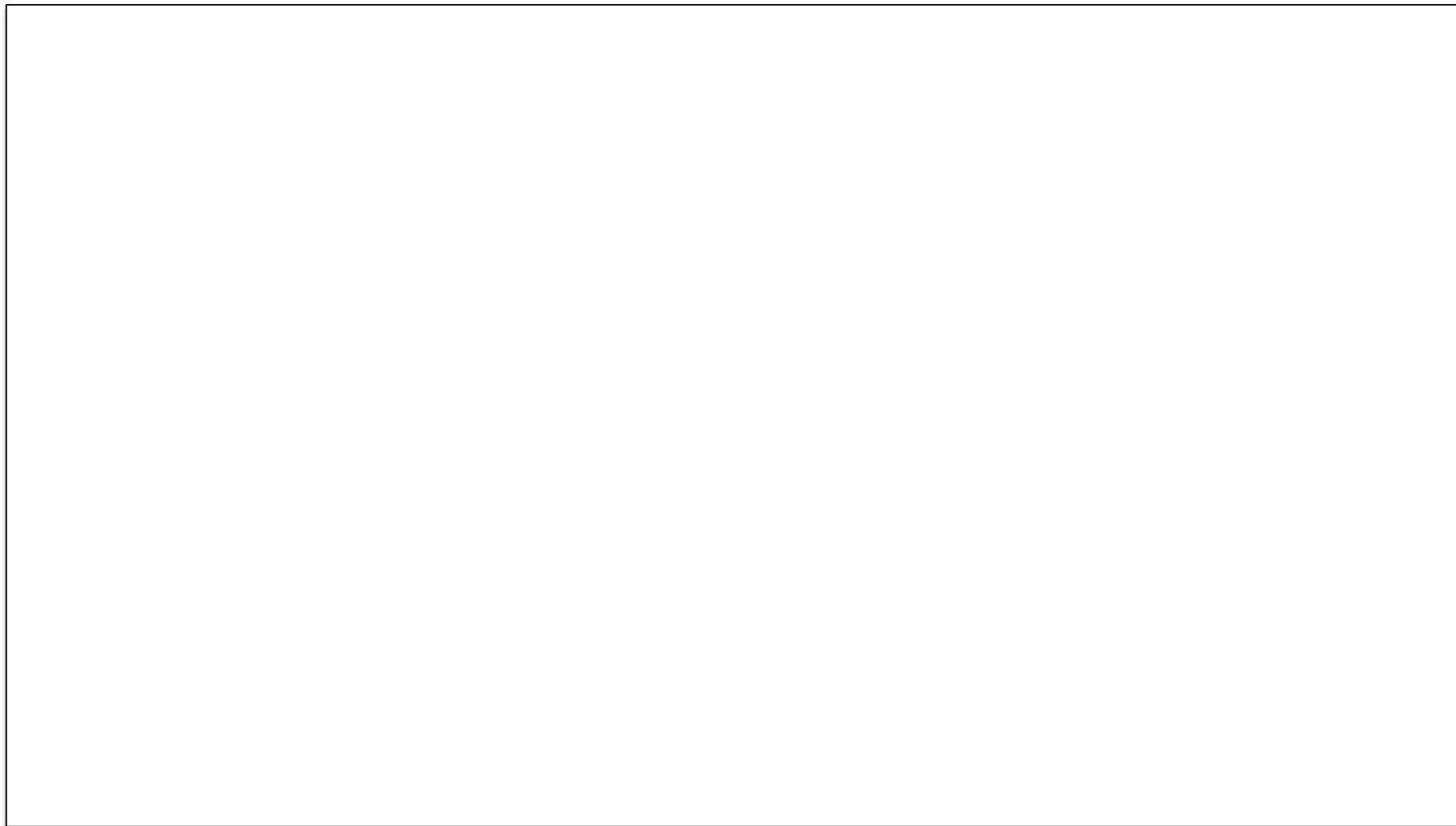
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- Used to calculate the U.S. unemployment rate.

