Gay Pay for Straight Work: Mechanisms Generating Disadvantage

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Abstract
We explore four possible causes of sexual minority earnings gaps: 1) variation in human capital and labor force participation, 2) occupational and industrial sorting, 3) the discretionary nature of performance pay and weak institutionalization of anti-discrimination legislation, both more common in the private sector, and 4) different returns to marriage and parenthood. We orient our analysis within the larger gender pay gap literature by comparing the earnings of lesbian women to heterosexual men, rather than simply to those of heterosexual women. Using the 2006 Census of Canada, we find that heterosexual men earn more than gay men, followed by lesbians, and heterosexual women. Controlling for human capital, and detailed occupation and industry reduces pay gaps, but much remains unexplained. Oaxaca-Blinder decompositions reveal that industry of employment, rather than occupation, disadvantages gay men, lesbians, and heterosexual women. All wage gaps are reduced in the public sector, and totally eliminated for gay men and lesbians. Finally, we find that heterosexual women experience a motherhood penalty, heterosexual men experiences a fatherhood premium and both receive a premium for marriage; however, the presence of children or marriage has no effect on the earnings of either gay men or lesbians in conjugal relationships.

Introduction

Gender is a primary source of differentiation in labor market outcomes. Sexuality has only recently gained attention as a dimension of stratification. Unlike the large body of literature dedicated to the divergent labor market outcomes of men and women and their causes, scarce data has limited research on the labor market outcomes of gay men and lesbians. The current literature finds that gay men earn less than heterosexual men in the United States (Allegretto & Arthur 2001; Antecol, Jong & Steinberger 2008; Badgett 1995; 2001; Berg & Lien 2002; Black, Makar, Sanders & Taylor 2003; Blandford 2003; Clain & Leppel 2001; Klawitter & Flatt 1998; Klawitter 2011), Canada (Brown 1998; Carpenter 2008; Mueller 2007) and Europe (Ahmed & Hammarstedt 2010; Ahmed, Anderson & Hammarstedt 2013b; Arabshebani, Marin and Wadsworth 2004; 2005; Laurent and Mihoubi 2012; Plug & Berkhout 2004; 2009). The earnings disadvantage of gay men is commonly attributed to differences in human capital and/or labor force participation. Yet, gay men tend to have higher levels of education and work only slightly fewer hours and weeks per year. Others have suggested that gay men may sort into less remunerative occupations than their heterosexual counterparts, but accounting for occupational characteristics only reduces the sexual minority pay gap and does not eliminate it (Antecol, Jong, and Steinberger 2008; Carpenter 2008).

Studies have also found a significant earning *advantage* for lesbians, relative to heterosexual women in the United States (Antecol, Jong & Steinberger 2008; Berg & Lien 2002; Baumle 2009; Black, Makar, Klawitter 2003; Blandford 2003), in Canada (Brown 1998; Carpenter 2008), and in Europe (Ahmed & Hammarstedt 2013b; Ahmed, Andersson & Hammarstedt 2011; Plug & Berkhout 2004). Explanations of the lesbian wage advantage, relative to heterosexual women, highlight differences in labor force participation, since lesbians tend to work more hours and weeks per year. Further, some argue that since lesbians are less likely to have children, they do not experience significant career interruptions, generating levels of work experience more comparable to men. However, the lesbian wage advantage appears robust to the inclusion of controls for labor force participation, marriage and presence of children.

If labor market behavior and human capital investment do not easily account for the wage disparity between gay and straight employees, are there other plausible causes? Researchers often interpret residual earning differences as crude measures of discrimination. Becker's (1971) taste-based discrimination model would suggest that employers and customers have a preference for working with heterosexual men, rather than gay men. There may also be a preference for employing lesbians, rather than heterosexual women in some situations. Audit studies do provide some evidence of discrimination in interview callbacks for sexual minorities (Adam 1981; Ahmed, Andersson and Hammarstedt 2013a; Tilcsik 2011 etc.); however, it remains difficult to identify discriminatory *behavior*, whether conscious or not, on the part of employers. Although evidence shows that sexuality is an important source of labor market differentiation, relatively little is known about the sources of these wage gaps.

In this article we draw on a vast literature on gender wage gaps to understand the mechanisms generating the sexual minority earnings gap. We consider four processes identified as contributors to pay differences between men and women in a unified framework, allowing us to evaluate the relative importance of each. Our analysis centers on four questions. First, do differences in educational attainment and field of study lead gay men and lesbians into lower paying fields than straight men? Second, do sexual minorities work in the same occupations and industries as their straight counterparts? Third, are observed pay gaps reduced in the public

sector, where anti-discrimination legislation is more likely institutionalized, promotion and pay scales more structured and performance pay less prevalent? Finally, do gay men and lesbians experience different returns to parenthood and marriage than their heterosexual counterparts? We answer these questions using the 2006 Census of Canada, the first since the legalization of same-sex marriage, and unique in providing information on field of study, detailed occupation and industry of employment, and wages along with sexual orientation. Shedding light on these mechanisms provides a more nuanced picture of labor market stratification by sexual orientation and the labor market processes that place gay men, lesbians and heterosexual women at a disadvantage relative to heterosexual men.

We also contribute to the much larger gender wage gap literature by arguing that the lesbian wage "advantage" reported in similar studies fails to capture the scope of lesbian and heterosexual women's earning disadvantage relative to both gay and heterosexual men. We do so by comparing both lesbian and heterosexual women's earnings to those of heterosexual men. This takes into account the multiple sources of disadvantage that women face in the labor market more generally, rather than focusing on only the relatively small differences in earnings between lesbian and heterosexual women. Such a modeling strategy not only provides a more accurate representation of the sexual orientation pay gap but also the 'heterosexual gender pay gap'. We suggest that estimates of the gender wage gaps that do not control for sexual orientation may slightly underestimate heterosexual wage gaps[1].

Sexual Minority Wage Gaps

While gender pay gaps have been well documented throughout the latter half of the 20th century, information on the pay of sexual minorities is relatively new. In her groundbreaking work, M.V.Lee Badgett (1995) compared the earnings of sexual minorities to their heterosexual counterparts using the 1989-91 US General Social Survey (GSS) and found that gay and bisexual men earned between 11% and 27% less than straight men, controlling for a host of human capital and demographic characteristics. Lesbian and bisexual women earned less, although the relationship did not reach statistical significance. Badgett (2001) later expanded her analysis to include 1993 and 1994 GSS data, as well as the 1992 National Health and Social Life Survey, and found a similar disadvantage for gay men. In contrast, the new data showed a pay *advantage* for lesbians relative to heterosexual women, although the relationship was again not significant. Badgett's findings inspired a still-expanding literature on the labor market stratification of sexual minorities.

Most subsequent studies confirm that gay men earn less in the United States, Canada, and in a number of European countries, and also find a significant earning *advantage* for lesbians, relative to heterosexual women. For instance, using the 2003 and 2005 Canadian Community Health Survey, Carpenter (2008) found that gay men earned 12% less, and lesbians 15% more, than their heterosexual counterparts after controlling for demographic and human capital characteristics. Arabsheibani et al. (2004) compared the earnings of same-sex couples to singles and those who are in opposite-sex unions with the 1996 to 2001 British Labor Force Survey and found that coupled gay men earn 5.2% less than coupled heterosexuals and 7.4% more than singles. Coupled lesbians earned 10.9% more than coupled heterosexuals and 11% more than singles. In a recent American study based on the 2000 Census, Klawitter (2011) showed that

[1] If gay men have lower earnings and lesbians have greater earnings, pooling these estimates with their heterosexual counterparts will slightly underestimate the heterosexual gender wage gap.

coupled gay men earned 20% less than married heterosexual men, while coupled lesbians earned 30% more than married heterosexual women after controlling for individual characteristics. She also found that state antidiscrimination policies decreased wage disadvantage for gay men in the public sector but had no effect for lesbians (Klawitter 2011).

A small number of studies have found conflicting results; however, these findings are less generalizable because of a specific research focus or data limitations. For example, Carpenter (2005) used 2001 California Health Interview data and found no significant income difference for gay men or lesbians. However, as Carpenter (2005) notes, California is generally considered an "enlightened" or "liberal" state, with Los Angeles and San Francisco boasting long histories of employment protection for sexual minorities. There are also far more sexual minorities residing in California than other states[2]. In this case, increased contact with sexual minorities may reduce labor market disadvantage.

