Occupational Achievements of Same-Sex Couples in the United States by Gender and Race

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This article offers a framework that allows for the simultaneous comparison of all sexual orientation–gender–race/ethnicity groups after controlling for characteristics. The analysis suggests that occupations matter in explaining earnings differences among groups. The article also displays the high magnitude of the gender wage gap in an intersectional framework. The sexual orientation wage premium of lesbians is quite small for blacks and much higher for Hispanics and Asians than for whites. For men, departing from the white heterosexual model involves a substantial punishment; the racial penalty is larger for heterosexuals whereas the sexual orientation penalty is greater for whites.

Introduction

Since the mid-1990s, there has been increasing economic literature on the association between sexual orientation and position in the U.S. labor market. Most studies identify a wage penalty for gay men and a wage premium for lesbian women compared with their heterosexual peers (Allegretto and Arthur 2001; Badgett 2007; Klawitter 2015). Regarding occupations, scholars provide evidence of a high concentration of homosexual workers in certain kinds of jobs (Antecol, Jong, and Steinberger 2008; Badgett and King 1997; Baumle, Compton, and Poston 2009; Ueno, Peña-Talamantes, and Roach 2013). Some of these investigations find that lesbian women (and gay men) have a higher (and lower, respectively) representation in highly masculinized occupations.

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than straight women (and men). However, the few studies dealing with the occupational sorting of homosexual workers have undertaken their analyses using broad classifications of occupations with few categories or have focused only on a few detailed titles. Contrary to segregation by gender (or race), there is little research on the extent of occupational segregation by sexual orientation and its effects on earnings (Antecol, Jong, and Steinberger 2008).

The magnitude of segregation by sexual orientation has been recently quantified. Using a fine occupational classification and distinguishing among four groups—women and men living in same-sex and different-sex couples—Del Río and Alonso-Villar (2019) showed that partnered lesbians in the United States are the most evenly distributed group across occupations whereas their straight counterparts represent the group most unevenly distributed (i.e., it is the group experiencing more overrepresentation in some occupations and underrepresentation in others). The levels of unevenness for gay and heterosexual men, which are similar to one another, are between the levels for lesbian and heterosexual women. The study reveals that the occupational achievements of partnered gay men are larger than those of partnered heterosexual men, and also that the occupational achievements of partnered lesbians are much smaller than those of either gay or heterosexual men, although greater than those of heterosexual partnered women. However, the occupational attainments of partnered gay men and lesbians decrease dramatically when controlling for characteristics (education, mainly).

This article aims to contribute to the ongoing literature by adding a new factor into the analysis of occupational segregation by sexual orientation in the United States and its effects on wages: individuals’ race/ethnicity. There is abundant empirical work that shows that apart from gender, race affects how people fare in the labor market and, in particular, the occupations they enter (Alonso-Villar and Del Río 2017; Cotter, Hermsen, and Vanneman 2003; Del Río and Alonso-Villar 2015; King 1992; Reskin, Hargin, and Hirsh 2004). Gender and race interplay to privilege some demographic groups and disadvantage others (Branch 2007; Browne and Misra 2003; Darity and Mason 1998), and in this hierarchical system white men are the group at the top of the ranking. Little is known, however, about how gender and race interact with sexual orientation, as the scarcity of surveys that accurately account for the gay and lesbian population in all its diversity has been an obstacle in undertaking these kinds of studies.

Evidence exists that the racial composition of the gay and lesbian population plays a non-negligible role in explaining these men and women’s occupational achievements and earnings (Del Río and Alonso-Villar 2019). We also know that the magnitude of lesbians’ wage premiums and gay men’s wage penalties, compared with their heterosexual peers, vary across races/ethnicities (Douglas
and Steinberger 2015). However, not much knowledge exists about the occupational achievements of gay men and lesbians of different races/ethnicities and how gender, race, and sexual orientation interplay to benefit some groups and harm others. Most research dealing with sexual orientation analyzes women and men separately, which implies that the effect of gender is not fully explored. Moreover, the few studies that also take race into account use broad occupational classifications because their approaches involve considering a dummy for each occupation (Douglas and Steinberger 2015).

The aim of this article is to (1) explore how sexual orientation affects the occupational sorting of the various gender–race/ethnicity groups; (2) quantify the role that occupations have in explaining the earnings of sexual orientation–gender–race/ethnicity groups using a detailed occupational classification; and (3) disentangle the effects of gender, race, and sexual orientation in explaining the occupational achievements and earnings of each group.

The methodology we follow, which differs from that used so far to study these groups (Douglas and Steinberger 2015), allows us to address our questions easily, as the monetary advantages or disadvantages that the groups derive from their occupational sorting, and their total earnings, are expressed as a proportion of the average wage of the economy after controlling for characteristics.

To that end, we study the sixteen mutually exclusive demographic groups that result from combining sexual orientation and gender with the four main racial/ethnic groups (whites, blacks, Hispanics, and Asians). We quantify the segregation level of each group and compute the pecuniary effects that occupational sorting brings to each of them by taking occupations’ wages into account. In addition, we determine the extent to which occupations play an important role in explaining these groups’ earnings. Given that these sixteen groups differ in terms of basic characteristics that may affect their occupational sorting, we explore how the groups’ situation changes when controlling for characteristics.

For the analysis, we used the 2010–2014 5-year sample of the American Community Survey (ACS). Despite the fact that this database does not offer information about individuals’ sexual orientation, it allows us to identify people living in same-sex couples, who are the only gay men and lesbians we study in this investigation (as is standard practice when using the ACS or the census). Notwithstanding this limitation, this dataset is suitable for this kind of study due to its large size (Tilcsik, Anteby, and Knight 2015). This allows

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1 See Antecol, Jong, and Steinberger (2008), Douglas and Steinberger (2015), and Schneebaum and Badgett (2019).
us to study the relatively small group of gay and lesbian workers while taking race/ethnicity into account.

To quantify the occupational segregation of each of our sixteen target groups, the occupational sorting of each group is compared to the occupational structure of the economy using the indices proposed in Alonso-Villar and Del Río (2010). Measuring the segregation of each target group—rather than overall segregation by gender, race, and sexual orientation—seems especially convenient when working with small demographic groups. As these authors show, a group’s contribution to overall segregation depends on its size. Therefore, what happens to small groups will not be captured well by overall multigroup segregation measures.

