

THE ECONOMIC IMPACT OF AGEISM IN COLORADO'S WORKPLACES

GENDER DISPARITIES AND WORKPLACE AGEISM

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PREFACE

ABOUT CHANGING THE NARRATIVE COLORADO

Changing the Narrative Colorado (CNC) is at the forefront for both the state and the nation, leading a strategic communication and awareness campaign to increase understanding of ageism and to shift how Coloradans think about aging.ⁱ

ABOUT THIS POLICY BRIEF

This brief was developed for CNC by examining research and conducting analysis to help guide and inform policymakers in both the public and private sphere. We provide policy recommendations to address the economic impact of the intersection of ageism and gender discrimination in the workplace.



ACKNOWLEDGMENTS

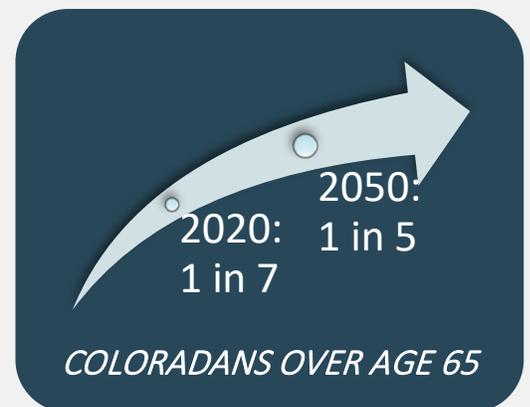
We want to thank Professor Danielle Varda for her guidance and support throughout PUAD-5008 Research and Analytic Methods. Thank you to Janine Vanderburg from CNC for her direction and vision on how to improve workplace ageism in Colorado. Finally, we want to thank Lauren Zell-Baran for her help with some of the data analyses that required the use of SAS.

BACKGROUND

Today, in Colorado, 15% of the population is over the age of 65, and by 2050, those over 65 will likely reach 20%.ⁱⁱ The current field of research on ageism and workplace discrimination, both globally and in the United States, affirms that older adults have barriers both to staying in the workforce, as well as being hired after 65 years of age, which has significant negative economic impacts.ⁱⁱⁱ One such study is the Colorado Futures Center at CSU's *The Effects of Aging on Colorado's Revenue and Expenditures: A View to 2030*, which analyzed the long-term impacts on Colorado's revenue stream and spending programs.

GENDER DISPARITIES AND WORKPLACE AGEISM IN COLORADO

Historically there has been a large pool of studies on the gender wage gap and its social and financial impact on women and economies. However, there is little research that explores the intersections of sex, wage discrimination, and ageism as it pertains to local and state economies. This gap in the existing research is an important emerging issue as the older adult population continues to grow both in Colorado and the greater United States, and women continue to outlive men.^{iv}



In Colorado, women make up approximately 54% of those people over the age of 65.

THE EFFECTS OF AGING ON COLORADO'S REVENUE AND EXPENDITURES: A VIEW TO 2030^v

Key findings from Colorado Futures Center at CSU's *The Effects of Aging on Colorado's Revenue and Expenditures: A View to 2030*:

- "Aging will have a real but modest effect on state revenue growth rates. Because Colorado is projected to be a growing state, total revenue will continue to increase, albeit at a slowing rate. However, at the same time, aging will place increased expenditure pressure on the state budget."^v
- Sales Tax – The annual growth rate in real sales tax revenue will decline from a high of just over 1.85% in 2018 to just over 1.55% in 2030.
- Income Tax – The annual growth rate in income tax revenue will fall from 1.65% in 2016 to just under 1.45% in 2030.
- Medicaid - Medicaid age-related expenditures will grow from 16.73% today to 21.7% of total expenditures in 2030.
- Senior Property Tax Exemption – Annual growth rates for the exemption will vary from a high of 10.7% in FY 2016-17 to 4.7% by FY 2029-30.^v

QUESTIONS

In this brief, we used research questions to understand what the overall impact of ageism and gender-based pay inequities can have on Colorado's economy. We then used these research questions to develop policy questions to be used to model potential outcomes that may occur when policymakers apply interventions to address ageism and gender-based pay inequities.



RESEARCH QUESTIONS

- Do women retire earlier than men?
- What is the income difference between women and men who are working in their retirement years (ages 62 to 67)?
- How does income differences for those over 65 affect Colorado income tax?

POLICY QUESTIONS

- How does extending the amount of time that women remain in the workforce impact Colorado's economy?
- Will gender pay equality add more economic activity in the form of increased tax revenue (sales, income) and economic growth?