A major challenge to studying the labor market outcomes of sexual minorities is a dearth of reliable earnings data accompanying information on the respondent's sexual orientation. Surveys commonly ask respondents their sex, race, ethnicity, and income but questions on self-reported sexual orientation are rare. Health or general social surveys sometimes include questions on sexual behaviors, but unfortunately seldom ask detailed questions about labor force participation or individual wages and salaries (rather than total individual or family income). In countries where sexual minorities may legally express romantic relationships, it is possible to deduce sexual orientation from relationship status. In this case, sexual orientation is defined by one's relationship with a member of the same or opposite sex. A limitation of this approach is that information is lost on those who are single or self-identify as bisexual. On the upside, sexual behavior is not conflated with displays of sexual identity, which provide signals of sexual orientation to others. Focusing on couples isolates a group who is less likely to conceal their sexual orientation in the workplace. This may reduce the problem of non-disclosure and could also explain why the 'couple approach' finds greater income gaps, relative to other approaches (Carpenter 2008)[3].

Sexual orientation in the labor market

There are a number of plausible explanations for why the labor market may be stratified by sexual orientation, including: variation in human capital and labor force participation, occupational and/or industrial sorting, differences in rates and returns for marriage, differences in the motherhood penalty and fatherhood premium, as well as the pervasiveness of performance pay in the private sector. Other explanations, such as taste-based discrimination, may be more difficult to isolate but are nevertheless a possible cause of wage disparities.

Human Capital and Labor Force Participation

Two of the most common accounts of wage gaps rest on differences between groups stock of human capital and differences in labor force participation. First, the standard human capital model suggests that earnings differences are a result of different investment in levels and types of education and work experience. Gay men and lesbians also tend to have higher levels of

[2] The 2000 US Census shows that 15% of unmarried same-sex partner households were in California (see Carpenter 2005: 261-2).
[3] Concealment is a problem because labor market 'discrimination' on the basis of sexual orientation generally requires some form of disclosure.

educational attainment than their heterosexual counterparts (Antecol, Jong and Steinberger 2008; Carpenter 2008; Harris 2012; Mueller 2007). Although gay men have higher levels of education on average, those with lower levels of education may be underrepresented in types of training that tend to lead to higher wages, such as apprenticeships in the skilled trades. Interestingly, no study to date has explored the reason why sexual minorities invest in higher levels of education. Based on lower rates of parenthood and marriage, we posit that heteronormative pressures to couple and have children may be weaker for gay men and lesbians, allowing them more time to invest in academic pursuits. Sexual minorities may also anticipate fewer labor market opportunities due to their sexual orientation and choose to invest in higher levels of education to mitigate this disadvantage.

Second, once in the labor market, individuals may choose to a certain degree how much they work, which will impact annual earnings. Researchers do find that gay men work fewer hours and weeks per year than heterosexual men and that lesbians work more hours and weeks than heterosexual women (Carpenter 2008; Harris 2012; Mueller 2007).

Occupational and Industrial Sorting

Another explanation suggests that gay men and/or lesbians sort into unique occupations (Antecol, Jong, and Steinberger 2008). For example, gay men might be more likely to work in lower paid "female" occupations and lesbians in more highly paid "male" occupations. Here selection could be a result of choice or constraint. Sexual minorities may choose to stay out of occupations that they deem unsafe or unfriendly. This is also true for heterosexual women who could sort out of highly masculine occupations that may be hostile to women. Gay men may also be unwillingly excluded from particular occupations because they may not fit into ideals of masculinity. Regardless of choice or constraint, occupational sorting will produce different job opportunities and rewards. There does appear to be some evidence of occupational sorting. Carpenter (2008) finds that gay men are underrepresented in transport, equipment operation, manufacturing and utility occupations, relative to coupled heterosexual men; however, controlling for occupation does not eliminate the earnings gap. . Using data form the 2000 US Census and 21 occupational categories Antecol, Jong and Steinberger (2008) find that wage penalties cannot be attributed to differences in human capital or occupational sorting.. They further construct an occupational male density scale to determine if gay men are at a greater earning disadvantage in highly masculine occupations they Their findings suggest that gay men tend to do better in occupations that are gender mixed but face no additional penalties in high male density occupations. Our study contributes to this literature by accounting for more detailed occupational categories than done previously.

We further build on past research by assessing the role of industrial sorting in producing wage disparities. This is the first study to explore the role of industry on sexual orientation wage gaps. Research on gender pay gaps shows women are concentrated in low paying industries within occupations (Blau 1977). As a result, some researchers use detailed occupations cross-classified with industry in their modeling strategy (Levanon, England and Allison 2009). Our objective is to explore the individual effects of occupational and industrial sorting in explaining the sexual orientation wage gaps. This is important since gay men or lesbians may be sorting into certain industries that provide different returns for specific occupations. In other words, earnings may not only vary between occupations but between occupations *within* particular industries.

Public vs. Private Sector Employment

Evidence suggests that sexual minorities experience smaller wage gaps in the public sector than in the private sector (Ahmed, Andersson and Hammerstedt 2013b; Laurent and Mihoubi 2012). Hou and Coloumbe (2010) argue that public sector employment offers an institutional environment that incorporates equity legislation firmly into hiring, promotion, and wage determination practices. Studies find that compliance and implementation of anti-discrimination legislation is indeed weaker in the private sector (Baker and Fortin 2004). Small private firms are less likely to have institutionalized policies and human resource teams for dealing with human rights complaints. They may also be less likely to receive public scrutiny in the case of unfair treatment. Additionally, the public sector is characterized by higher rates of unionization, which may further contribute to clear rules in hiring and pay decisions.

Together, these factors may explain why there is, on average, a wage premium in the public sector, which is often greater for women (Gunderson 1979; Mueller 1998, 2002; Shapiro and Stelcner 1989; Zweimuller and Winter-Ebmer 1994). Hou and Coulombe (2010) also find that wage gaps are reduced and even eliminated for visible minorities in the public sector. Using Swedish register data, Ahmed, Andersson and Hammerstedt (2013b) find that gay men's earning disadvantage is greater in the private sector than the public. For lesbians, employment in the public sector increases their wages relative to heterosexual women. While Klawitter and Flatt (1998) find no evidence of a direct relationship between antidiscrimination policies and earnings in either the public or private sectors, in a more recent study Klawitter (2011) shows antidiscrimination policies have an effect at reducing gay men's earning disadvantage in the private sector. In neither the public nor private did lesbians have an earning premium where there were antidiscrimination policies (Klawitter 2011).

We anticipate that wage differentials will be concentrated in the private sector, where promotions and reward structures tend to be more heavily performance or merit based[4]. This is because performance pay places discretion in the hands of bosses and/or peers who evaluate the 'worth' of an employee, who may have bias. Performance pay has been linked with greater wage inequalities (Heywood and Parent 2009; Lemieux, Macleod and Parent 2009). There may be reason to believe that the institutional set-up in the private sector more severely disadvantages those who occupy minority groups. Roth (2006) argues that the fraternity culture in some of the most highly paid occupations in business and finance create barriers for women. It is reasonable to assume that the work culture in these occupations may also place gay men at a disadvantage. This analysis will add to the very scant literature that compares wage gaps for sexual minorities in the public and private sector.

Marriage/Partnership Premium

Differential rates and returns to marriage may also influence sexual orientation wage gaps. Heterosexual men receive a premium for being married over being single or cohabiting (Ahituv and Lerman 2007; Chun and Lee 2001; Gray 1997; Hersch and Stratton 2000; Loh 1996). This is typically because men increase the intensity of their labor force engagement after marriage. Marriage may also signal favorable characteristics to employers, such as stability and maturity. It is less clear whether heterosexual women receive a marriage premium independent from the effects of having children (Killwald and Gough 2010). Some find a wage penalty for married

[4] Remuneration in the public sector can also include a merit and/or performance component; however, we argue that there is a unique institutional arrangement in the private sector that more strongly utilizes performance pay.

white women (Waite 1995), while others show no relationship between marriage and wages (Waldfogel 1997; Hill 1979) and still others even find a wage *premium* for married white women (Neumark and Korenman 1994).

Differences in the partnership premium between gay men and heterosexual men may be an important source of disadvantage[5]. If heterosexual men continue to be economically rewarded for marriage but gay men are not, this could further contribute to gay men's earning disadvantage. Using the1990 US Census, Allegretto and Arthur (2001) find that being unmarried is the primary source of the gay men's wage gap. Other studies have found no partnership premium for same-sex couples (Booth and Frank 2008; Zavodny 2008). Lefrance, Warman and Woolley (2009) confirm an earnings premium for partnered gay men and lesbians but show that this advantage shrinks and becomes insignificant with controls for gay men.

There appears to be little consensus whether heterosexual women, gay men and lesbians experience the marriage premium. In terms of sexual minorities, part of the challenge comes from the novelty of same-sex marriage. Previous studies have had to compare partnered gay men to single gay men or relative to married or cohabiting heterosexual men. Until recently, no comparisons were possible between married same-sex and married opposite sex couples. The 2006 Census of Canada is the first to include information on married and cohabiting same-sex couples. We do not have information on single gay men and lesbians but the couple data will allow us to make a direct comparison between opposite and same-sex couples in terms of returns to marriage.