To assess the occupational sorting of each group when a large number of occupations are considered in the analysis, this article uses the $\Gamma$ index put forward by Del Río and Alonso-Villar (2015). This index takes into account whether the underrepresentation and overrepresentation of a group occurs in occupations with wages above or below the average wage of the economy. The decomposition proposed by these authors to quantify the effect that occupational sorting has in the earnings of a group is used as well.

To explore whether some groups may find more difficulties when integrating into the labor market than others once we control for basic characteristics, we follow the counterfactual approach proposed by DiNardo, Fortin, and Lemieux (1996), as adapted by Gradín (2013) to explore occupational segregation. An advantage of the decomposition of the latter, which is based on the Shapley value, is that the contribution of each factor to explain an indicator’s change between its conditional and unconditional value does not depend on the factors’ sequence.

By combining the approach of Del Río and Alonso-Villar (2015)—which allows for the simultaneous comparisons of all female and male groups—with the counterfactual method of DiNardo, Fortin, and Lemieux (1996) and Gradín (2013), this article offers new insights on the roles that sexual orientation, gender, and race play in explaining a group’s position in the labor market in terms of occupational achievements and earnings.

The article is structured as follows. The next section provides a brief background on the relationship between sexual orientation and position in the labor market. The third section presents the indices used, whereas the subsequent shows the extent of occupational segregation for each target group and explores whether the occupational sorting of each group brings it earnings advantages or disadvantages. Given that the groups may differ in terms of basic characteristics, the fifth section undertakes a counterfactual analysis. Finally, the last section presents the main conclusions.
Literature Review: Wages and Occupations

The literature exploring the effect of sexual orientation on the position of individuals in the U.S. labor market has mainly focused on wages. Badgett’s (1995) seminal work showed that gay and bisexual men face an important and statistically significant wage penalty compared to their straight counterparts, but the penalty found for lesbian women was not statistically significant. Using other sexual orientation definitions and even employing alternative datasets, subsequent studies confirmed the wage penalty for gay men (vis-à-vis heterosexual men) and most of them identified a wage premium for lesbians (vis-à-vis heterosexual women), as the meta-analysis undertaken by Klawitter (2015) concluded.2

The fact that sexual orientation does not affect the wages of lesbians and gay men in the same manner suggests that sexual orientation interacts with gender roles. Although race is also a basic trait that influences people’s opportunities in the labor market, the literature has barely explored racial issues within homosexual workers. We know that the penalty and premium mentioned above are also found when the analysis is restricted to the white population (Antecol, Jong, and Steinberger 2008). Things become more complicated when working with gay men and lesbians of racial minorities due to smaller sample sizes, which explains why the literature is so scarce.

Using the 2000 Census, Saunders, Badgett, and Gates (2006) found that, after controlling for characteristics, black men living in same-sex couples earn less than their straight counterparts (and much less than their white peers). Their analysis also reveals that black lesbian women, who earn less than their male or white counterparts, make less than black straight women in some model specifications but not in others, suggesting that this finding is not as robust as the others. Douglas and Steinberger (2015) undertook a comprehensive analysis on sexual orientation and race—also based on the 2000 Census—and found that not only white and black gay men but also Hispanic and Asian gay men have wage penalties compared to their heterosexual (married) peers. According to the magnitude of the unexplained term of the Oaxaca–Blinder decomposition used in the study, the penalties for black and white gay men are similar, although they are larger (lower) than that of Hispanic (and Asian) gay men. These authors also documented a sexual orientation wage premium for white, black, and Hispanic lesbians compared with their heterosexual female (either married or cohabiting) peers and a premium for Asian

2 However, using the 2013–2015 National Health Interview Survey, Carpenter and Eppink (2017) found an earning premium for self-identified gay men compared with their heterosexual peers. This suggests that things may have changed for gay men in recent years.
lesbians compared with their married peers. The premium is higher for white and Asian lesbians than it is for black and Hispanic lesbians. It seems, therefore, that sexual orientation does not affect men and women of different races equally.

Distinguishing among five broad occupational categories, Douglas and Steinberger (2015) also explored whether occupations play a role in explaining the earnings of these groups. Using both the Oaxaca–Blinder and DiNardo–Fortin–Lemieux decompositions, they found that the occupational sorting of white and Hispanic gay men has a positive influence on these groups’ earnings. For black gay men, though, the result varies with the decomposition used. The role played by occupations in explaining the earnings of white lesbians also seems to depend on the decomposition method. However, both Hispanic and black lesbians tend to be concentrated in occupations that do not benefit them (at least compared to their married, straight peers), although the effect is small for the latter.

The literature does not explain, though, the role that occupational segregation may play in explaining the earnings of these groups using a fine occupational classification or the extent to which the distributions of lesbians and gay men across these occupations differ across races. However, there is strong evidence that occupational segregation explains a large part of the gender wage gap and the racial wage gap (Blau and Kahn 2017; Cotter, Hermsen, and Van- neman 2003; Petersen and Morgan 1995), which suggests that occupations may be important in explaining the earnings of the various sexual orientation–gender–race groups. Thus, distinguishing among 453 occupational categories, Del Río and Alonso-Villar (2019) showed that occupational sorting plays an important role in explaining the earnings differentials between homosexual and heterosexual workers. The higher educational achievement of gay men and lesbians makes it possible for them to access highly paid occupations, especially gay men, which results in earnings that are higher than those of their straight peers. Racial/ethnic composition is also claimed to play a role in explaining the occupational sorting (and earnings) of homosexual workers. In fact, these authors suggest that racial minorities living in same-sex couples have an occupational sorting more beneficial than racial minorities in different-sex couples. The study does not explore each race separately, however.

It seems, therefore, convenient to explore the occupational sorting of our sexual orientation–gender–race groups using an occupational classification more detailed than the ones used so far to study these groups. Due to sample size limitations for gay men and lesbians in some racial minorities, we choose an occupational classification that distinguishes among 99 categories (rather than 453). This classification allows us to analyze the role of occupations in a
more accurate way than in previous studies dealing with these same demographic groups.

Methodology and Data

This article addresses two aspects of segregation: (1) unevenness in the distribution of a group across occupations (which is what we mean by a group’s segregation), and (2) the pecuniary consequences of that unevenness.