Market Segment Focus



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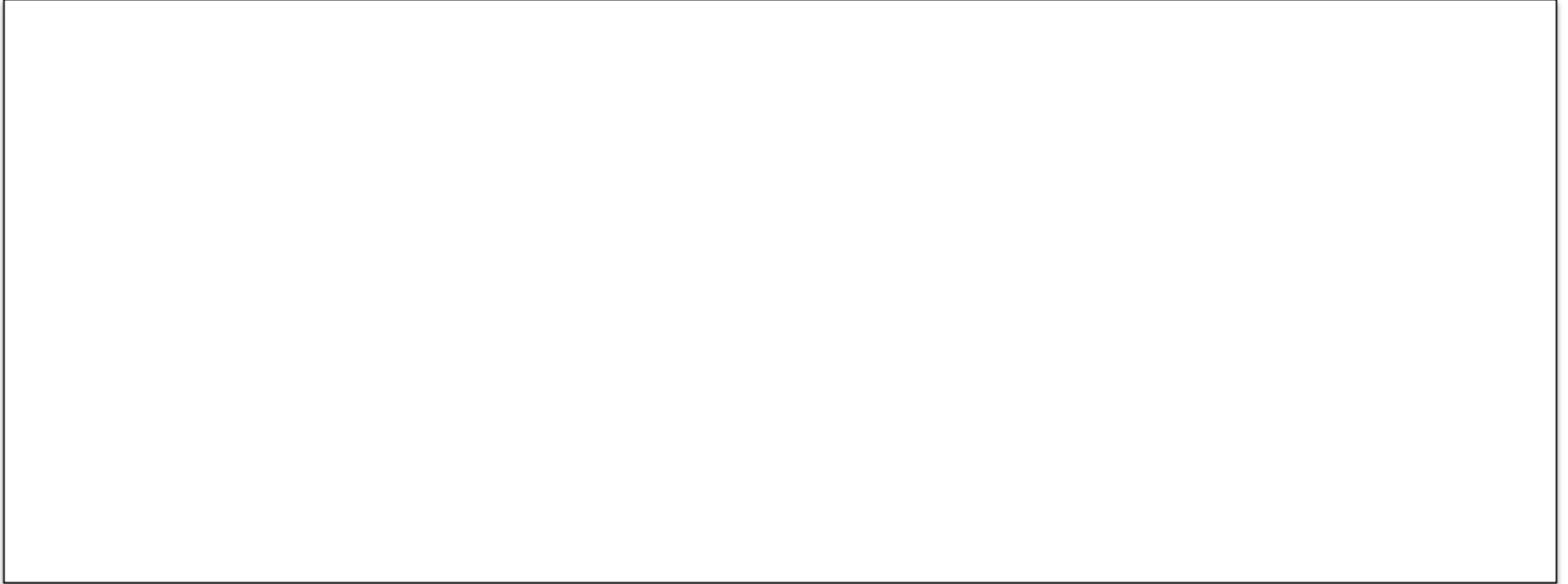
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Resulting middle ~60% of earners.

Controls : CPS



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 - Pressure or preference?