Motherhood Penalty and Fatherhood Premium

A large body of literature shows that parenthood is associated with a wage penalty for women (Anderson, Binder and Krause 2003; Beblo, Bender and Wolf 2010; Budig and England 2001; Budig and Hodges 2010; Lundberg and Rose 2000; Simonsen and Skipper 2008; Waldfogel 1997; Wilde, Ellwood and Batchelder 2010) and a wage premium for men (Glauber 2008; Hodges and Budig 2010; Killewald 2013; Lundberg and Rose 2000, 2002; Simonsen and Skipper 2008). Fatherhood typically increases a man's work intensity (Lundberg and Rose 2000; 2002). Like marriage, it may also signal a host of favorable characteristics to employers. For women, the presence of children typically decreases labor force engagement, is associated with a loss of labor market productivity and the specialization of domestic duties. There may be reason to believe that sexual minorities experience the motherhood penalty and/or fatherhood premium differentially. For example, same-sex couples tend to be more egalitarian in their division of housekeeping and childcare responsibilities (Goldberg and Perry-Jenkins 2007; Goldberg, Smith and Perry-Jenkins 2012; Kurdek 1993; 2007). For gay men, this may decrease, rather than increase, the intensity of both partners labor intensity. For lesbians, employers may assume that they are unlikely to have children, and therefore, be seen as a "safer" investment in the way of training and promotions. In this case "statistical discrimination" may be advantageous to lesbians. Also, when lesbians do have children, motherhood may not be seen as having the same adverse effect on their productivity because there will be another women in the home sharing the childcare responsibilities.

[5] We use the term "partnership premium" opposed to "marriage premium" because up until recently there were no married same-sex couples in Canada or the United States.

Using data from the 2000 US Census, Baumle (2009) found that lesbian women received a motherhood advantage of approximately 20%, which explained almost 35% of their wage gain over heterosexual women. In the traditional division of labor women specialize in household and childcare responsibilities while men specialize in market activities. Employers may continue to hold onto this traditional model but in a way that benefits lesbian employees. They may perceive a lesbian employee as the primary breadwinner (i.e. "the man") in her relationship and unburdened by childcare responsibilities that are being completed by her partner. In other words, they assume that a lesbian employee will be unburdened by the presence of children because another woman will be providing childcare, freeing her up to maximize her productivity at work.

Discrimination

The final explanation argues that sexual minorities experience differential treatment in terms of hiring, wages, and promotions. This taste based discrimination approach argues that employers privilege heterosexual employees in the distribution of labor market rewards because they, or their customers, have some preference for working with heterosexual employees (Badgett 1995; 2001; Becker 1971). Another part of the discrimination hypothesis is the pay 'advantage' observed for lesbian women, relative to heterosexual women. It is possible that employers and customers do not mind working with lesbians but dislike working with gay men. Studies on attitudes and perceptions of sexual minorities seem to support this claim. For example, it has been found that homophobia and biphobia are more strongly felt toward gay and bisexual men compared to lesbian and bisexual women (Eliason 2000; Herek 1991; Kite & Whitley 1996). Similarly, in the business world gay men may also be seen as a threat to heterosexual male masculinity (Badgett 2001:37).

Uncertainty and risk may be another explanation for the pay disadvantage for gay men and not lesbians. The far greater rates of HIV/AIDS infection in the gay population may produce uncertainty of the productive capacity of gay employees. Employers may perceive male homosexuality as a signal of HIV status, which they assume will result in loss of productivity. They may anticipate that employers with HIV/AIDS will be less capable, on sick leave and a more risky investment in terms of training and promotions (Badgett 2001: 37). Lesbians on the other hand have been spared the association to HIV/AIDS and employers are unlikely to perceive them as a risky investment.

Audit studies are an increasingly popular method to explore how particular groups may be disadvantaged when attempting job searching, such as those with African American soundings names (Bertrand & Mullainathan 2004) or foreign sounding names and/or foreign experience (Oreopoulos 2011). Because sexual orientation is more difficult to "signal," researchers have devised a clever technique: they include membership to a gay voluntary organization as a signal of homosexuality and membership to a generic organization as their reference. The general consensus from these audit studies is that gay, as well as lesbian, applicants receive fewer interview-offers in Canada (Adam 1981), the United States (Tilcsik 2011) and in Europe (Ahmed, Andersson & Hammarstedt 2013a; Drydakis 2011; 2012; Weichselbaumer 2003). The lesbian disadvantage in audit studies is interesting given the finding that lesbians tend to earn more than their heterosexual female counterparts. This may suggest that although employers prefer not to hire homosexuals, when lesbians are hired they do not suffer a constant devaluation of their productive capacity.

Although it is plausible that discrimination against sexual minority employees operates in the manner implied by taste based discrimination accounts, this explanation has difficulty accounting for those who do not disclose their sexual orientation. However, concealing one's sexual orientation may also adversely affect wages in other ways. Gay and lesbian workers who conceal their sexual orientation will need to hide other aspects of their personal lives with their colleagues. They may avoid situations that require signs of sexual orientation, such as social events that include significant others or discussions about family, vacations, etc. This may have consequences for sexual minorities regardless of their attempt to conceal (Badgett 2001: 56-9). For example, these employees may appear unfriendly, disinterested, or closed-off in their attempt to avoid discussions that could lead to questions about their own personal lives. There is also evidence that concealment of one's sexual orientation is associated with a variety of negative psychological effects (Woods 1993). Psychological distress may adversely affect work performance, and in turn, result in lower wages. Gay men and lesbians may also omit otherwise relevant information from their resumes in an attempt to conceal their sexual orientation, such as leadership in HIV/AIDS or gay/lesbian organizations (Friskopp & Silverstein 1995). In this case, they are intentionally omitting evidence of their leadership ability, and in turn, employers may underestimate their productive capacities. These mechanisms confound the explanation of taste-based discrimination. Studies that use couple data may overcome some of these issues since gays and lesbians in serious relationships may be less likely and/or less able to conceal their sexual orientation.

The Canadian Case

Canada is an ideal case for studying the labor market experiences of sexual minorities and possible mechanisms of disadvantage for two reasons. First, on July 20, 2005 Canada became the fourth country in the world, and the first in North America, to federally legalize same-sex marriage. Ten years earlier the Supreme Court of Canada maintained that sexual orientation was subject to coverage under federal anti-discrimination laws outlined in the Canadian Charter of Rights and Freedoms. In addition to federal protections, many provincial human rights charters and laws prohibit discrimination based on sexual orientation in private housing and labor markets. Second, as a result of this legal setting, the 2006 Census of Canada provides data on married and cohabiting same-sex couples across the nation – the first in the history of Canada to do so[6]. The census thus yields large enough samples of gay men and lesbians to control for detailed employment characteristics.

In this paper we evaluate four possible causes of the sexual orientation pay gap: *differences in stock of human capital and labor market engagement, occupational and industrial sorting, remuneration differences in the public and private sector, and different returns for marriage and parenthood.* Specifically, we address the following questions:

(1) Does sexual orientation influence earnings in the Canadian labor market, even after controlling for variation in human capital, labor force engagement and more highly detailed human capital and occupation characteristics?
(2) What role does occupation and industrial sorting play in generating an observed pay differential between gay and heterosexual employees?

[6] Prior to July 20, 2005 many provinces had already began recognizing same-sex marriage; however, census data before 2006 did not capture married same-sex couples.

(3) Are wage gaps reduced in the public sector, where anti-discrimination policies are more highly institutionalized and pay structures more rigid, relative to the predominantly performance based pay in the private sector?
(4) Does the motherhood penalty, fatherhood premium or marriage premium play a role in explaining differences in labor market outcomes for sexual minorities in Canada?

Methods

Sample

We use the 20% sample of the 2006 Census of Canada[7], which provides cross-sectional information on individual demographic and labor market characteristics. Respondents are not asked specifically about their sexual orientation in the Census, but do provide information on marital or common-law relationships. The sample is limited to same- and opposite-sex couples. We will refer to men in same-sex partnerships as gay, and women in same-sex partnerships as lesbians, recognizing that these are not self-identified statuses. The sample is further restricted to employed, white, native-born, employees aged 25-64, residing outside the Yukon, Northwest Territories and Nunavut[8]. Typical exclusions for missing values result in a working sample of 592,712 heterosexual men, 568,403 heterosexual women, 4781 gay men, and 4665 lesbians.

Dependent Variable

Our key dependent variable is the natural logarithm of annual earnings from 2005. We exclude those with annual earnings less than $1000.00. Coupled heterosexual men have mean earnings of $61,363, gay men $53,320, heterosexual women $35,663 and lesbians $45,597 (Table 3).