**Segregation level of each group.** Occupational segregation is a phenomenon that can be tackled from different perspectives, although the most common is the one focusing on whether demographic groups are evenly or unevenly distributed across occupations. This article also follows this perspective but departs from the most popular approaches by measuring each group’s segregation (or unevenness) rather than overall segregation (which would involve comparing the occupational sorting of all sexual orientation–gender–race groups simultaneously and would not allow us to singularize what happens to each group).

To that end, we use the indices proposed by Alonso-Villar and Del Río (2010) in a multigroup context. The way a group’s segregation is quantified does not require pairwise comparisons among groups and is consistent with how overall segregation in a multigroup context is measured. This is so because, as these authors showed, if the economy is partitioned into several mutually exclusive demographic groups, the weighted average of the segregation of these groups using their measures (with weights equal to the groups’ demographic shares) is equal to the overall segregation of the economy according to measures proposed in the literature.

Following this approach, a group is said to be segregated when its occupational sorting departs from the occupational structure of the economy. On the contrary, if a group represents, for example, 20 percent of workers, we say that it has no segregation as long as it accounts for 20 percent of each occupation’s employment. To measure the segregation of group $g$, we use the following indices:

$$D^g = \frac{1}{2} \sum_j \left| \frac{c^g_j t_j}{C^g} - \frac{t_j}{T} \right|$$

(1)

$$G^g = \frac{\sum_{i,j} t_i t_j \left| \frac{c^g_i}{t_i} - \frac{c^g_j}{t_j} \right|}{2 \frac{C_i}{T}}$$

(2)
\[
\Phi^g_2 = \begin{cases} 
\sum_j \frac{c^g_j}{C^g} \ln \left( \frac{c^g_j/C^g}{t_j/T} \right) & \alpha = 1 \\
\frac{1}{\alpha(\alpha-1)} \sum_j t_j \left[ \left( \frac{c^g_j/C^g}{t_j/T} \right)^\alpha - 1 \right] & \alpha \neq 0, 1
\end{cases}
\]

where \(c^g_j\) stands for the number of workers that group \(g\) has in occupation \(j\), \(C^g = \sum_j c^g_j\) is the group’s size, \(t_j\) is the size of occupation \(j\), and \(T = \sum_j t_j\) is total employment. The reason we use several indices rather than one is to check the robustness of our findings.

Index \(D^g\), which ranges between 0 (no segregation) and 1 (complete segregation), has a clear economic interpretation, which is why we pay special attention to it in our empirical section. It measures the proportion of group \(g\)’s members who would have to shift occupations to have no segregation (without altering the occupational structure of the economy). Index \(G^g\) is also bounded between 0 and 1, but the indices of the family \(\Phi^g_2\) are unbounded. Parameter \(\alpha\) stands for segregation aversion, i.e., aversion toward the overrepresentation of the group in some occupations and its underrepresentation in others. In this study, we use three values of this parameter (0.5, 1, and 2), which are standard values in the literature on income distribution from which these indices were adapted.

**Pecuniary consequences of segregation for each group.** Above and beyond the lack of integration that an uneven distribution across occupations may imply for the group that experiences it, special attention should be paid to the pecuniary consequences of that unevenness. This is why we are interested in the loss or gain that each group \(g\) faces for being unevenly distributed across occupations, taking into account that occupations pay differently. In doing so, we use the \(C^g\) index proposed by Del Río and Alonso-Villar (2015):

\[
\Gamma^g = \sum_j \left( \frac{c^g_j}{C^g} - \frac{t_j}{T} \right) \frac{w_j}{\bar{w}},
\]

where \(c^g_j\) is the share of group \(g\) in occupation \(j\), \(\frac{t_j}{T}\) is the employment share accounted for by occupation \(j\), \(w_j\) represents the (average) wage of occupation \(j\), and \(\bar{w} = \sum \frac{t_j w_j}{T}\) is the average wage of the economy.

Index \(\Gamma^g\) has a clear economic interpretation: It quantifies the per capita monetary loss (or gain) that group \(g\) derives from its occupational sorting, expressed as a proportion of the economy’s average wage.

The earnings advantages/disadvantages of a group may arise not only from its occupational sorting but also from what happens to the group within
occupations given that it can be paid below or above other groups. By denoting the earning differential between \( g \)’s average wage and the average wage of the economy divided by the latter using \( \text{EGap}^g \), Del Río and Alonso-Villar (2015) proved that \( \text{EGap}^g \) can be decomposed in two terms, one denoting group \( g \)’s monetary loss or gain due to segregation (\( \Gamma^g \)) and the other standing for its loss or gain within occupations (\( \Delta^g \)):

\[
\text{EGap}^g = \sum_j \left( \frac{c^g_j}{\bar{c}^g} - \frac{t_j}{\bar{T}} \right) \frac{w^g_j}{\bar{w}} + \left[ \sum_j c^g_j \left( w^g_j - w_j \right) \right] \frac{1}{\bar{c}^g \bar{w}},
\]

where \( w^g_j \) stands for the average wage that group \( g \) receives in occupation \( j \). By using expression (5), one can easily determine whether segregation is important in explaining a group’s earnings. Given that the \( \text{EGap}^g \) and its two components are expressed as a proportion of the economy’s average wage, we can simultaneously compare our sixteen groups. We can do it not only before but also after controlling for attributes, which makes this approach especially convenient for disentangling the effects of sexual orientation, gender, and race, as we explain later in the article.

Data. The dataset comes from the 2010–2014 5-year sample of the ACS provided by the Integrated Public Use Microdata Series (IPUMS; Ruggles et al. 2017). The ACS, which replaced the Census long form from 2000 onward, includes occupation and provides a wide range of economic and demographic characteristics of individuals and households. We use an occupational classification that accounts for ninety-nine categories and proxy the wage of each occupation by the average hourly wage (calculated from the information available from IPUMS).\(^3\)

As mentioned earlier, individuals living in same-sex couples are the only population that can be identified in this dataset as homosexual. This limitation is offset by the fact that the sample is much larger than that of alternative datasets, which is especially convenient when one wants to explore racial disparities as well. The fact that we only identify homosexual workers based on the sex of the householder and her/his partner determines our empirical strategy of reducing the economy to individuals living in couple partnerships. We have 27,158 lesbians and 25,874 gay men in the sample.