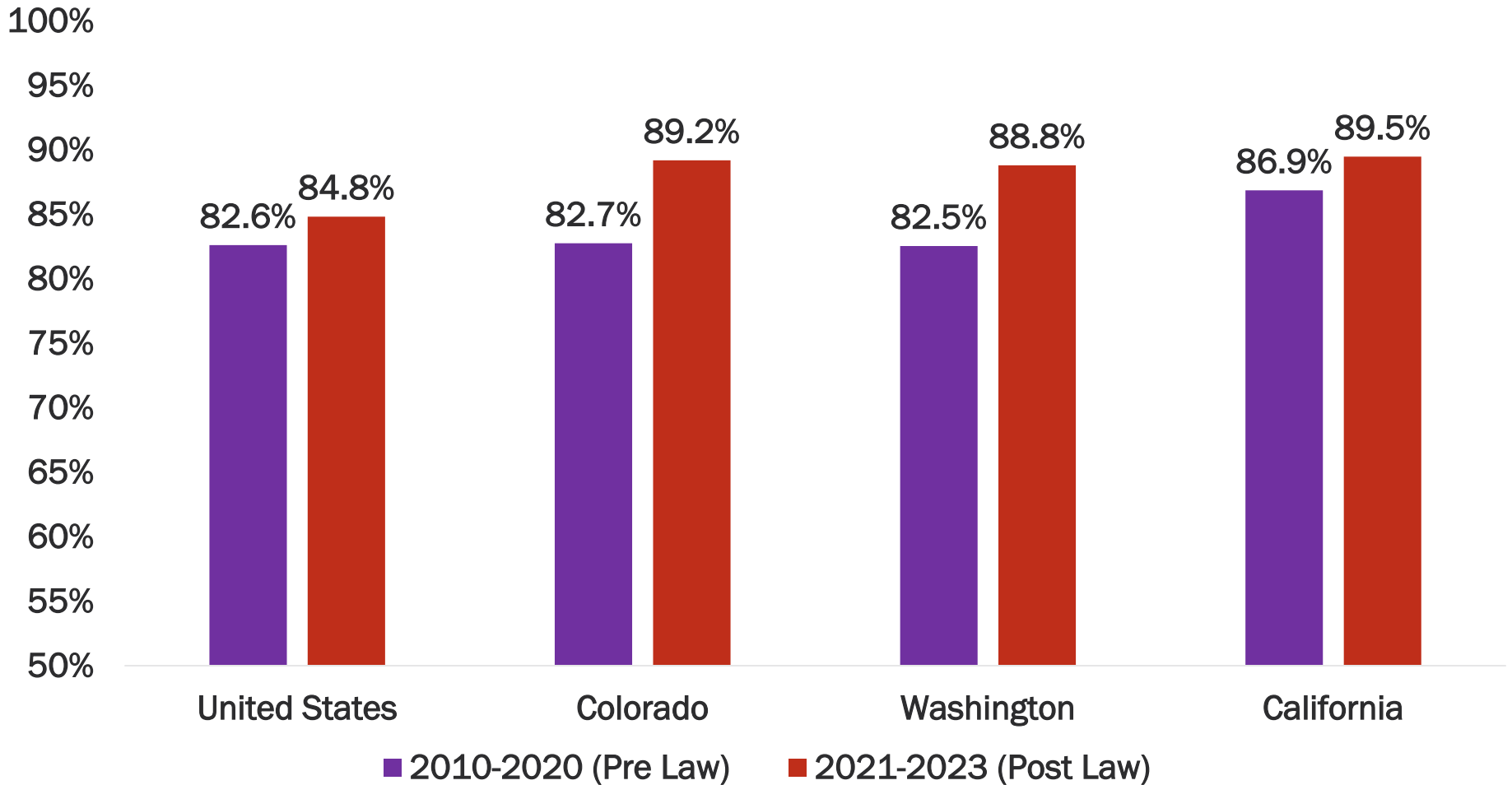
Controls : CPS

- Age.
- Education Level.
- Race.
- Industry / No – Industry.
 - Pressure or preference?
 - Consider both.