Independent Variables

We account for human capital with level of education (no education, high school degree, community college degree or trade certificate, Bachelor's degree, degree in medicine, dentistry, veterinary or optometry, Master's degree, or Doctoral degree) and potential labor market experience, entered as the quartic function of the Mincer proxy. This higher order polynomial is a better fit for the curvilinear relationship between potential experience and earnings (see Hamlen and Hamlen 2012; Lemieux 2006; Murphy and Welch 1990)[9]. Although we have access to a field of study variable, this is tends to be collinear with industry and occupation. For this reason we explore field of study descriptively. We also control for labor supply by using a full-time / part-time variable and weeks worked.

Occupation is coded using the 2006 National Occupational Classification for Statistics (NOC-S) major groups. The 47 NOC-S major groups combine unit occupations that perform

[7] The data is regarded by Statistics Canada as confidential. All analysis was conducted at the Quebec Inter-University Centre for Social Statistics (QICSS) laboratory at McGill University.
[8] We also ran these models including visible minorities and/or immigrants. The findings were similar and are available upon request. Interaction terms between sexual orientation and visible minority status or immigration status were not significant in our fully-specified models.
[9] Specifically, these studies suggest that the standard Mincer quadratic equation underestimates wage growth for young workers and predicts too much of a decline in earnings for older workers with 25 years or more of experience.

similar work, and most of which are homogenous in terms of required skill level[10]. Industry is coded using the 2002 North American Industry Classification System (NAICS) at the sector level[11]. We further classify industries into those in the public and private sectors following Hou and Coloumbe (2010). Public sector includes: federal government public administration; provincial and territorial public administration; local, municipal, and regional public administration; elementary and secondary schools; community colleges and CEGEPs; universities; and hospitals. All models also control for age (grouped), presence of child in the household, marital status, urban/rural status, and province of residence.

Analysis

Our analysis starts by exploring the distribution of the four groups (heterosexual men, heterosexual women, gay men, lesbians) by human capital, occupation and industry. This reveals whether sexual minorities are accumulating different levels of human capital and/or sorting into different occupations or industries than their heterosexual counterparts. Mean earnings are compared across occupation and industry sector to see if earnings differences are concentrated in specific occupations. We use the Duncan Dissimilarity Index (*D*) to explore how much occupational mobility would be necessary for gay men, lesbians, and heterosexual women to resemble the occupation and industry distribution of heterosexual men. We also explore the degree that equally educated gay men and lesbians sort into unique fields of study. This is also particularly important for understanding whether similarly educated and trained gay men are earning less than their heterosexual counterparts.

OLS models estimate the difference in pay by sexual orientation status. We use a nested modeling strategy to ascertain the relative importance of occupation and industry sorting on pay differentials by first estimating models with only standard demographic, human capital and labor force engagement characteristics, and then introducing occupation and industry controls. Regressions are also conducted at the 10^{th}, 25^{th}, 50^{th}, 75^{th} and 90^{th} quintile. Isolating the pay gaps at different areas of the earning distribution allows us to determine if earning gaps are concentrated in the higher or lower ends of the earning distribution.

We proceed to break down the sources of pay differentials using Oaxaca-Blinder decomposition techniques. Oaxaca-Blinder decompositions separate the difference in mean wages between groups into a portion attributable to compositional differences in characteristics between two groups, and a portion due to differences in returns to these characteristics (Jann 2008). The part of the wage gap associated with differences in returns, or the unexplained portion, is often taken as a crude measure of labor market discrimination.

To corroborate any discrimination account shown by the decompositions, we examine the wage gaps separately within private and public sector employment. If discrimination accounts for the wage differences of sexual minorities and their heterosexual counterparts, we would expect to see them eliminated in the public sector given the unique institutional arrangements previously discussed. We replicate both the OLS and Oaxaca-Blinder decompositions by sector.

Finally, our analysis explores the role of marriage and parenthood in explaining the nested-hierarchy of earnings. We do this by running separate OLS models for gay, lesbian, and

[10] Due to low cell-counts for sexual minorities, we aggregate major occupations in trades, transport and equipment operation (H), occupations unique to primary industry (I), and occupations unique to processing, manufacturing, and utilities (J) into their broad occupational groupings, resulting in 34 major occupational groups.

[11] Due to low cell-counts for sexual minorities, we aggregate management of business and enterprise with finance and insurance industries.

heterosexual female and male subsamples and providing the marital status and presence of children coefficients from the fully specified models.

Results

The descriptive statistics in Table 1 confirm the findings in other literature specifically that gay men and lesbians are more likely to reside in urban areas concentrated in Quebec, Ontario and British Columbia, less likely to be married or have children and are more highly educated. Gay men are more likely to work part-time then heterosexual men and lesbians are less likely to work part-time than heterosexual women. Somewhat surprisingly, lesbians and gay men work more weeks on average than their heterosexual counterparts. Both also have fewer years of potential experience, consistent with having higher levels of education. Sexual minorities are more likely to be employed in the public sector than their heterosexual counterparts.

Table 2 provides the distribution and mean earnings by field of study for those with bachelor degrees and greater than Bachelor's degrees. There are significantly fewer gay men trained in architecture and engineering at both levels of education; however, this is more noticeable at the bachelor degree level. There are more gay men in health, humanities, arts, education and social, behavioral science and law. Both gay and heterosexual men have greater than 20% of Bachelor's degree holders trained in business and management. There is less variation when comparing lesbians to heterosexual women. Lesbians with Bachelor's degrees are more likely to study in social, behavioral sciences and law; whereas, straight women have greater numbers of business and management and education. The largest differences in mean earnings are in business and management. Gay men earn $32,362 less than heterosexual men with the same education in business and management. The differences are also large in social, behavioral science and law and architecture and engineering, $25,674 and $21,593 respectively. Both heterosexual women and lesbians earn less than heterosexual and gay men, with few exceptions. Part of the lesbian and heterosexual women pay gap, relative to men, is due to differences in labor force engagement. Lesbians typically earn more than heterosexual women but the differences are much smaller.

We use *D* to determine how much mobility would be necessary for gay men, heterosexual women and lesbians to have field of study distributions similar to their heterosexual men. We also compare lesbians to heterosexual women. The results reveal that the greatest mobility is necessary for heterosexual women, followed by lesbians and gay men. The smallest mobility would be necessary for lesbians relative to heterosexual women. Although there are some variation between sexual minorities and heterosexuals in their choice of field of study, these are relatively small. The distribution of university educated heterosexual women, relative to heterosexual men, is consistent with the literature that shows women filter out of training in science, technology, engineering and mathematics (Blickenstaff 2005).

Table 3 provides the distribution and mean earnings of occupation and industry. Consistent with previous literature, gays are overrepresented as professionals in arts and culture, secretaries, nurses, professionals in health occupations, food and beverage services, chefs and cashiers. They are also underrepresented in a number of occupations related to manufacturing and primary industries and in protective service occupations. There is much less variation in the occupational distribution of lesbians relative to heterosexual women; however, there is a greater proportion of lesbians in protective services. *D* is calculated not only for the classification level but also the 520 minor occupational groups and 307 minor industry groups, and is greater for the

more disaggregated occupation classification. Comparing them across groups reveals a similar pattern as field of study, heterosexual women and lesbians require the most occupational mobility and gay men the least to mimic the distribution of heterosexual men. Lesbians require the least mobility to resemble the occupational distribution of heterosexual women. Although *D* is quite low in all cases, it still reveals some degree of occupational sorting for sexual minorities relative to their heterosexual counterparts.

Despite the overrepresentation of gay men in a number of lower paid occupational groups, they do not appear to be sorting out of highly paid occupations. In fact, there is a greater proportion of gay men working in the top five, ten, fifteen and twenty occupational groups where heterosexual men have the greatest earnings (Table 3a)[12]. It is within these top occupational groups that gay men earn significantly less.

These findings suggest that although gay men are sorting into unique occupations they are also finding employment in the highest paid occupations but subsequently earn significantly less than their heterosexual counterparts within these occupations. In the top five highest paid occupations gay men earn close to $30,000 less than heterosexual men.

There are fewer heterosexual women in the top five highest paid occupations. Otherwise, heterosexual women tend to have similar proportions in the top ten, fifteen, and twenty highest paid occupations; however, their wage gaps are greater than gay men's. Although there is a smaller fraction of lesbians in the top five occupations, there are more lesbians than heterosexual men in the top ten, fifteen and twenty occupations. Average wage gaps for lesbians are smaller than for heterosexual women but greater than those of gay men. Lesbians also have average wages that are higher than heterosexual women at all levels of the occupational scale.

Isolating the top highest paid industries reveals the same general pattern as that for occupation. Gay men have greater proportions in the five highest paid industries but earn significantly less. The largest pay gaps are for gay men employed in finance, insurance and management of companies in enterprise. There are also more heterosexual women than lesbians in these top-paying industries but lesbians earn more.