\(^3\) We trim the tails of the hourly wage distribution to prevent data contamination from outliers. We compute the trimmed average in each occupation, eliminating all workers whose wage is zero, missing, or situated below the first or above the 99th percentile of positive values in that occupation.
With respect to race/ethnicity, our analysis focuses on the three major single-race groups that do not have a Hispanic origin, plus Hispanics of any race: whites, blacks, Asians, and Hispanics. The size of each demographic group and basic characteristics are given in the Appendix (Table A1 and Figure A1).4

Occupational Segregation: Extent and Pecuniary Consequences

We start this section quantifying the extent of occupational segregation for each of our sixteen sexual orientation–gender–race groups. Then we explore its effects on the groups’ earnings.

Segregation by sexual orientation, gender, and race/ethnicity. As explained earlier, a group is said to be segregated if it tends to be overrepresented in some occupations and underrepresented in others, i.e., if it is unevenly distributed across occupations.

Table 1 shows that white lesbians have lower segregation than white straight women, i.e., the former have a more even occupational sorting. According to index $D^g$, 18 percent of white lesbians would have to switch occupations to achieve zero segregation, whereas for white straight women the ratio reaches 27 percent.

On the contrary, white gay men tend to be more unevenly distributed across occupations than their straight peers,5 although the gap is small.6 The differences by sexual orientation are stronger among Hispanics, and they work in the same direction for both women and men. Hispanic lesbians and gay men tend to have much lower segregation than their straight counterparts and are among the groups with the lowest segregation levels. Thus, according to index $D^g$, only 20 percent and 17 percent, respectively, of Hispanic lesbians and gay men would have to switch occupations to achieve zero segregation, whereas the ratios for their straight peers rise to 31 percent and 38 percent. The segregation levels for black lesbians and gay men are also lower than those for black straight women and men, although the gaps are lower than those for Hispanics ($D^g$ is equal to 25 percent and 28 percent for lesbian and straight

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4 We do not analyze Native Americans and other races due to their small size in the sample.

5 The exception is $\Phi_{0.5}$, which is an index that pays special attention to the extent of the underrepresentation of the group in occupations.

6 Although not shown in this article, the patterns for whites would remain the same if we had used a more detailed occupational classification that accounts for 453 titles. That classification would not be suitable to explore racial minorities due to their smaller sizes in the sample. This is why this study is based on a broader classification.
women, respectively, and 20 percent and 27 percent for gay and straight men, respectively). On the contrary, Asian gay men and lesbians tend to have slightly higher segregation levels than their heterosexual counterparts.7

Therefore, in exploring the occupational sorting of a demographic group, a racial-based effect interacts with sexual orientation and gender. For whites and Asians, homosexual men are more unevenly distributed across occupations than heterosexual men, whereas for blacks and Hispanics, the pattern is the reverse, the gap being especially large for Hispanics. In the case of lesbians, all races except Asians have lower segregation levels than their heterosexual counterparts. The gap is particularly intense for Hispanics and less so for blacks.

**Quantifying the pecuniary consequences of segregation.** We now analyze whether an uneven distribution across occupations brings a group monetary advantages or disadvantages, which depends on occupations’ wages. We also explore whether each group has earnings advantages within occupations compared with other groups. By knowing these two components, we can determine the role that occupational sorting plays in explaining the earnings losses/gains

|                          | $\Phi_{0.5}^g$ | $\Phi_{1}^g$ | $\Phi_{2}^g$ | $D^g$ | $G^g$  |
|--------------------------|---------------|--------------|--------------|-------|-------|
| White lesbian women      | 0.134         | 0.125        | 0.126        | 0.181 | 0.266 |
| White straight women     | 0.289         | 0.244        | 0.220        | 0.274 | 0.378 |
| Black lesbian women      | 0.221         | 0.196        | 0.198        | 0.247 | 0.342 |
| Black straight women     | 0.312         | 0.280        | 0.306        | 0.278 | 0.399 |
| Hispanic lesbian women   | 0.132         | 0.122        | 0.123        | 0.202 | 0.272 |
| Hispanic straight women  | 0.338         | 0.306        | 0.315        | 0.311 | 0.430 |
| Asian lesbian women      | 0.393         | 0.320        | 0.331        | 0.304 | 0.428 |
| Asian straight women     | 0.357         | 0.305        | 0.322        | 0.285 | 0.410 |
| White gay men            | 0.164         | 0.162        | 0.177        | 0.238 | 0.317 |
| White straight men       | 0.181         | 0.157        | 0.134        | 0.216 | 0.296 |
| Black gay men            | 0.140         | 0.129        | 0.133        | 0.199 | 0.276 |
| Black straight men       | 0.216         | 0.215        | 0.249        | 0.267 | 0.359 |
| Hispanic gay men         | 0.105         | 0.103        | 0.113        | 0.172 | 0.246 |
| Hispanic straight men    | 0.390         | 0.381        | 0.450        | 0.375 | 0.478 |
| Asian gay men            | 0.336         | 0.318        | 0.373        | 0.321 | 0.434 |
| Asian straight men       | 0.302         | 0.311        | 0.416        | 0.291 | 0.416 |

7 The exception is $\Phi_2$ for gay men, which is an indicator very sensitive to the degree of overrepresentation of the group in occupations.
of each group with respect to the average wage of workers living with a partner.

Figure 1 reveals that, on the one hand, white lesbians have monetary gains associated with their occupational sorting of about 4.7 percent of the average wage of workers living with a partner ($\Gamma^g = 4.7$), whereas their straight counterparts have losses of 3.2 percent of the average wage ($\Gamma^0 = -3.2$).\(^8\)

This means that white lesbians tend to concentrate in highly paid occupations to a higher extent than other groups do whereas white straight women are mainly in low-paid occupations. On the other hand, both groups of women have losses within occupations compared with other (mainly male) groups and these earnings disadvantages are much larger for straight women than they are for lesbians ($\Delta^g$ is equal to $-10.1$ and $-1.7$, respectively). Consequently, the earnings of white lesbians are 3 percent above the average wage of workers living with a partner ($\text{EGap}^g = 4.7 - 1.7 = 3$) whereas the earnings of their straight counterparts are 13.3 percent below that average ($\text{EGap}^0 = -3.2 - 10.1 = -13.3$).