Results

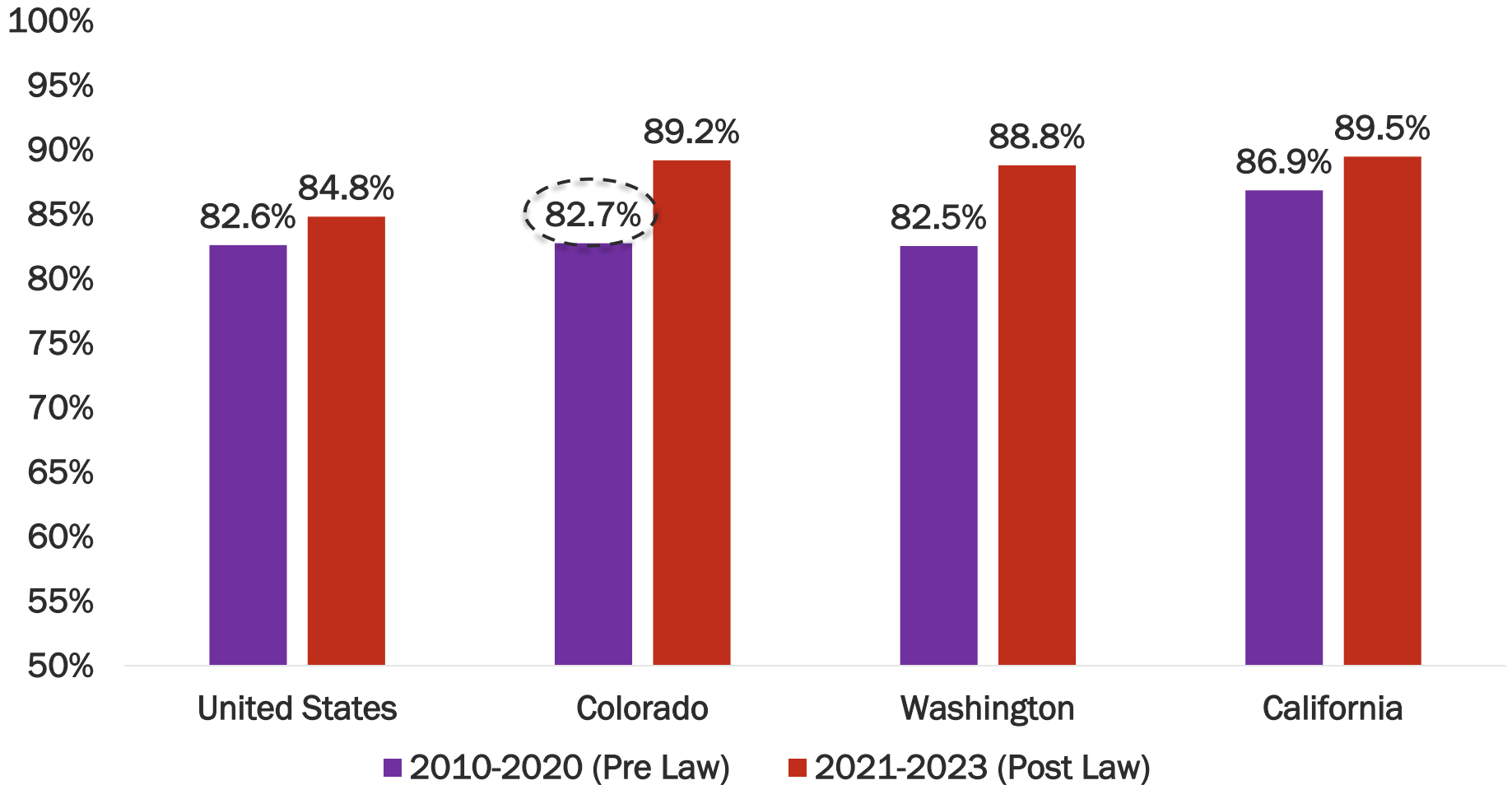
Results : Before and After

Gender Wage Gap Controlling for Industry