Looking at the distribution of industry by sexual orientation (Table 4) reveals that the majority (54.4%) of heterosexual men are employed in a select few industries: manufacturing, public administration, construction, transportation and warehousing and retail trade. In the same five occupations the proportion of gay men is only 33.6%. There is a $7,269 average pay gap between gay men and heterosexual men in these industries. There are slightly less lesbians in these five industries and even fewer heterosexual women. The average wage gap for heterosexual women in these five industries is $21,016 and $12,343 for lesbians, relative to heterosexual men. Lesbians, relative to heterosexual women earn on average $8,673 more than heterosexual women. In terms of *D*, all groups have similar measures of dispersion relative to heterosexual men. Taken together, the distribution of industry reveals that certain industries are almost exclusively occupied by heterosexual men.

Turning to OLS estimates (Table 5) we observe an earning hierarchy by gender that is further stratified by sexual orientation status. The first model shows the gap after adjusting for geographic location, household composition, educational attainment, work experience, and labor force engagement. The second adds controls for industry and occupation. Gay men make on average 9.4% less than heterosexual men, yet controlling for occupation and industry, the gap is

[12] Calculated by sorting the 34 occupational categories in Table 3 according to heterosexual men's earnings. The top five occupations are: senior management occupations; professional occupations in business and finance; professional occupations in health; other management occupations not elsewhere classified; and, specialist managers.

reduced to 4.7%[13]. Lesbian women follow a similar pattern: on average they earn 15.1% less than heterosexual men, but the gap is reduced to 8.7% after factoring in their sector of employment and the type of work they perform. Strikingly, heterosexual women suffer the largest wage penalty – over double that of lesbians - with annual wages and salaries 31.5% less than heterosexual men. This wage gap is dramatically larger than recent gender-pay gap studies have found; however, given our unique subsample a larger gender pay gap should be anticipated[14]. Accounting for differences in industrial and occupational location also reduces this heterosexual male-female pay gap far less than for gays or lesbians, with a remaining wage differential of 26.1%. If we compare lesbian wages to those of heterosexual women, it appears that lesbians enjoy a wage advantage of 10.1%, which is only slightly reduced to 8.4% when taking account of their favorable industrial and occupational locations.

The quantile regressions show relatively little fluctuation across the earning distribution, especially in the fully specified model. For gay men, lesbians and heterosexual women there is a slight dip in the wage gap at the 90th quintile but not by a lot. For heterosexual women relative to heterosexual men there appear to be larger wage gaps at both the low and high ends of the wage distribution. The wage gaps for lesbians relative to heterosexual women are also fairly consist across the wage distribution. Overall, the quantile regressions do not reveal significant variation across the wage distribution for gay men or lesbians, but some for heterosexual women.

Taken together, these results show that gender maintains a prime role in determining earnings outcomes, regardless of sexual orientation. Gay men make less than their heterosexual counterparts, and lesbians make more than their heterosexual counterparts, but lesbians still face a disadvantage relative to heterosexual men, and a larger magnitude than that of gay men. Estimates of gay pay gaps without controls for occupation and industry are smaller than those reported in other Canadian studies, and are reduced significantly when accounting for more highly specified occupation and industry controls. Finally, these findings suggest that studies of gender wage inequality may be underestimating estimates if they include high earning lesbians in their female sample and lower earning gay men in their male sample.

Oaxaca-Blinder decompositions (Table 6) indicate that compositional differences in factors determining pay between sexual minorities and heterosexual men do little to explain observed wage gaps. For gay men, this is so because a relatively favorable occupational and educational position is offset by a disadvantage in industrial sector. This is an interesting finding and suggests that gay men's choice of industrial sector is more important than occupational sorting. Over 70% of the wage gap between gay and heterosexual men remains unexplained in the fully specified model. For lesbians relative to heterosexual men, lower levels of labor force engagement and working in lower paid industrial sectors counterbalance favorable human capital accumulation in education. The wage gap is overwhelmingly generated by differences in returns to characteristics for lesbians. The lesbian "advantage" over heterosexual women, on the other hand, is largely attributable to differences in characteristics such as level of education, labor force participation, experience and industry and occupation. Lesbians work in higher paying occupations and industries, have higher levels of educational attainment, and work more than heterosexual women. Heterosexual women fare the worst relative to heterosexual men in terms

[13] Coefficients from OLS models of log annual wages and salaries are converted into percentages using the following formula (e^{β} - 1)*100 (Thornton and Innes 1989).

[14]Baker and Drolet (2010) find a raw pay gay of 16.6% in 2008 after isolating full-time employed women between the ages of 25 and 54. This pay gap is reduced to 14.1% after controlling for a human capital and demographic controls. Our sample isolates coupled men and women, excludes higher earning lesbians and lower earning gay men, uses annual wages and salaries and controls for part-time / full-time rather than hours worked.

of mean wage differentials. While roughly one fourth of the difference is attributable to different composition in labor market determinants between the groups, mostly the result of the lower labor force engagement, 66.7% of the gap remains unexplained.

Overall, the evidence suggests that sexual minorities are unable to translate high levels of educational attainment, and in the case of gay men, occupational attainment, into earnings comparable to heterosexual men. Heterosexual women face the largest gaps in mean wages as compared to heterosexual men, but a relatively larger portion of the gap may be explained by their propensity to work fewer hours and fewer weeks in a year. The most surprising result is the role that industrial sector plays in producing wage gaps for all groups relative to heterosexual men.

We now explore whether pay gaps differ in the public and private sectors. OLS models in Table 7 show that the earning gap for gay men and lesbians, relative to heterosexual men disappear in the public sector. For heterosexual women the size of the pay gap is reduced significantly in the public sector but does not disappear. Comparing heterosexual women to lesbians we see that the gap is slightly smaller in the public sector than in the private. These results reveal that earning disadvantage for gay men and lesbians are concentrated almost exclusively in the private sector. Oaxaca-Blinder decompositions in Table 8 reveal that the vast majority of the wage gaps in the private sector remain unexplained. For lesbians and heterosexual women, the unexplained portion of the wage gap is reduced in the public sector but far from eliminated. For lesbians relative to heterosexual women the unexplained portion of the wage gap is exclusively in the private sector.

Finally, to examine the role of marriage and parenthood we ran separate models for each of our four groups controlling for all other variables and focusing on the independent effect of marital status and the presence of children. We report the marriage and presence of children coefficients only (Table 9). These results show that heterosexual men benefit not only from fatherhood but also an independent marriage premium. Heterosexual women suffer a motherhood penalty but have a small benefit from marriage. Gay men receive no premium for marriage or fatherhood. Lesbians are spared the motherhood penalty but do not earn a premium for marriage. It is important to keep in mind that our sample only includes couples so marriage premiums are relative to cohabiting couples and not singles.

Discussion and Conclusion

Our results confirm findings in existing international literature, as well as the scant Canadian literature that show earnings differentials by sexual orientation. We find a nested hierarchy in which heterosexual men earn the most, followed by gay men, lesbians and lastly heterosexual women. Earnings disadvantage by sexual orientation is nested within gender. Women earn less than men. Gay men earn less than heterosexual men and lesbians earn more than heterosexual women.

Our descriptive results show that gay men and lesbians obtain higher levels of education than their heterosexual counterparts. Gay men, and lesbians to a lesser extent, also appear to sort into somewhat different fields of study. Although there is no research to date as to why this may be the case, we suggest that gay men and lesbians may be spared the heteronormative pressures of marriage and parenthood, giving them more freedom to invest in education. They may also be drawn to liberal occupations that require more education but where they feel sexual minorities

may be more welcome. Regardless of the reason, the results here suggest that gay men earn less and lesbians more than their heterosexual counterparts with identical education and training.

In terms of occupational sorting, gay men, and to a lesser extent lesbians, sort into unique occupations; however, it does not appear that access to the highest paid occupations is closed off to these groups. Senior management occupations; professional occupations in business and finance; professional occupations in health; other management occupations and specialist managers are the top paid occupational groups for heterosexual men. There is a greater proportion of gay men in these five highest paid occupations, but gay men earn significantly less than heterosexual men. One possible explanation for the concentration of disadvantage in these occupations could be the existence of a work culture that is unfriendly to gay men. There is a slightly smaller proportion of lesbians, relative to heterosexual men in these highest paid occupations. Heterosexual women have the smallest proportion in these occupations. In terms of industry, heterosexual men appear to be concentrated in a handful of industries. In these industries gay men earn significantly less.

Regression models reveal that controlling for variation in human capital, labor force engagement, industry and occupation does not eliminate wage gaps. Quantile regressions reveal that other than a small dip at the 90^{th} percentile, the wage gaps are not significantly concentrated in the tails of the wage distribution for gay men and lesbians. This is somewhat surprising given the descriptive finding that in the highest paid occupations gay men and lesbians experience some of the greatest wage gaps.