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\(^8\) The values of $\text{EGap}^g$, $\Gamma^g$, and $\Delta^g$ are multiplied by 100. These values are shown in the Appendix (Table A2).
Figure 1 also displays that, for Asian women, the gains arising from their sorting are larger for lesbians than they are for straight women (7.1 percent versus 5.4 percent). Note that Asian lesbians have even wage advantages within occupations, whereas the others instead have losses (4 percent versus −2.8 percent). On the contrary, Hispanic women have losses associated with their sorting, which are larger for straight women than for lesbians (−19.4 percent versus −9 percent). The wage disadvantage of this ethnicity within occupations follows the same pattern. Although black women also have losses due to segregation, these losses do not seem to be affected by sexual orientation (Δg is −11 percent for heterosexuals and −11.8 percent for homosexuals). The earnings disadvantage of black women within occupations is slightly larger for lesbians. All this supports black lesbians having the lowest earnings (the EGap is −25.2 percent) after Hispanic straight women (−34.2 percent).

To conclude, the occupational sorting of lesbians is more beneficial than that of their straight counterparts, except for black women, for whom sexual orientation plays almost no role. However, only white and Asian lesbians have occupational distributions capable of giving them earnings above the average wage of workers living with a partner. The situation within occupations seems to be more harmful for straight women of any race but black. The analysis also illustrates that, except in the case of white straight women, for whom Δg is much more important, occupational sorting explains a large part of the earnings of female groups.10

With respect to men, the group with the greatest gains associated with their occupational sorting is that of Asian gay men (Δg is equal to 20.6 percent of the average wage of workers living with a partner), followed by their straight counterparts (17.7 percent). White gay men also have higher gains associated with their sorting than heterosexuals (13.4 percent versus 8.5 percent, respectively). However, both Asian and white gay men have (slightly) lower gains within occupations than their straight counterparts.

Black gay men instead have losses associated with their occupational sorting, although they are lower than those of black straight men (−5 percent versus −9.8 percent). The male group with the largest losses due to segregation is that of Hispanic straight men (−15.1 percent), who far overcome the losses of their gay counterparts (−4 percent). The analysis also reveals that the losses

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9 The wage advantage of a group within occupations could arise from working in different suboccupations that a classification with ninety-nine categories cannot capture. As already mentioned, the sample size of gay men and lesbians in some racial minorities does not allow us a finer occupational classification, and the extent of segregation and its economic effects are likely to be underestimated.

10 Perhaps their occupational sorting would have a more important role if a finer occupational classification were used.
of Hispanic and black gay men due to segregation are quite similar to one another, but the discrepancies in the losses of Hispanic and black heterosexual men are remarkable.

Finally, note that regardless of the race/ethnicity and sexual orientation, occupational sorting plays an important role in explaining the position of male groups in the labor market. Most of the earnings gains of white gay men and Asian straight and, especially, gay men come from their concentration in highly paid occupations. On the contrary, white straight men obtain most of their advantage from having higher wages within occupations than have other (male and, mainly, female) groups.

In summary, the occupational sorting of gay men seems to be better than that of their straight counterparts, independent of their race/ethnicity. In addition, regardless of the race/ethnicity and sexual orientation, women tend to concentrate in low-paid occupations to a higher extent than their male peers and have much higher wage disadvantages within occupations (or much lower wage advantages in the case of Asian lesbians). The fact that all groups of women fare much worse than their male peers does not seem justified by their education achievements (Figure A1).

Controlling for Basic Characteristics

The gains and losses that the groups have due to their occupational sorting and the wages they receive within occupations vis-à-vis other groups may depend on the education achievements of the groups or their age structure. On the other hand, the size of some occupations may vary with the population size of the local economy. Some occupations tend to be larger in large metropolitan areas, and if some demographic groups are more likely to be found there, as is the case of Asians and gay men, the opportunities that groups may face can differ by location. In addition, the (average) wage of a group could be higher than that of another group simply because the former is mainly located in large cities and these cities tend to pay higher wages. In this section we undertake a counterfactual analysis, based on a propensity score procedure, which will allow us to control for education, age, and city size.\textsuperscript{11} We consider five educational levels (less than high school, high school diploma, some college, bachelor’s degree, and master’s or doctoral degree),

\textsuperscript{11} The sample size of some groups does not recommend including additional individuals’ characteristics. This is why we select only the most important ones, taking into account that other groups’ traits can be captured by or be associated with their race/ethnicity or gender, factors based on which the groups are defined.
three age groups (younger than 30, between 30 and 54, and 55 or older), and
two city sizes (less than 1 million people or equal to or above that threshold).

Propensity score method. To build the counterfactual economy (DiNardo,
Fortin, and Lemieux 1996; Gradín 2013), we start by separating each target
group \(g\) into mutually exclusive subgroups categorized by the values of
the variables involving education, age, and city size (i.e., we follow a tabulation
process that gives rise to thirty cells in each group). We then observe the dis-
tribution of each subgroup across our ninety-nine occupations and keep it
unchanged. We change, however, the subgroup weight according to the weight
the corresponding subgroup has in the reference group. White straight men
are the reference group. Using these weights, we build a counterfactual economy
in which the sexual orientation–gender–race groups no longer differ in terms
of observed characteristics.

The original observations of each subgroup in the sample have to be
rewighted by \(\Psi_z\),

\[
\Psi_z = \frac{\Pr(W=1|z)}{\Pr(W=0|z)} = \frac{\Pr(W=0)\Pr(W=1|z)}{\Pr(W=1)\Pr(W=0|z)},
\]

where \(z \equiv (z_1, z_2, z_3)\) is the vector of our three covariates describing the attri-
butes of each subgroup, and \(W\) is a dummy variable standing for sexual orient-
tation–gender–race membership, where the variable is equal to 1 in the case of
white straight men and 0 in the case of the group under consideration. The
first term of the right-hand side of the above expression can be approximated
by the ratio between the population samples of both demographic groups, and
the second term can be obtained by estimating the probability of an individual
with attributes \(z\) belonging to the group of white straight men (rather than to
her/his own group) using a logit model over the pool sample with observations
from both groups:

\[
\Pr(W = 1|z) = \frac{\exp(z\hat{\beta})}{1 + \exp(z\hat{\beta})},
\]

where \(\hat{\beta}\) is the associated vector of estimated coefficients. The logit estimation
allows computing the decomposition of the change between the conditional
and the unconditional analysis straightforwardly.