WHY IS IT IMPORTANT TO CONSIDER GENDER INEQUALITIES AND AGEISM WHEN POLICYMAKING?

- Policy makers often discuss the "women's vote" and support policies that are important to women.
- Today, women in Colorado vote in higher percentages than men in many age brackets. In the 2016 Presidential election, 51.9 % of voters were women.^v
- The highest voter turnout were women ages 45-60.^v
- In the Colorado Legislature, more than half of the state representatives (34 out of 65) are women and seven of the eleven House committees are chaired by women.^{vi}
- Over half of the state agency directors appointed by Governor Polis are women.^{vi}
- Policy issues important to women include equal wages, family leave, health care access and discrimination.

METHODS

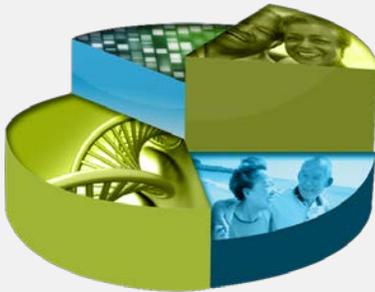
HOW DID WE IDENTIFY DATA SOURCES?

National-level data is valuable in understanding national trends in ageism. In order to affect policy change, it is vital to understand the impacts on a more local and regional scale. We identified several datasets that may help answer questions regarding the effects of ageism and gender disparities on the Colorado economy.



THE UNIVERSITY OF MICHIGAN'S HEALTH AND RETIREMENT STUDY (HRS)

The HRS is a longitudinal panel study that started in 1992 that surveys a representative sample of approximately 20,000 people in the U.S., providing a publicly available dataset for investigating work, aging, and retirement and informing public policy on these issues.^{vii} The raw



HRS dataset is complex and information-rich; therefore, the RAND Corporation created multiple data products that make the data more accessible for research. In this research, we used the RAND HRS Longitudinal File 2016 (V1) to analyze gender, age, and wage discrimination as it pertains to regional economies.^{viii} Unfortunately, data at the state level is not available in the public datasets of the HRS. Therefore, we relied on data from the U.S. Census Division 8, which includes Colorado. Further research in this area may require access to unmasked state-level data.

The RAND HRS Longitudinal File is a cleaned and streamlined version of the HRS, and the dataset creates some derived variables covering an extensive range of measures including demographics, income, Social Security, pensions, wealth, retirement plans, and employment history, etc. We used the RAND Corporation's HRS data products to verify the fundamental questions of ageism and gender disparities regionally.

U.S. BUREAU OF LABOR STATISTICS (BLS)

The U.S. BLS has data on the laborforce within each state and summarizes data by the median usual weekly earnings of full-time wage and salary workers by age, race, Hispanic or Latino ethnicity, and sex, not seasonally adjusted. We use the BLS data to confirm some of the findings from the HRS study on a summarized dataset.



HOW DID WE CONDUCT OUR ANALYSIS?



Using SAS v.9.4, we constructed a variable based on the responses from the HRS questionnaire that defined early retirement as retiring before age 62, standard retirement as retiring between ages 62 and 67, and late retirement as retiring after age 67. We then used a Chi-square test to compare the timing of retirement between genders. Then, using national HRS data to increase the sample size, we used a t-test to compare wages between genders for HRS study participants working into retirement age (62-67 years old).

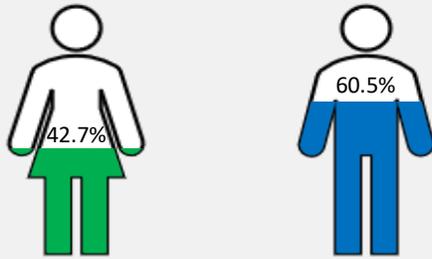
Next, targeting the weekly income summarized by the BLS, we calculated how much wage discrepancies exist between genders. From this information, we used predictive statistics on the effects of income tax generation using both actual data points and population forecasting. To forecast potential impacts, we used a method that includes identifying the percentage increase needed for wage equality and then extrapolating that data to tabulate one year of tax generation. From this, we used predictive analysis to forecast over 17 years ending in 2030 with a model that used actual general population data and projected population growth data.