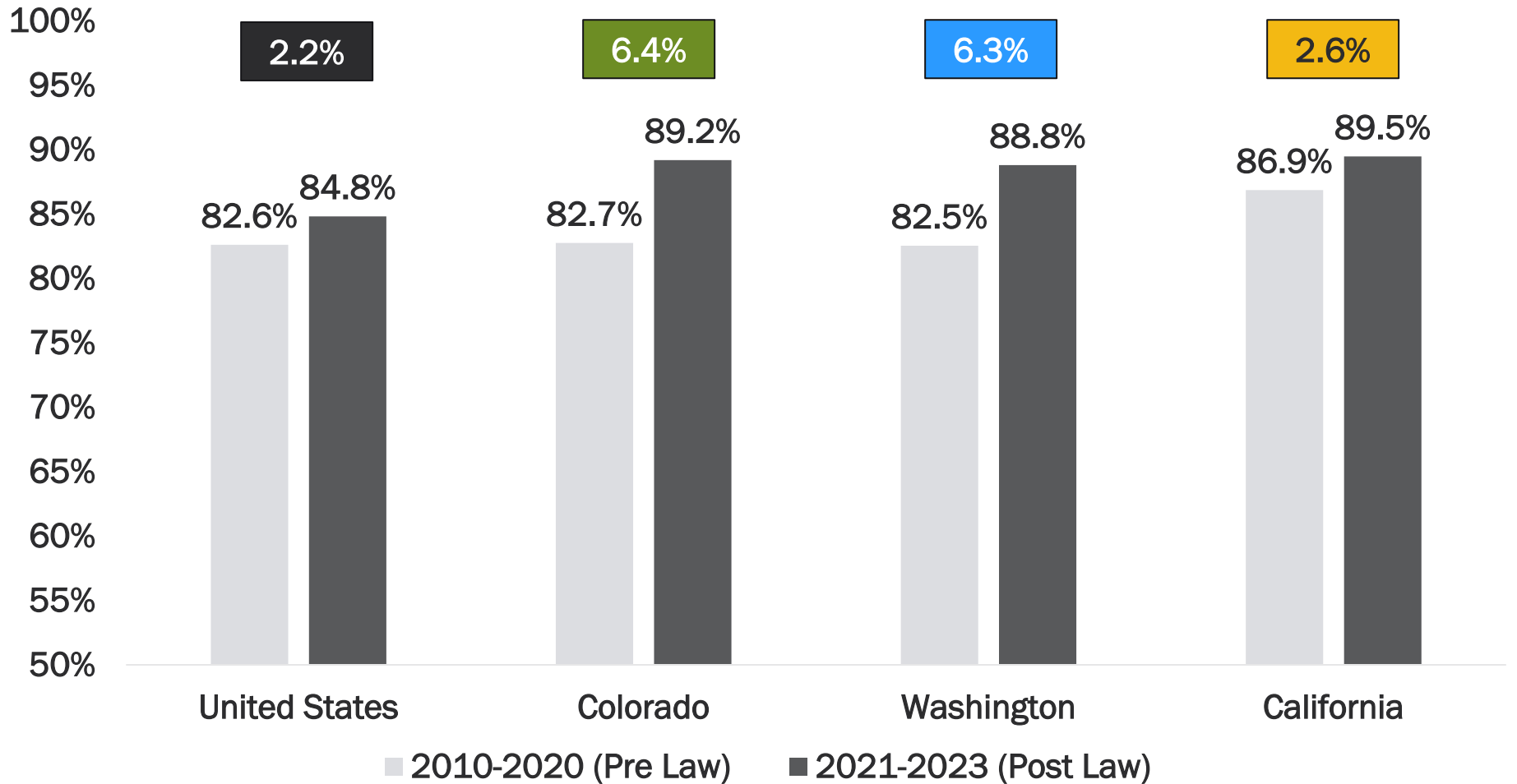
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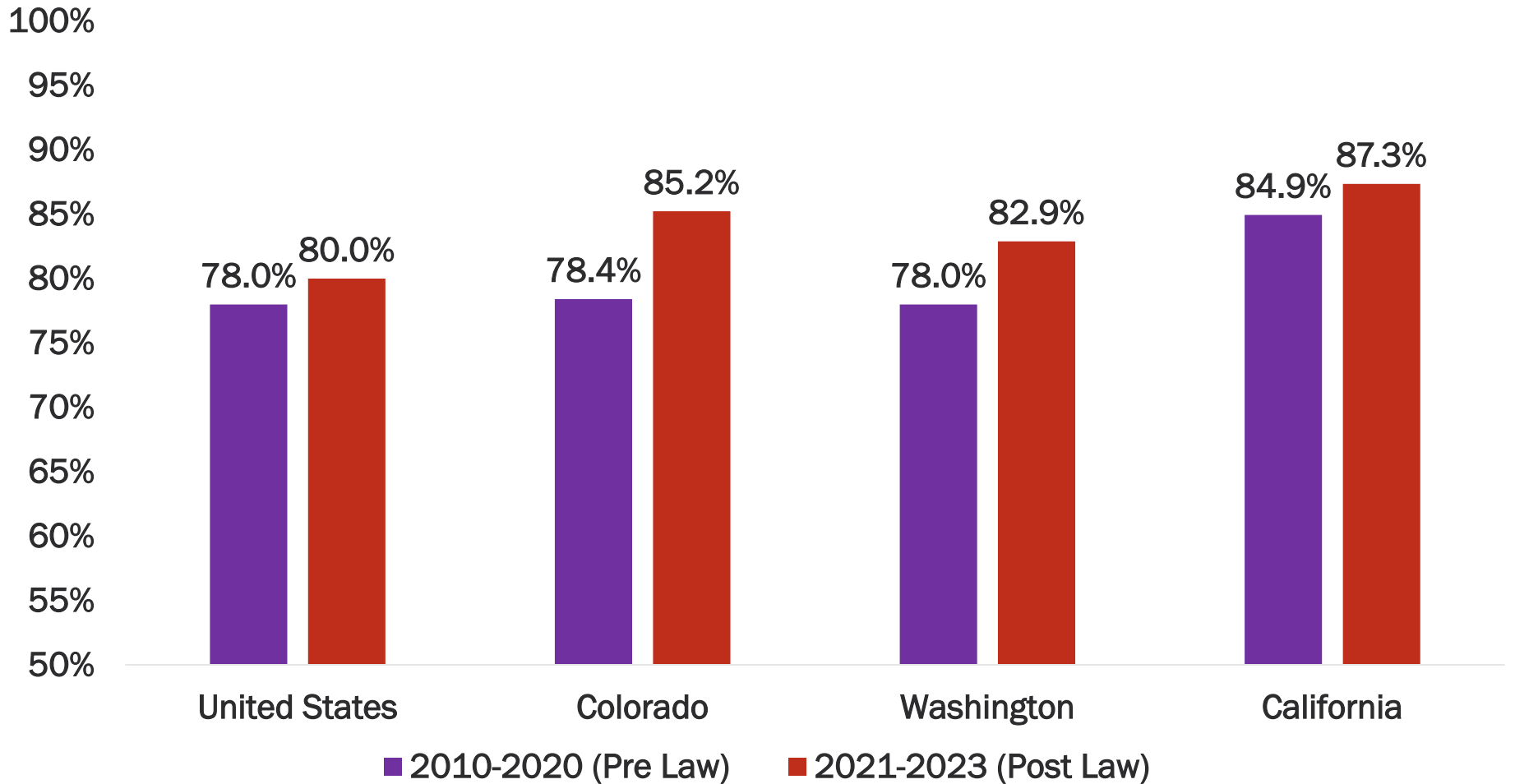
Results : Reduction