Note that although we built a counterfactual economy in terms of DiNardo,
Fortin, and Lemieux (1996), as in Douglas and Steinberger (2015), we do it in
a different way. First, compared to their study, in which occupations are a
characteristic of the groups, as is education, age, and so on, in this
investigation, occupation is not a variable that we use to define the subgroups (cells) into which each of our sexual orientation–gender–race groups are divided. In building the counterfactual economy, we keep the occupational sorting that we observe in the actual data for each subgroup and reweight each subgroup to make it have the same weight that that subgroup has in the reference group. Second, the contribution that each factor has in explaining the difference between the conditional and the unconditional analysis is determined using the Shapley decomposition (Gradián 2013). This decomposition improves on that proposed in DiNardo, Fortin, and Lemieux (1996), as the sequence in which the variables are included in the analysis does not affect the outcome. Another difference with respect to Douglas and Steinberger (2015) is that we use the same reference group, white heterosexual men, for either male or female groups, which allows us to easily explore the gender effect.

Counterfactual analysis: an overview. Figure 2 illustrates the conditional earnings advantages/disadvantages that each group has relative to the average wage of the (counterfactual) economy and its two components. The analysis

FIGURE 2
Conditional EGaf\(^c\) of Each Group and Its Two Components: Occupational Sorting (\(\Gamma^c\)) and Wage Advantages/Disadvantages within Occupations (\(\Delta^c\)) [Color figure can be viewed at wileyonlinelibrary.com]
reveals that earnings differences among groups decrease when controlling for characteristics. In other words, education, age, and city size help explain part of the discrepancies that we observed in Figure 1. However, important differences still persist. White straight men are now at the top of the ranking—with an earning advantage of 19.2 percent of the average wage of individuals living with a partner—followed at a significant distance by Asian straight men; white gay men; and, last, Asian gay men. Men of other racial/ethnic groups have either wages that do not differ much from the average wage of workers living with a partner (Hispanic gay and, especially, straight men) or have wages

![Figure 3](https://wileyonlinelibrary.com)
below that average (black gay and straight men). At the bottom of the ranking we find Hispanic straight women—whose earnings are 23.5 percent below the average wage—closely followed by black straight and lesbian women. The earnings disadvantage of white straight women, whose wages are 15.2 percent below the average, is also remarkable.

The counterfactual analysis also suggests that the earnings disadvantage of Hispanic straight men detected in Figure 1 results from differences in characteristics. In fact, as Figure 3 shows, if Hispanic straight men had the same attributes as white straight men, mainly the same educational attainments, the earnings of the former would increase substantially (age and metropolitan area play a minor role). The conditional earnings of Hispanic straight men are far from those of white straight men but they are higher than those of any female group. For Hispanic gay men, education also explains part of their earnings disadvantages, although their younger age penalizes them more. Note too that the earnings of Hispanic gay men would be substantially lower if they did not tend to live in large metropolitan areas. Once the effects of characteristics are removed, the average wage of Hispanic men (either heterosexual or homosexual) barely differs from the average wage of the counterfactual economy, although wages for homosexuals are below the average (Figure 2).

The earnings advantage of white and Asian gay men shown in Figure 1 also comes from their characteristics (mainly education, although living in a large metropolitan area plays a non-negligible role). When we control for characteristics, white and Asian gay men no longer have higher wages than their straight peers, although they still have earnings above the average (Figure 2).13 Things are different, however, for black men. They have earnings below the average in the unconditional analysis (basically due to education in the case of straight men whereas age is also an important penalty for gay men, an effect that is partially offset by them living in large metropolitan areas). However, as opposed to other male groups, black men also get wages substantially below the average after controlling for characteristics. Moreover, for this race, the wages of heterosexuals are slightly lower than those of homosexuals. We can, therefore, conclude that sexual orientation does not affect men of different races/ethnicities equally.

Figure 3 also illustrates that education explains most of the earnings gain of white lesbians and Asian straight and lesbian women shown in Figure 1.

---

13 Given that white straight men is the group with respect to which we adjust the characteristics of the other groups, none of these characteristics may explain the difference between the counterfactual EGap and the actual EGap for this group. This is why there is no value for white straight men in Figure 3. The EGap of this group changes slightly in Figure 2, compared with Figure 1, because in the counterfactual economy the average wage of the economy changes and the EGap of a group always represents the earnings of the group expressed in terms of the average wage of the economy.
Education also helps explain part of the earning losses of Hispanic women, especially heterosexuals. For Hispanic and black lesbians, their earnings disadvantages also arise from their youth (relative to white straight men). Note that things for black women, regardless of their sexual orientation, would be worse off if the proportion of them living in large metropolitan areas was lower (and similar to that of white straight men).

Importantly, after controlling for characteristics, all groups of women have wages well below the average wage of workers living with a partner (except Asian lesbians, whose wage is equal to the average). Moreover, the earnings disadvantages of these female groups are larger than those of any group of men (except white lesbians, whose gap is slightly lower than that of black straight men).

With respect to the role that occupations have in explaining the earnings of the groups, Figure 2 illustrates that a large share of the wage advantage of white straight men is explained by the group’s occupational sorting (this share, roughly 40 percent, would be likely larger if a finer occupational classification could be used). This group tends to concentrate in highly paid occupations with more intensity than other groups, and this fact cannot be explained by education, age, or location. Occupational sorting is also beneficial for white gay men and Asian straight men.

The advantageous occupational distributions of these groups come at the expense of other groups. Occupational sorting harms all groups of women and black men (regardless of their sexual orientation). Note that the earnings advantage that white lesbians have in Figure 1 associated with their occupational sorting completely vanishes when controlling for characteristics (Figure 2). The same pattern occurs in the case of Asian straight and lesbian women. Basically, their high educational achievements allow them to enter highly paid occupations and earn higher wages.\(^\text{14}\) When controlling for characteristics, all female groups have disadvantages associated with their occupational sorting, which suggests that they tend to concentrate in low-paid occupations to a higher extent than other (male) groups. This pattern is particularly intense for Hispanic straight women and black women (straight and lesbian).