Our Oaxaca-Blinder decompositions reveal that industrial sorting plays a large role in generating wage gaps, especially for gay men. Lesbians are advantaged by their investments in human capital but their lower levels of labor force engagement explain a significant portion of their earnings difference relative to heterosexual men, just as it does for heterosexual women. Comparing lesbians to heterosexual women it appears that labor force engagement, occupation and industry choices explain a significant portion of their earnings advantage. Regardless of these differences in characteristics, much of the earnings gap remains unexplained.

That pay differentials are concentrated in the private sector is not particularly surprising: the private sector is more heavily influenced by performance pay. However, unless we have reason to believe that actual performance or productivity differs by sexual orientation, we must assume that it is instead the discretionary feature of performance pay that has a significant role in producing these pay differentials. In other words, the disadvantage of gay men relative to heterosexual men is likely the result of the discretionary feature of remunerative practices in the private sector. Wage gaps in the public sector are eliminated for gay men and lesbians and reduced for heterosexual women, relative to heterosexual men. The public sector's more highly institutionalized anti-discrimination policies and less discretionary remunerative policies provide protections for not only gay men but also lesbians and heterosexual women.

The finding that lesbian mothers are spared the motherhood penalty and do not receive a premium for marriage provides a reason for their observed advantage. Whereas heterosexual women are disadvantaged for having children, lesbians are not. Additionally, heterosexual men receive not only a fatherhood premium but also an independent premium for marriage. Gay men do not. These are two mechanisms that explain the wage hierarchy nested within gender.

The finding that wage gaps differ by sexual orientation is not new; however, few studies compare lesbians and heterosexual women to heterosexual men. Although comparisons between lesbians and heterosexual women are informative in its own right, it does not take into consideration the larger gender inequality women experience relative to straight men. We also

believe that future studies need to take notice of how earnings differ by sexual orientation and the impact this can have on estimates of the gender pay gap. Pooling earnings of gay men and heterosexual men, as well as those of lesbians and heterosexual women, will underestimate the heterosexual gender wage gap.

It is common for residual differences and/or unexplained portions of wage gaps to be interpreted as rudimentary measures of discrimination - we caution such an interpretation. Instead, we argue that discrimination is one of many possible causes for the pay gap between gay men and heterosexual men. As previous researchers have pointed out, there are reasons to believe that gay men, and not lesbians, will be disadvantaged in the labor market. Concealment may result in psychological side effects that adversely affect productivity or negatively impact inter-work relationships. Employers may also gauge the productive capacity of gay men to be less than that of heterosexual men given their increased HIV/AID rates. Gender ideology and the heteronormative framework of the single breadwinner may be applied to lesbian couples resulting in fewer disadvantages, relative to heterosexual women. Bearing in mind these "non-discrimination"[15] explanations, it is equally possible that gay men also experience taste-based discrimination in the labor market.

Our study is limited by the exclusion of single persons. There are many reasons to believe that those in partnerships are qualitatively different from those who are single. For this reason generalizing these findings to the unattached population should be cautioned. Additionally, as with all cross-sectional data, our data does not allow us to completely disentangle observed labor market disadvantage from the effects of unobserved characteristics that may be relevant in labor market outcomes. Notwithstanding these limitations, it is clear that sexual minorities in couples face wage penalties and these penalties remain largely unexplained by human capital characteristics and/or occupational sorting. The pay gap is eliminated between gay and heterosexual men in the public sector and reduced significantly for lesbian women. Heterosexual women perform relatively worse in all scenarios. Despite commitments to legal equality, the Canadian labor market remains stratified by both gender and sexual orientation.

[15] We place quotations around "non-discrimination" since some may argue that these are also forms of discrimination.

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Table 1. Sample Description

	Heterosexual Men	Gay Men	Heterosexual Women	Lesbians
Age				
25-34	21.05	20.08	23.01	21.44
35-44	29.66	39.64	30.42	36.76
45-54	32.17	30.65	32.85	31.73
55-64	17.12	9.73	13.73	10.08
Province of Residence				
Atlantic Canada	9.97	5.75	9.95	7.40
Quebec	28.08	37.03	27.54	32.94
Ontario	33.75	35.77	34.28	35.41
Manitoba	3.38	1.67	3.61	2.36
Saskatchewan	3.18	0.73	3.54	1.72
Alberta	11.18	6.07	10.80	7.19
British Columbia	10.45	12.97	10.28	12.98
Resides in Urban Area	76.77	90.06	76.21	85.42
Marital Status				
Married	75.08	10.14	75.81	13.83
Common-law	24.92	89.86	24.19	86.17
Children in Household	63.95	2.93	62.16	17.04
Educational Attainment				
Less than high school	13.45	5.54	9.28	5.47
High school graduate	23.09	19.56	26.02	19.21
College, CEGEP, certificate or apprenticeship	43.23	35.04	41.16	37.12
Bachelor's degree	15.26	27.62	19.23	26.07
Medicine, dentistry, veterinary or optometry	0.22	0.52	0.20	0.32
Master's Degree	4.00	10.04	3.71	10.30
Earned Doctorate	0.76	1.57	0.39	1.50
Labor Force Engagement				
Part-time	3.83	7.21	22.71	10.50
Full-time Work	96.17	92.79	77.29	89.50
Weeks Worked^	47.74	48.135**	45.541***	47.092***
Year of Potential Experience^	24.209	21.403***	23.038***	21.538***
Sample Size	592712	4781	568403	4665

Notes: P ≤ .* 05; ** P ≤ .01; *** P ≤ .001. Categorical indicators expressed as percentages of group sample. ^T-tests comparing lesbian women to heterosexual women were significant to *** P ≤ .001

Table 2. Field of Study by Level of Education, Bachelor's Degree or Higher

	Heterosexual Men		Gay Men			Heterosexual Women			Lesbians			
	%	Mean Earnings	%	Mean Earnings		%	Mean Earnings		%	Mean Earnings		
Bachelor Degree												
Education	13.15	57,953	13.91	55,044		29.62	45,276	***	21.67	53,398	**	***
Arts	1.86	52,560	6.77	48,053		2.56	37,543	***	6.67	39,503	***	
Humanities	7.61	69,200	12.78	60,282	*	9.20	44,523	***	11.25	45,112	***	
Social, Behavioral Science, Law	17.43	90,233	21.80	64,559	***	18.48	49,242	***	25.83	52,547	***	
Business and Management	23.34	110,782	21.05	78,420	***	16.14	57,230	***	11.25	55,892	***	
Physical, Life Sciences	7.00	90,197	4.51	56,549		4.58	48,934	***	4.58	57,292	***	*
Math and Computer Technology	5.62	86,235	4.89	78,340		1.76	61,811	***	1.67	68,803	***	
Architecture and Engineering	16.78	105,877	7.52	84,284	**	1.97	63,804	***	1.67	67,007	***	
Agriculture and Natural Sciences	2.76	71,459	1.13	61,614		1.24	45,029	***	1.25	63,055		*
Health and fitness	4.45	69,613	5.64	56,055	***	14.45	50,389	***	14.17	60,773	**	***
Duncan Dissimilarity Index			*0.163*			*0.354*			*0.298*			*0.137*
Above Bachelor's Degree[a]												
Education	12.69	69,826	11.61	65,910		21.76	59,034	***	22.94	64,331	*	*
Arts	1.74	59,160	4.46	58,085		2.13	40,643	***	2.75	48,028		
Humanities	9.90	62,294	16.07	60,716		8.16	47,197	***	11.93	52,263	**	
Social, Behavioral Science, Law	13.77	95,643	16.96	66,332	***	16.97	58,401	***	21.10	59,473	***	
Business and Management	27.42	163,573	25.00	85,000	***	19.54	79,142	***	19.27	68,154	***	**
Physical, Life Sciences	10.74	92,305	4.46	111,697		7.31	56,603	***	5.50	74,646		
Math and Computer Technology	3.72	87,260	3.57	96,081		4.39	57,449	***	4.59	49,551	***	
Architecture and Engineering	12.03	106,023	7.14	81,753	***	2.73	62,902	***	2.75	57,560	***	
Health and fitness	7.99	103,811	10.71	91,125		17.02	62,444	***	9.17	72,078	***	
Duncan Dissimilarity Index			*0.140*			*0.228*			*0.224*			*0.101*

Notes: P $\leq$.* 05; ** P $\leq$ .01; *** P $\leq$ .001. Stars indicate mean earnings are statistically different from those of heterosexual men. The final column presents significance tests and dissimilarity indices for lesbians relative to heterosexual women.

[a] Degrees in agriculture and natural science have been dropped due to few observations for gays and lesbians.