SUMMARY OF FINDINGS

REACHING FULL RETIREMENT: WOMEN VS. MEN

Work to Full Retirement (62-67)



Women

Men

INCOME WHILE WORKING INTO RETIREMENT: WOMEN VS. MEN

Findings from the HRS dataset confirmed that women who are working into their retirement years (between age 62 and 67) make less on average than men, with women earning, on average, **\$4.68/hour less**. Data from the U.S. BLS also supported this relationship finding that there is a **23.55% wage discrepancy** in weekly wages for men and women over the age of 65.^{ix}

Women working into retirement make on average \$4.68/hour less than men.

In the U.S. Census Division 8, **women only reach full retirement, which we defined in this study as retiring between ages 62 and 67, 42.7% of the time. In contrast**, men reach full retirement 60.5% of the time, confirming that women, on average, are less likely to make it to a full retirement compared to men.

Women retire earlier on average.

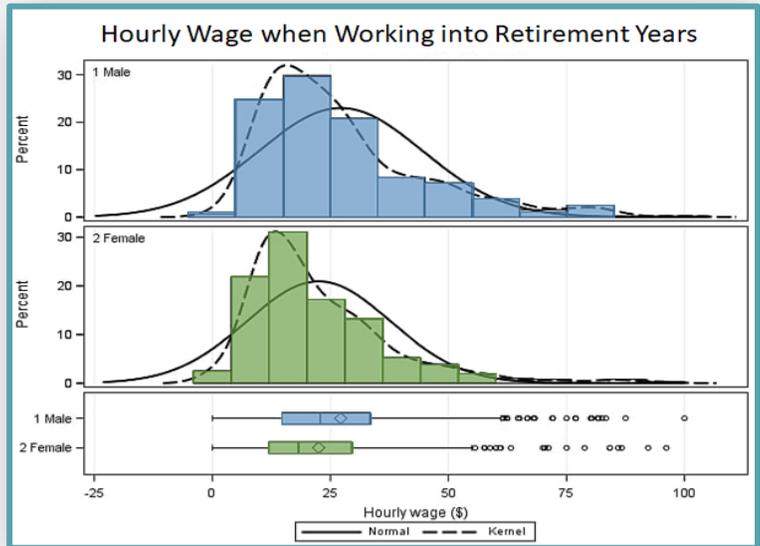


Figure 1 - Comparison of hourly wage between men and women in working between ages 62-67.

SOCIAL SECURITY BENEFITS: WOMEN VS. MEN

Women traditionally have lower-paying positions than men and receive a lower average Social Security and pension benefits to men. This is attributed to women working part-time or leaving the workforce to raise families or be a caregiver to family members. In 2017, the average annual Social Security income received by women 65 years and older was \$14,353, compared to \$18,041 for men. In 2018, women generally received lower pension benefits due to their relatively lower earnings. Over 64% of part-time workers were women.^x

ECONOMIC IMPACT OF WAGE EQUALITY IN RETIREMENT: WOMEN VS. MEN

Census data from 2013 - 2019, indicated that roughly **52% of the population in Colorado was female**.^{xi} To see the effects of wage equality on Colorado gross tax in 2013, Figure 2 shows what

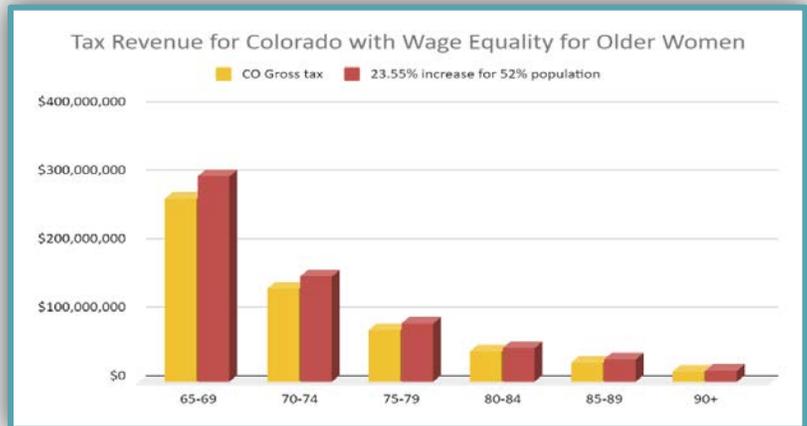


Figure 2 - Projected additional tax revenue with greater wage equality

Colorado could have earned up to an **additional \$70.5 million per year in tax revenue** if there were greater pay equality for women working past age 65 (2013), reaching **\$193 million per year by 2030**.