The role played by sexual orientation, gender, and race/ethnicity. The methodology followed in this article is very convenient because it allows comparing the sixteen sexual orientation–gender–race/ethnicity groups after

\(^{14}\) See Figure A2 in the Appendix, which shows the role of each factor in explaining the changes in \(\Gamma^g\) when one controls for characteristics. This chart barely differs from Figure 3. The factors that explain the changes between the counterfactual and actual economy are basically the same in terms of EGap^g and \(\Gamma^g\).
controlling for characteristics. Given that the wages of all groups are expressed as a proportion of the (counterfactual) economy’s average wage, we can easily determine the role that sexual orientation, gender, and race/ethnicity play in explaining the earnings of any group vis-à-vis white straight men, which is the “privileged” group in the labor market (as Figure 2 illustrates). Because the analysis is undertaken in the counterfactual economy, a group’s earnings below (and above, respectively) that of another group implies a penalty (and a premium, respectively) with respect to that group in terms of sexual orientation, gender, race, or a combination of these. Moreover, the total penalty (or premium) of a group with respect to white straight men will be equal to the sum of a racial, sexual orientation, and gender penalty (or premium) using a consistent sequence of comparisons.

Figure 4 allows us to explore these penalties/premiums easily (the numbers are obtained from Figure 2 by calculating the EGap differential between groups in the counterfactual economy; the exact values are provided in Table A2). For example, we see that black gay men earn 1.5 percentage points of the average wage (p.p. hereafter) more than black straight men. However, black gay men earn 13.5 p.p. less than white gay men. Note that to compare black gay men with white straight men, we can follow two different paths, depending on whether the intermediate group we use is black straight men or white gay men (i.e., or ). Regardless of the path we take, the wage differential between black gay men and white straight men is the same (1.5 = −13.5 − 12.4). If we follow the first path, the sexual orientation gap refers to black men and the racial gap to straight men. If we take

FIGURE 4

Notes: The Numbers Represent Percentage Points of the Average Wage of the Counterfactual Economy. [Color figure can be viewed at wileyonlinelibrary.com]
instead the second path, the racial gap is specific for gay men and the sexual orientation gap is that of white men. In both cases, we follow a complete and compatible sequence of comparisons. The sexual orientation and racial/ethnic effects have to be quantified in different groups because the former (or latter) effect might differ among races (or sexual orientation groups).

Observe that this approach differs from that followed by Douglas and Steinberger (2015). They first compare black gay men with white gay men and black gay men with black straight men to explore, respectively, the racial and sexual orientation effects for that group. Then, they compare black gay men with white straight men to deal with the joint effect and explore whether it is greater than the sum of the racial and sexual orientation effects. Because they estimate wage equations, they need to keep a common group in these three pairwise comparisons—black gay men—to determine the effects of sexual orientation and race on wages. Their steps do not actually allow us to follow a complete and compatible sequence of comparisons, which explains why the total effect is not equal to the sum of the racial and sexual orientation effects for black gay man.

As in Douglas and Steinberger (2015), once we control for characteristics, we find a sexual orientation penalty for white, Hispanic, and Asian men. However, counter to that study, we do not find a sexual orientation penalty for black gay men, and the highest penalty is that of whites.15

Figure 4 also illustrates that the racial/ethnic penalty is much higher for straight men than for gay men. Consequently, for any racial minority homosexual male group, the sum of that group’s sexual orientation and racial/ethnic wage gaps (Δ) is lower than the wage gap that group has relative to white straight men (∆). For example, in the case of Hispanic gay men, the sum of their two wage gaps is -13.2 (=-3.9-9.3), whereas their wage gap with respect to white straight men is -21.7. Although one may be tempted to interpret this discrepancy as an “interaction” effect between sexual orientation and race, in line with Douglas and Steinberger (2015), it actually shows that departing from the white heterosexual male model in a single direction, either in race or sexual orientation, is much more highly penalized than departing from other male groups based on the same characteristic.

For women, who earn much less than white straight men (Figure 2), the penalties may arise not only from race/ethnicity and/or sexual orientation but also gender. In fact, white straight women earn 34.4 p.p. less than white straight men, which is the largest gap shown in Figure 4. This explains why,

15 The characteristics of gay men and lesbians in our sample differ from those in Douglas and Steinberger (2015). Homosexuals of racial minorities have lower educational achievement in our sample, which may help explain the differences in some of our results.
for example, white lesbians earn 26.2 p.p. less than white straight men, despite having an earning advantage of 8.2 p.p. with respect to white straight women. The gender wage gap is negative for all groups of women and is of a greater magnitude than the race/ethnicity penalty for black and Hispanic women. The racial penalty is higher for black lesbians, followed at a certain distance by that of Hispanic heterosexual women. However, Asian women do not seem to have a racial penalty with respect to white women.

On the other hand, our results indicate that all lesbian groups have a sexual orientation premium, but this premium is much higher for Hispanics and Asians than for whites. Moreover, the premium for Hispanic lesbians is large enough to surpass the ethnic penalty of Hispanic straight women. Consequently, not only Asian but also Hispanic lesbians earn more than white straight women. Also, note that the premium for black lesbians is quite small (the magnitude of this premium is similar to the one black gay men have). Hence, for lesbians, the sexual orientation premium is clearly racialized; it ranges from 13.7 p.p. for Hispanics to 1.2 p.p. for blacks.

Therefore, as in Douglas and Steinberger (2015), we find a sexual orientation premium for white, Hispanic, and Asian lesbians once we control for characteristics. However, contrary to that work, we show that black lesbians do not have an earnings advantage compared with white straight women (regardless of the path we take, the racial penalty is greater than the sexual orientation premium) and the sexual orientation premium for Hispanic and Asian lesbians is much higher than for white lesbians.

Final Comments

In an intersectional framework in which categories according to which individuals are classified by society overlap, social and economic stratification becomes a complex phenomenon. The advantages of a person as a member of a category may be reduced, or may even disappear, due to disadvantages as a member of another category. There is no doubt that gender, race/ethnicity, and sexual orientation shape labor settings (Ragins, Cornwell, and Miller 2003). However, there is still scarce literature on the topic. This due not only to data availability but also to methodological issues that arise when dealing with intersectionality.

