

Variation in Lesbian Wage Gap by Lesbian Prevalence

Heili Pals
Assistant Professor
Department of Sociology
University of Central Florida

Warren Waren
Visiting Assistant Professor
Department of Sociology
University of Central Florida

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Previous research has consistently revealed a significant wage gap between homosexual and heterosexual women: lesbian women earn higher wages than heterosexual women. Relying on GSS data for women in the United States, various researchers report similar findings (Berg and Lien 2002; Black et al. 2003). A later analysis of GSS data shows that the wage disparity appears to be decreasing over time (Cushing-Daniels and Yeung 2009). Carpenter (2005) also reports a noteworthy difference in hetero- and homosexual women's income using large-scale data from California in 2001. Also, these findings are not limited to women in the United States. Similar results are noted in the UK (Arabsheibani, Marin and Wadsworth 2004) and in Dutch data (Plug and Berkhout 2004). See Table 1 for an overview of the current research on the lesbian wage gap.

The main explanation that has been offered for this earnings gap is rooted in the difference in market value of men's and women's specializations within households (Becker 1981). Based on Becker's family model, homosexual women should be more prepared for the labor market. Heterosexual women, who may be more likely to specialize in domestic labor, might limit their accumulation of market skills. Whereas homosexual women cannot afford to limit their market skills as they are not likely to enter traditional family forms.

An alternative explanation for the discrepancy between the SES of hetero- and homosexual women is the social cost of publicly declaring oneself as a homosexual woman. We argue that this cost is higher in regions where homosexual relationships are less accepted. A possible effect of this cost is that only high SES women could afford to publicly disclose their homosexuality in regions with low acceptance of homosexual relationships. If this is true, then we should see a larger wage gap between hetero- and homosexual women in regions where homosexual relationships are less accepted.

We propose to test these hypotheses using data from US Census 2000 and the Public Use Microdata Sample (PUMS). Although the US Census does not directly ask questions concerning sexual orientation, it allows us to estimate the number of homosexual households by implication of the designation "same-sex unmarried partner." Black, Gates, Sanders, and Taylor (2000) find that households in this category are largely homosexual couples. We use the index of homosexual prevalence refined by Baumle, Compton, and Poston (2009). If the high cost of disclosing homosexuality is the reason behind the discrepancy, then we should see a higher wage gap in regions where the prevalence of homosexuality is lower. If the wage gap is caused by differences in market skills only, then we would expect to find no difference in the wage gap between areas of high or low homosexual prevalence.

Preliminary analyses of our data including the states of California and Texas suggest that lesbian prevalence impacts earnings and wages differently. In terms of earnings, (income earned from wages or a person’s own business or farm) the wage gap is higher for lesbians in areas with a high lesbian prevalence. In areas with a low lesbian index, married heterosexual women are predicted to earn 94% and unmarried heterosexual women 87% of the income of lesbian women (see Table 2). In areas with a high lesbian index, married heterosexual women are predicted to earn only 87% and unmarried heterosexual women only 82% of the income of lesbian women.

However, in terms of wages (a person’s total pre-tax wage and salary income—money received as an employee) the wage gap reverses for lesbians in areas with a high lesbian prevalence once individual level characteristics are controlled. In areas with a low lesbian index, the gap is almost non-existent: married women are predicted to earn 98% and unmarried heterosexual women are predicted to earn 94% of the lesbian women’s wage (see Table 3). The wage gap in areas with a high lesbian index is, however, 116% and 122%, respectively. That is, in areas with a high lesbian index, heterosexual women earn higher wages than lesbian women once individual differences are controlled.

Table 1. Overview of current research: Estimated wage gap between homosexual and heterosexual women.

Study	Wage Gap	
<i>General Social Survey (GSS)</i>		
Badgett (1995)	NS	
Berg & Lien (2002)	+30%	
Black et al. (2003)	+20%	
<i>1990 Census</i>		
Klawitter & Flatt (1998)	0%	(full-time & children)
<i>2000 Census</i>		
Baumle et al. (2009)	+6%	(compared to married)
	+12%	(compared to unmarried)

Note: Adopted from Baumle (2009). Positive percentage indicates that homosexual women earn more than heterosexual women.

Table 2. Predicted *Earnings* Gap by Lesbian Index.

Lesbian earnings compared to ...	Lesbian Index		
	Low	Mid	High
... married heterosexual women	94%	91%	87%*
... unmarried heterosexual women	87%	81% [†]	82% [†]

Data: US Census 2000, California & Texas.

Notes: All are significant gaps (significant difference between hetero- and homosexual women). Significance levels show difference from areas with low lesbian index.

Prediction is based on linear regression on log of earnings controlling for sexual orientation, race, age, number of children, education, and number of weeks one works per year and number of hours one works per week. The predictions for three groups are based on interaction effects between lesbian index and sexual orientation.

*** p<.001; ** p<.01; * p<.05; [†] p<.10 (two-tailed test)

Table 3. Predicted *Wage* Gap by Lesbian Index.

Lesbian earnings compared to ...	Lesbian Index		
	Low	Mid	High
... married heterosexual women	98%	105%	116%*
... unmarried heterosexual women	94%	109%	122%**

Data: US Census 2000, California & Texas.

Notes: The gaps in the high lesbian index areas are significant (significant difference between heterosexual and homosexual women). Significance levels show difference from areas with low lesbian index.

Prediction is based on linear regression on log of wages controlling for sexual orientation, race, age, number of children, education, and number of weeks one works per year and number of hours one works per week. The predictions for three groups are based on interaction effects between lesbian index and sexual orientation.

*** p<.001; ** p<.01; * p<.05; [†] p<.10 (two-tailed test)

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