Kevin Durham

$$y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_1 X_2$$

where b_0 = intercept = 35.17

$b_1 = 1,935$

X_1 = gender male = 1 female = 0

$b_2 = 1,235$

X_2 = years

$b_3 = 0,258$

$X_1 X_2$ = gen years

Male: $X_1 = 1$

$$y = 35.17 + (1,935)(1) + (1,235)(years) + 0,258 (gen years)$$

Female: $X_1 = 0$

$$y = 35,17 + (0) + (1,235)(years) + 0,258 (gen years)$$

$$y = 35,17 + (1,235)(years) + 0,258 (gen years)$$

• males start at a salary that #1,935 higher than females

• Salaries increase at the same rate. That is similar merit raises each year. Slope b_2 is same for both