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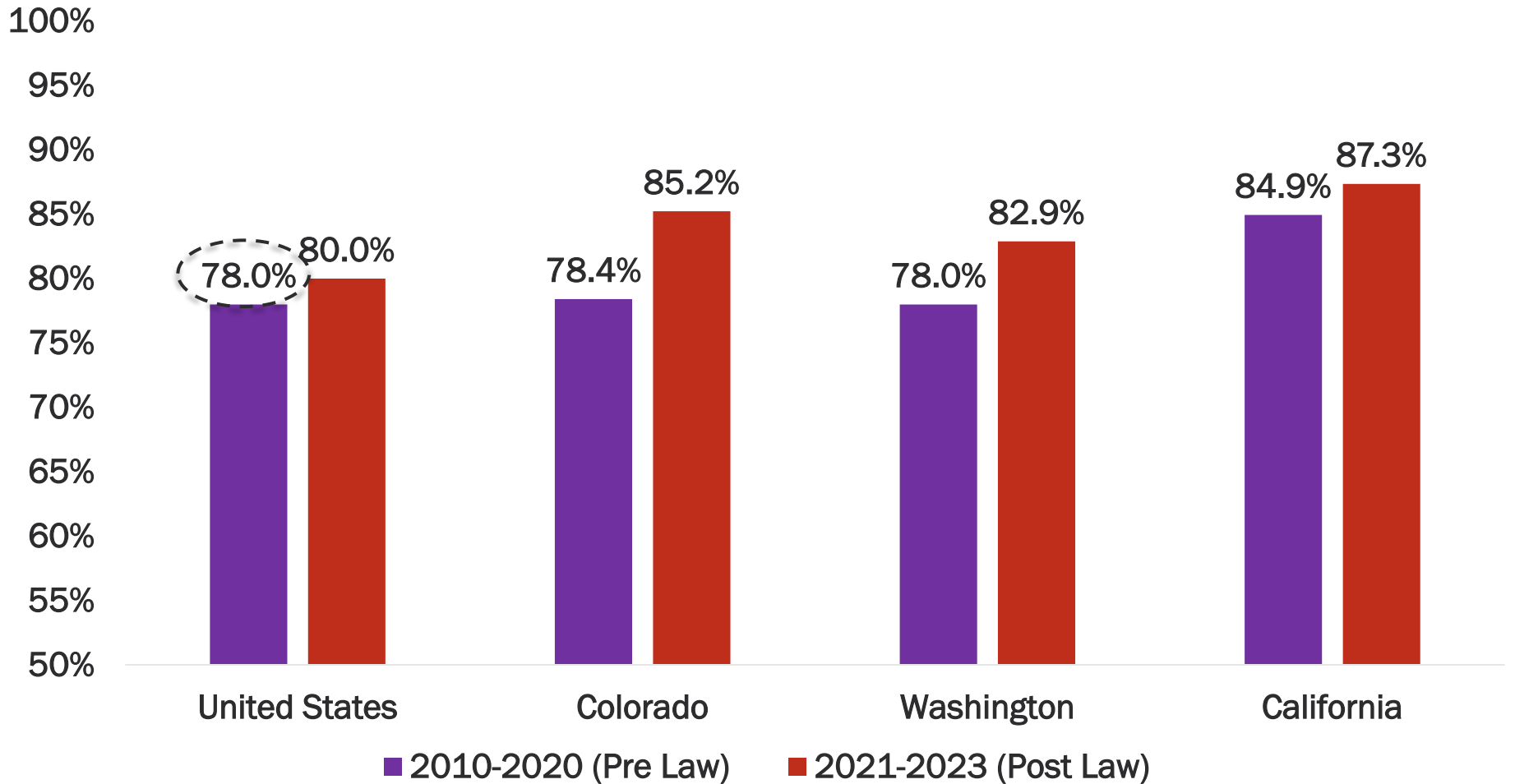
Results : Before and After