Table 3. Occupation (NOC-S 2006) and Mean Earnings by Sexual Orientation

	Heterosexual Men		Gay Men			Heterosexual Women			Lesbians			
	%	Earnings	%	Earnings		%	Earnings		%	Earnings		
All Occupations		**61,636**		**53,320**	*******		**35,663**	*******		**45,597**	*******	*******
Senior management	2.10	182,553	2.30	120,782	***	0.75	94,306	***	1.39	74,468	***	***
Specialist managers	4.54	94,448	5.55	88,114		2.66	66,041	***	3.10	74,001	***	*
Managers in retail trade, food and accommodation services	2.81	61,045	4.61	46,779	**	2.41	33,544	***	2.57	40,950	***	***
Other managers	5.06	100,447	5.03	81,936	***	2.77	64,124	***	4.60	65,738	***	
Professionals in business and finance	2.32	106,572	4.92	66,006	***	3.04	54,818	***	2.78	61,690	***	
Finance and insurance administration	0.57	62,462	1.15	51,099	*	2.19	35,263	***	1.07	42,248	***	
Secretaries	0.05	62,606	0.31	45,038	**	5.22	28,763	***	1.28	32,005	***	
Administrative and regulatory	1.31	64,345	2.83	52,335	***	4.12	41,488	***	3.21	43,350	***	
Clerical supervisors	0.67	55,564	0.94	50,515		0.92	43,948	***	1.07	42,672	**	
Clerical	4.98	44,609	9.53	38,047	***	17.00	30,659	***	10.91	34,529	***	***
Professionals in natural and applied sciences	5.31	81,640	5.65	77,040		1.56	57,710	***	3.32	62,014	***	
Technical, related to natural and applied sciences	5.35	59,999	3.25	50,872	***	1.36	41,787	***	2.57	47,078	***	
Professionals in health	0.41	100,673	1.26	82,292	*	1.19	53,154	***	1.28	68,129	***	
Nurse supervisors and registered nurses	0.26	58,774	1.88	54,570		4.91	49,359	***	3.10	56,826		***
Technical and related, in health	0.62	54,970	1.26	55,167		2.65	37,965	***	2.14	41,839	***	
Assisting, in support of health services	0.33	32,612	1.26	31,465		3.04	24,846	***	1.82	28,572	*	*
Judges, lawyers, psychologists, social workers, ministers, program officers	1.93	75,694	4.50	67,726	**	2.95	50,901	***	6.63	53,087	***	
Teachers and professors	3.75	59,043	8.69	56,285	*	8.04	45,602	***	11.02	53,813	***	***
Paralegals, social services workers, education and religion, n.e.c	0.54	39,932	1.78	39,040		3.51	28,164	***	3.96	34,021	***	***
Professionals, in art and culture	0.64	56,686	2.72	56,785		1.07	42,058	***	2.25	46,417	***	
Technical, in art, culture, recreation and sport	0.86	46,619	2.83	37,308	***	1.23	27,927	***	1.82	35,256	***	*
Sales and service supervisors	0.63	45,631	0.73	37,727	**	0.89	25,976	***	0.64	32,796	***	*
Wholesale, technical, insurance, real estate sales	2.78	71,857	1.99	55,452	***	1.80	43,627	***	1.60	49,732	***	
Retail salespersons and clerks	2.52	47,853	3.35	28,938	***	4.02	19,923	***	2.35	26,902	***	***
Cashiers	0.09	27,660	0.42	26,410		2.00	15,081	***	0.64	18,480	***	
Chefs and cooks	0.60	29,603	1.88	27,813		1.11	16,969	***	1.39	27,103		***
Food and beverage service	0.22	22,187	1.99	20,015		1.45	13,512	***	0.53	20,129		
Protective services	3.63	60,975	1.15	43,031	***	0.77	42,236	***	4.17	57,894		***
Travel and accommodation including attendants in recreation and sport	0.45	36,387	2.41	39,491		0.84	27,927	***	0.75	35,998		*
Child care and home support workers	0.19	29,606	0.42	31,170		2.75	18,500	***	1.50	25,364		
Sales and services, n.e.c.	3.50	32,578	5.03	25,729	***	5.58	17,708	***	4.17	24,087	***	***
Trades, transport and equipment operators and related occupations*	29.38	48,222	5.03	39,606	***	1.97	25,366	***	5.56	38,780	***	***
Occupations unique to primary industry**	3.55	46,051	0.73	23,521	***	0.84	18,746	***	0.64	25,096	***	*
Occupations unique to processing, manufacturing and utilities***	8.06	50,813	2.62	38,678	***	3.35	26,175	***	4.17	38,677	***	***
*Duncan Dissimilarity Index - 34 occupation groups^*				*0.380*			*0.523*			*0.396*		*0.232*
*Duncan Dissimilarity Index - 520 minor occupation groups^*				*0.465*			*0.589*			*0.474*		*0.325*

Notes: P ≤ .* 05; ** P ≤ .01; *** P ≤ .001. Stars indicate mean earnings are statistically different from those of heterosexual men. The final column presents significance tests and dissimilarity indices for lesbians relative to heterosexual women. N.e.c. refers to "not elsewhere classified."

Table 3a. Distribution and Average Wage Gaps of Highest Paid Occupations by Sexual Orientation

	Distribution				Wage Gap (ref: heterosexual men)			
	Top 5	Top 10	Top 15	Top 20	Top 5	Top 10	Top 15	Top 20
Heterosexual Men	14.43	25.81	41.91	52.16	-	-	-	-
Gay Men	19.06	34.35	53.19	62.62	-29,113	-20,411	-17,305	-14,033
Heterosexual Women	10.42	26.08	40.86	53.76	-50,450	-38,590	-32,733	-28,415
Lesbians	13.16	29.20	50.59	63.32	-48,133	-35,662	-27,877	-23,427
Lesbians (ref: heterosexual women)					2,317	2,928	4,856	4,988

Notes: Distribution expresses percentage of group in top occupations. Wage gaps are computed at the average for each occupation ranking.

Table 4. Industry (NAICS-2002) and Mean Earnings by Sexual Orientation

	Heterosexual Men		Gay Men			Heterosexual Women			Lesbians			
	%	Mean Earnings	%	Mean Earnings		%	Mean Earnings		%	Mean Earnings		
All Public Sector Industries	87.34		78.87			74.44			72.24			
All Private Sector Industries	12.66		21.13			25.56			27.76			
Agriculture, forestry, fishing and hunting	2.52	38,606	0.42	25,849	***	1.15	21,548	***	0.32	35,112		
Mining and oil and gas extraction	3.17	100,763	0.52	141,820		0.64	63,850	***	0.43	78,337	**	
Utilities	1.99	80,666	0.94	78,441		0.59	55,003	***	0.64	63,722	*	
Construction	9.46	51,160	1.26	36,620	***	1.72	33,777	***	1.18	40,627	**	
Manufacturing	19.80	60,877	7.44	53,811	**	7.41	35,662	***	7.73	43,645	***	***
Wholesale trade	6.77	67,640	3.67	67,197		3.27	41,300	***	2.90	39,991	***	
Retail trade	7.59	47,564	9.43	39,674	**	11.34	23,859	***	7.40	32,688	***	***
Transportation and warehousing	7.97	53,316	4.93	49,431	*	3.04	32,631	***	4.51	43,706	***	***
Information and cultural industries	2.62	74,700	5.56	64,067	**	2.47	45,517	***	3.86	49,502	***	
Finance, insurance and management of companies and enterprise	3.24	129,697	7.02	73,321	***	6.94	44,424	***	4.08	53,382	***	**
Real estate and rental and leasing	1.37	62,265	1.15	53,123		1.30	35,690	***	0.86	37,096	***	
Professional, scientific and technical services	5.22	79,840	7.23	63,616	***	5.38	42,144	***	5.90	51,783	***	***
Admin. and support, waste management and remediation services	2.88	41,357	3.67	36,400		2.78	26,170	***	4.08	33,167	***	**
Education services	5.83	56,513	11.22	54,516		13.52	39,991	***	15.56	52,503	***	***
Health care and social assistance	3.28	53,365	11.01	51,421		20.72	35,989	***	17.60	44,887	***	***
Arts, entertainment and recreation	1.32	42,442	2.31	42,255		1.43	27,612	***	2.04	35,277	**	**
Accommodation and food services	1.71	34,544	6.29	26,840	***	4.74	17,326	***	3.65	27,102	***	***
Other services (except public administration)	3.67	46,772	5.35	43,581		3.86	27,028	***	5.15	39,130	***	***
Public Administration	9.59	65,130	10.59	62,167	*	7.69	47,040	***	12.12	55,669	***	***
Duncan Dissimilarity Index - 19 industry groups				*0.327*			*0.361*			*0.347*		*0.135*
Duncan Dissimilarity Index - 307 minor industry groups				*0.431*			*0.448*			*0.429*		*0.233*

Notes: P $\leq$.* 05; ** P $\leq$ .01; *** P $\leq$ .001. Stars indicate mean earnings are statistically different from those of heterosexual men. The final column presents significance tests and dissimilarity indices for lesbians relative to heterosexual women.