Figure 3 - Forecasted additional income tax with gender wage equality out to 2030

population forecasts out to 2030. Between 2015 to 2028, there is an anticipated **2.9% population increase** each year.^{xii} In 2030, Colorado could see as much as **\$193 million more** in total tax revenue compared to the status quo.

a 23.55% income increase for 52% of the population would do to Colorado’s gross income. Colorado would have earned an **additional \$70.5 million in tax revenue** on those working over the age of 65.

Using the income increases predicted in Figure 2 coupled with additional population forecasts, we then projected **out to 2030 what Colorado’s gross income tax** would be if women over the age of 65 were able to work longer and continued to have wages equal to men. Figure 3 shows a forecast that incorporates actual gross income tax for the years 2013, 2015, and 2016 and

RECOMMENDATIONS

Both the private and public sectors can employ a variety of policy instruments to reduce discrimination against older women in the workforce. These policy tools can have a greater impact if policymakers work with human resource leaders to initiate these innovative solutions. In 2015, Colorado legislators created the Strategic Action Planning Group on Aging (SAPGA) to formulate a state policy plan to address the population of older adults that will be increasing through 2030 and beyond.

The group will be “...examining the impact of the shifting aging demographic on the economy, workforce, businesses, market-based products and services; state and local revenue budgets and fiscal policies; Medicaid and other safety-net programs and the collateral impact on other non-related state programs; family caregiving and public and private options for long-term care, services and support; federal entitlement reforms; and transportation services and infrastructure”.^{xiv} SAGPA released its Initial Action Plan in 2016 and most recently provided the 2019 Action Plan Update.

Potential policy instruments for both government and private policymakers that can be utilized in this action group are as follows:

RECOMMENDATIONS FOR PRIVATE EMPLOYERS

- Create consistent interview and hiring processes to mitigate potential drivers of ageism, sexism, and discrimination in candidate selection.
- Eliminate the requirement to have applicants to list their year of college graduation.
- Ensure equal pay for equal work and qualifications.

CURRENT ISSUE: ECONOMIC IMPACT OF COVID-19 ON OLDER WOMEN:

- The COVID-19 Pandemic has a significant economic impact including investments, employment and retirement disproportionately affecting women.
- The unemployment rate in April 2020 was 13.0 percent for adult men and 15.5 percent for adult women.^{xiii}
- On the overall U.S. population, 28% of male workers but only 22% of female workers are employed in telecommutable occupations.^{xv}

“...In terms of their occupations, more men than women will easily adapt to the changed work environment during the crisis...more women will potentially face loss of employment, which is the opposite of the pattern in normal economic downturns.”

National Bureau on Economic Research^{xv}

- Provide employees over 55 years of age with professional development stipends that support their ability to train for the use of new technologies, current best practices, and emerging products.
- Prioritize organizational communication and feedback from older women in order to enhance organizational culture in regards to diversity and inclusion.
- Hold intergenerational workshops and training that inspire the understanding and acceptance of a diverse age and gender workforce across teams. Focus on training that frames issues positively and maintains a solution oriented posture.^{xvi}
- Consider ergonomic work spaces that allow for mobility and comfort for all age demographics. Ensure that older employees have the office supplies and furniture to keep them efficient and comfortable as they work.

RECOMMENDATIONS FOR THE STATE AND LOCAL POLICYMAKERS

- Develop media awareness campaigns to improve public sentiment and perception of older workers. The U.S. The Equal Employment Opportunity Commission housed under the Colorado Civil Rights Division can partner with local news stations and newspapers to highlight stories of older adults succeeding and staying in the workforce as valuable contributors.
- Enforce the current anti-discrimination laws in Colorado that are in place to protect older women workers and invest in the time and resources to keep tracking, monitoring, evaluation, and accountability timely and consistent.
- Create private subsidized Federal business loans for women 65+ to encourage this demographic to become entrepreneurs and start their businesses. The U.S. Small Business Administration should strengthen Colorado's Women's Business Resource Center ("Mi Casa Resource Center") with training materials and entrepreneurial workshops.
- Provide tax incentives, grants, loans, loan forgiveness, etc. to support the recruitment of older women in the workforce into high demand sectors, internship and apprenticeship programs, mentoring, and career coaching.
- Partner respective agencies with the Colorado Better Business Bureau to provide certifications for businesses that maintain an inclusive "Older Adult Employee" status and feature these businesses in the Denver Business Journal.

CONCLUSION

Colorado has an aging population. As people continue to live longer and can continue to work, greater wage equality among older men and women will positively impact state tax revenue and spending throughout the state. Collaboratively developed policies in the private sector and at state and local levels can help close the wage gap disparities to the benefit of all Coloradans.

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