Gender Wage Gap,
No Controls for Industry



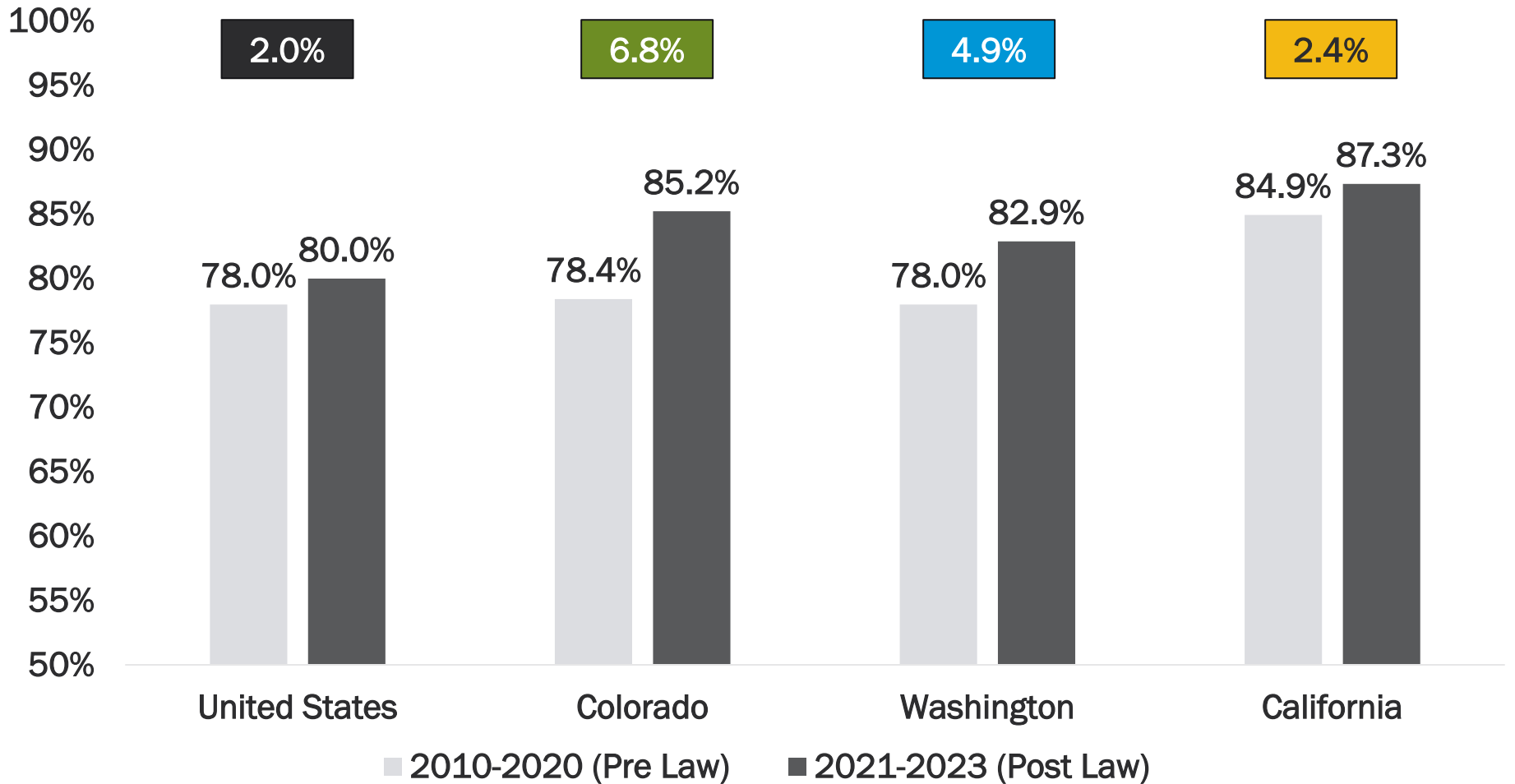
Results : Before and After

Gender Wage Gap,
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Results : Reduction

Gender Wage Gap,
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Results Ranking : Industry Controls

Rank	State	2010-2020	Rank	State	2021-2023	Rank	State	Change
1	District of Columbia	94.3%	1	District of Columbia	94.5%	1	South Dakota	8.4%
2	California	86.9%	2	Massachusetts	92.0%	2	Alaska	7.2%
3	Maryland	86.1%	3	Delaware	91.2%	3	Delaware	6.6%
4	Massachusetts	85.8%	4	Oregon	90.9%	4	Colorado	6.4%
5	Arizona	85.7%	5	California	89.5%	5	Washington	6.3%
6	New York	85.6%	6	Colorado	89.2%	6	Massachusetts	6.2%
7	Oregon	85.3%	7	New York	88.9%	7	North Dakota	5.8%
8	Illinois	85.0%	8	Washington	88.8%	8	Oregon	5.6%
9	Vermont	85.0%	9	Alaska	88.4%	9	Pennsylvania	5.5%
10	Minnesota	84.8%	10	Hawaii	88.4%	10	Michigan	5.3%
...
21	Kentucky	82.8%	21	Connecticut	85.9%	21	Minnesota	3.2%
22	Colorado	82.7%	22	New Mexico	85.6%	22	Connecticut	3.0%
23	North Carolina	82.7%	23	South Dakota	85.4%	23	West Virginia	2.7%
-	United States	82.6%	24	Nevada	85.4%	24	North Carolina	2.7%
24	Washington	82.5%	25	North Carolina	85.4%	25	California	2.6%
25	Ohio	82.1%	26	Vermont	85.3%	26	New Jersey	2.4%
26	Texas	82.1%	27	Virginia	84.9%	27	Georgia	2.3%
27	Wisconsin	82.0%	-	United States	84.8%	28	Florida	2.3%
28	Tennessee	81.9%	28	Illinois	84.4%	29	Maryland	2.2%
29	Maine	81.9%	29	South Carolina	84.2%	-	United States	2.2%
30	Michigan	81.8%	30	Montana	84.1%	30	New Mexico	2.1%

Conclusions

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2. This reduction in the gender wage gap was nearly three times the reduction of the non pay transparent states.