The methodology used in this article allows us to overcome some of the difficulties that usually appear in empirical studies. The fact that any group’s wage is expressed in terms of the average wage of the counterfactual economy facilitates comparisons among groups. It allows us to account for not only the effects of race and sexual orientation but also gender, something unexplored in
previous works that study women and men separately. In addition, this makes it possible to decompose the total penalty (or premium) of a group with respect to white straight men in a gender, a racial, and a sexual orientation effect. This decomposition is exact, which improves what has been done in the literature so far.

Distinguishing among ninety-nine occupational categories and focusing only on workers who live with a partner, this article has shown that, except for Asians, lesbians are more evenly distributed across occupations than their same-race/ethnicity heterosexual peers. This supports lesbians having occupational achievements (and wages) that are larger than those of same-race heterosexual women (except in the case of black women, for whom sexual orientation has almost no effect).

Black and Hispanic men in same-sex couples also have less segregation than their heterosexual counterparts because the former have a lower presence than the latter in low-paid occupations. On the contrary, the occupational sorting of white and Asian gay men seems to be slightly more uneven than that of their heterosexual peers. Concentration in highly paid occupations is an especially intense phenomenon for these two groups. Overall, the occupational attainments (and wages) of gay men are greater than those of their heterosexual male peers and than those of lesbians of the same race/ethnicity.

When controlling for characteristics, the wage differentials among the sixteen sexual-orientation–gender–race/ethnicity groups fall, although important disparities remain. White heterosexual men stand out as the group with the highest wage (about 19.2 percent above the average wage of workers living with a partner) and gay men of any race earn much less (between 6.8 percent and −6.7 percent of the average wage). On the other hand, all female groups have wages below the average (except Asian lesbians, whose wage is around the average). The wage gap of women, with respect to the average wage of the economy, ranges between −7 percent for white lesbians and −23.5 percent for Hispanic heterosexual women. Moreover, the wages of heterosexual women of any race and that of black lesbians are much lower than the wages of any male group. All of this suggests that the gender penalty extends beyond race and sexual orientation (although it is usually stronger for heterosexual women). Within each race/ethnicity, the gender gap is higher than the sexual orientation penalty of gay men (with respect to same-race heterosexual peers).

This article has also shown that the sexual orientation premium of lesbians (with respect to same-race heterosexual women) is plainly racialized: It is quite small for blacks and much higher for Hispanics and Asians than for whites. Moreover, the sexual orientation premium of Hispanic lesbians is large enough to surpass the ethnic penalty of Hispanic heterosexual women, implying that Hispanic lesbians earn more than white heterosexual women (after controlling
for characteristics). On the contrary, the racial penalty faced by black heterosexual woman is much larger than the sexual orientation premium of black lesbians, which leads to lower wages for black lesbians than white heterosexual women. Therefore, both groups of black women earn less than their white peers, which evidences the difficulties faced by black women.

In the case of black men (either homosexual or heterosexual), the racial penalty is larger than the sexual orientation penalty of any other male group, which makes plain the disadvantage of black men. Our results suggest that departing from the white heterosexual model involves a substantial punishment for other men as well. The racial penalty appears to be larger for heterosexual men than for gay men, whereas the sexual orientation penalty is greater for white men than for other races.

The analysis suggests that differing from the most privileged group of the economy—white heterosexual men—in a single characteristic (either race or sexual orientation) conveys a more severe penalty for men than losing a second characteristic. In any case, the highest reduction in wages appears when departing from white heterosexual men based on gender.

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### APPENDIX

#### TABLE A1

|               | Whites | Blacks | Hispanics | Asians | Others | Total  |
|---------------|--------|--------|-----------|--------|--------|--------|
| Lesbian women | 21,328 | 1685   | 2722      | 690    | 733    | 27,158 |
| Straight women| 1,459,107 | 116,441 | 193,618  | 106,998 | 37,506 | 1,913,670 |
| Gay men       | 20,135 | 1131   | 2995      | 1050   | 563    | 25,874 |
| Straight men  | 1,752,645 | 136,421 | 272,357  | 116,937 | 43,179 | 2,321,539 |
| Total         | 3,253,215 | 255,678 | 471,692  | 225,675 | 81,981 | 4,288,241 |
TABLE A2
EGap\(^e\) and its Two Components, \(\Gamma^e\) and \(\Delta^e\): Unconditional and Conditional Values (All Values Are Multiplied by 100)

|                           | Actual Economy | Counterfactul Economy |
|---------------------------|----------------|-----------------------|
|                           | \(\Gamma^e\)  | \(\Delta^e\)       | \(\text{EGap}^e\) |
| White lesbian women       | 4.69           | -1.65                | 3.04               |
| White straight women      | -3.22          | -10.07               | -13.29             |
| Black lesbian women       | -11.79         | -13.41               | -25.20             |
| Black straight women      | -11.00         | -11.01               | -22.01             |
| Hispanic lesbian women    | -8.96          | -11.88               | -20.85             |
| Hispanic straight women   | -19.41         | -14.76               | -34.17             |
| Asian lesbian women       | 7.12           | 4.03                 | 11.15              |
| Asian straight women      | 5.44           | -2.77                | 2.67               |
| White gay men             | 13.37          | 11.16                | 24.53              |
| White straight men        | 8.51           | 12.62                | 21.13              |
| Black gay men             | -4.97          | -5.06                | -10.04             |
| Black straight men        | -9.79          | -3.77                | -13.56             |
| Hispanic gay men          | -3.96          | -5.02                | -8.98              |
| Hispanic straight men     | -15.12         | -6.75                | -21.88             |
| Asian gay men             | 20.56          | 15.21                | 35.77              |
| Asian straight men        | 17.73          | 16.19                | 33.92              |

Sexual Orientation, Gender, and Race: Occupations

Electronic copy available at: https://ssrn.com/abstract=3603457
FIGURE A1

Basic Characteristics of the Groups: Educational Attainments, Age, and Location [Color figure can be viewed at wileyonlinelibrary.com]
FIGURE A2
CONDITIONAL $\Gamma^8$ MINUS ACTUAL $\Gamma^8$ AND FACTORS’ CONTRIBUTIONS [Color figure can be viewed at wileyonlinelibrary.com]