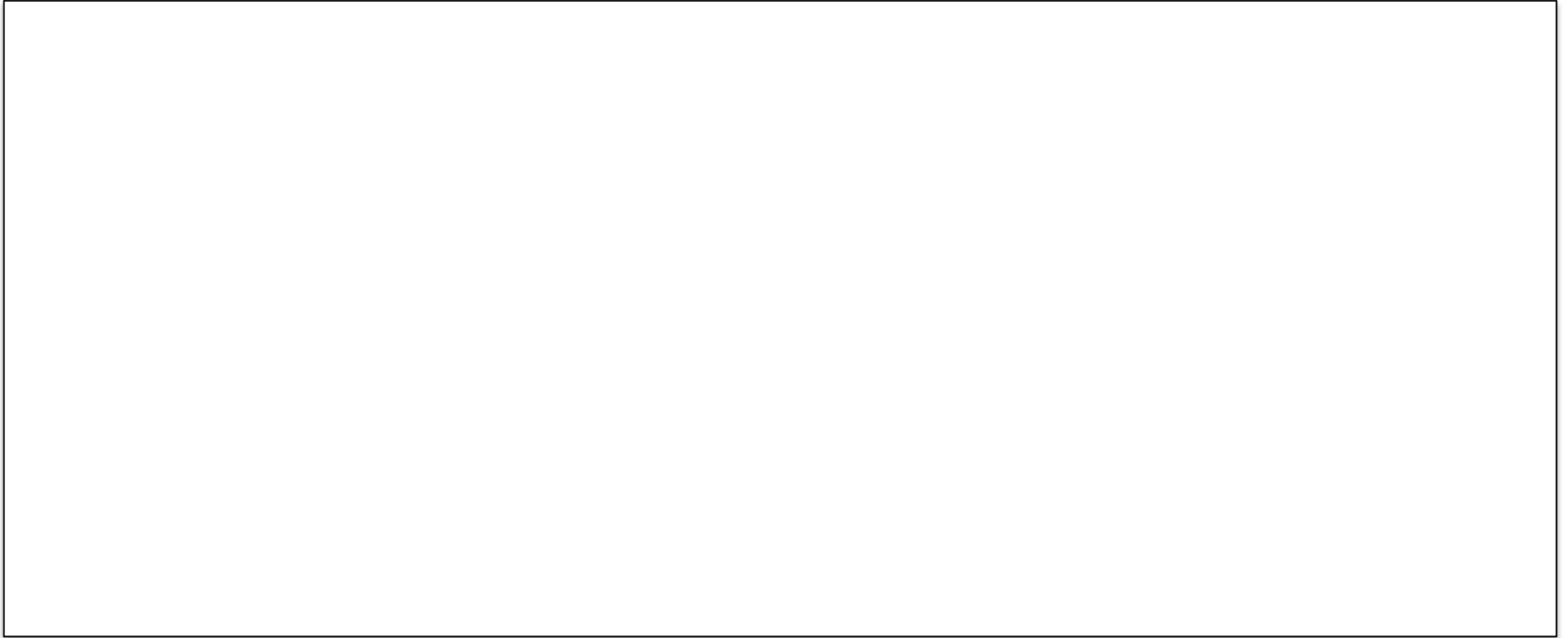
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2. This reduction in the gender wage gap was nearly three times the reduction of the non pay transparent states.
3. Washington, which passed a similar law two years after Colorado, demonstrated similar results.
4. California still outpaced the nation, but not by much. This is likely because it had the lowest gender wage gap before pay transparency laws began to come into effect.

Follow Ups : Men



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- Reduction in Colorado's gender wage gap was not driven by a reduction in men's wages.
- Pareto improvement: Women were made better off without men being made worse off.

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- Even if these costs are underestimated, this is approximately the cost of sending 50 women to college per year.

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- Colorado experienced no significant decline in incomes relative to the United States.
- Colorado's GDP growth outpaced the United States in 2022.
- Simple metrics, but no alarms flashing.

Recommendation

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- Know that information can improve efficiency.

Thanks