Table 5. OLS and Quantile Regression Estimates of Wage Gaps by Sexual Orientation

		1	2	Q(10)	Q(25)	Q(50)	Q(75)	Q(90)
Relative to Heterosexual Men								
Gay		-0.098***	-0.048***	-0.031***	-0.033***	-0.034***	-0.028***	-0.049***
		0.010	*0.009*	*0.008*	*0.004*	*0.003*	*0.004*	*0.001*
	R^2	0.386	0.469	0.363	0.336	0.294	0.264	0.266
	N	597493	597493	597493	597493	597493	597493	597493
Lesbian		-0.164***	-0.091***	-0.071***	-0.075***	-0.075***	-0.079***	-0.093***
		0.009	*0.009*	*0.006*	*0.004*	*0.004*	*0.002*	*0.003*
	R^2	0.387	0.470	0.363	0.336	0.294	0.264	0.266
	N	597377	597377	597377	597377	597377	597377	597377
Heterosexual Women		-0.378***	-0.302***	-0.302***	-0.269***	-0.252***	-0.267***	-0.300***
		0.001	*0.002*	*0.001*	*0.001*	*0.000*	*0.001*	*0.001*
	R^2	0.503	0.576	0.425	0.423	0.384	0.342	0.318
	N	1161115	1161115	1161115	1161115	1161115	1161115	1161115
Relative to Heterosexual Women								
Lesbian		0.096***	0.081***	0.082***	0.073***	0.060***	0.057***	0.069***
		0.009	*0.009*	*0.004*	*0.005*	*0.003*	*0.002*	*0.004*
	R^2	0.497	0.583	0.418	0.430	0.400	0.358	0.314
	N	573068	573068	573068	573068	573068	573068	573068

Notes: P $\leq$.* 05; ** P $\leq$ .01; *** P $\leq$ .001. All models corrected for heteroskedasticity following White (1980). Standard errors in italics. Model 1 controls for age, marital status, presence of children in household, province, rural residence, education, weeks worked, and part-time status. Model 2 further controls occupation and industry. Quantile regressions presented for Model 2. Annual wage gaps calculated as the same-sex log annual wage minus the heterosexual log annual wage. Sample includes non-visible minority, native-born employees with earnings above $1,000, and in married or common-law relationships.

Table 6. Oaxaca-Blinder Decomposition of Log Annual Wage Gap

	Heterosexual Men vs.:												Heterosexual Women vs.:			
	Gay Men				Lesbians				Heterosexual Women				Lesbians			
	1		2		1		2		1		2		1		2	
Total Log Annual Wage Gap	-0.131	***	-0.131	***	-0.248	***	-0.248	***	-0.574	***	-0.574	***	0.326	***	0.326	***
	0.013		*0.013*		*0.012*		*0.012*		*0.002*		*0.002*		*0.012*		*0.012*	
Attributable to Differences in Characteristics	-0.019		-0.037		0.053	*	0.007		-0.181	***	-0.191	***	0.245	***	0.274	***
	0.042		*0.039*		*0.023*		*0.025*		*0.001*		*0.002*		*0.023*		*0.022*	
Age	-0.003		0.001		-0.008		-0.005		-0.006	***	-0.003	***	-0.004		-0.002	
	0.006		*0.006*		*0.005*		*0.004*		*0.000*		*0.000*		*0.002*		*0.002*	
Common Law	-0.032		-0.030		0.003		0.007		0.000	***	0.000	***	0.003		0.007	
	0.022		*0.020*		*0.016*		*0.015*		*0.000*		*0.000*		*0.017*		*0.016*	
Child in Household	-0.082	*	-0.062		0.021		0.021		0.001	***	0.001	***	0.020		0.021	
	0.036		*0.033*		*0.012*		*0.011*		*0.000*		*0.000*		*0.011*		*0.011*	
Province	0.002		0.006		0.005	*	0.006	*	0.000		0.000		0.005	*	0.006	*
	0.005		*0.004*		*0.003*		*0.002*		*0.000*		*0.000*		*0.003*		*0.002*	
Rural	0.008		0.008	*	0.004		0.002		0.000	***	0.000	***	0.004		0.003	
	0.004		*0.004*		*0.002*		*0.002*		*0.000*		*0.000*		*0.002*		*0.002*	
Education	0.110	***	0.066	***	0.089	***	0.051	***	0.022	***	0.010	***	0.069	***	0.040	***
	0.007		*0.007*		*0.007*		*0.007*		*0.001*		*0.000*		*0.006*		*0.005*	
Experience	-0.008		-0.018		0.005		0.003		-0.001	*	-0.004	***	0.014	*	0.011	
	0.011		*0.010*		*0.010*		*0.010*		*0.000*		*0.000*		*0.006*		*0.006*	
Labour Force Engagement	-0.014		-0.011		-0.066	***	-0.061	***	-0.196	***	-0.175	***	0.133	***	0.123	***
	0.007		*0.006*		*0.008*		*0.007*		*0.001*		*0.001*		*0.009*		*0.008*	
Occupation			0.058	***			0.014				0.019	***			0.054	***
			0.014				*0.013*				*0.002*				*0.007*	
Industry			-0.055	***			-0.031	**			-0.039	***			0.012	***
			0.013				*0.012*				*0.001*				*0.004*	
Attributable to Differences in Returns to Characteristics	-0.112	**	-0.094	*	-0.301	***	-0.255	***	-0.393	***	-0.383	***	0.082	**	0.052	*
	0.043		*0.039*		*0.024*		*0.025*		*0.001*		*0.002*		*0.024*		*0.022*	
N	597493				597377				1161115				573068			

Notes: P ≤ .* 05; ** P ≤ .01; *** P ≤ .001. Standard errors in italics. Model 1 controls for age, marital status, presence of children in household, province, rural residence, education, weeks worked, and part-time status. Model 2 further controls occupation and industry. Quantile regressions presented for Model 2. Annual wage gaps calculated as the same-sex log annual wage minus the heterosexual log annual wage. Sample includes non-visible minority, native-born employees with earnings above $1,000, and in married or common-law relationships.

Table 7. OLS Estimates of Wage Gaps by Sexual Orientation and Industry Sector

	Heterosexual Men vs.:						Heterosexual Women vs.:	
	Gay		Lesbian		Heterosexual Women		Lesbians	
	Private	*Public*	*Private*	*Public*	*Private*	*Public*	*Private*	*Public*
	-0.065***	0.003	-0.123***	-0.021	-0.340***	-0.133***	0.090***	0.052***
	0.010	*0.016*	*0.010*	*0.014*	*0.002*	*0.003*	*0.010*	*0.014*
R^2	0.463	0.556	0.463	0.556	0.577	0.595	0.572	0.58
N	521141	76352	520756	76621	939999	221116	426031	147037

Notes: P $\leq$.* 05; ** P $\leq$ .01; *** P $\leq$ .001. All models corrected for heteroskedasticity following White (1980). Standard errors in italics. Model 1 controls for age, marital status, presence of children in household, province, rural residence, education, weeks worked, part-time status, occupation, and industry. Annual wage gaps calculated as the same-sex log annual wage minus the heterosexual log annual wage. Sample includes non-visible minority, native-born employees with earnings above $1,000, and in married or common-law relationships.

Table 8. Oaxaca-Blinder Decomposition of Log Annual Wage Gap by Industry Sector

	Heterosexual Men vs.:								Heterosexual Women vs.:			
	Gay Men		Lesbians		Heterosexual Women		Lesbians	
	Private	*Public*	*Private*	*Public*	*Private*	*Public*	*Private*	*Public*
Total Log Annual Wage Gap	-0.167 ***	-0.036	-0.328 ***	-0.091 ***	-0.652 ***	-0.395 ***	0.324 ***	0.304 ***
	0.015	*0.022*	*0.015*	*0.020*	*0.002*	*0.003*	*0.015*	*0.020*
Attributable to Differences in Characteristics	-0.049	-0.061	-0.060 *	0.035	-0.244 ***	-0.198 ***	0.246 ***	0.295 ***
	0.045	*0.055*	*0.030*	*0.037*	*0.003*	*0.004*	*0.026*	*0.034*
Age	0.001	-0.009	-0.006	-0.011	-0.002 ***	-0.008 ***	-0.003	-0.007
	0.007	*0.012*	*0.006*	*0.007*	*0.000*	*0.001*	*0.004*	*0.006*
Common Law	-0.040	-0.038	0.001	0.011	0.000	0.000	0.001	0.011
	0.023	*0.033*	*0.019*	*0.024*	*0.000*	*0.000*	*0.019*	*0.025*
Child in Household	-0.047	-0.060	0.016	0.032	0.001 ***	0.000	0.015	0.032
	0.039	*0.038*	*0.014*	*0.017*	*0.000*	*0.000*	*0.014*	*0.017*
Province	0.013 **	-0.014	0.008 **	0.002	0.000	0.003 ***	0.009 **	-0.003
	0.005	*0.008*	*0.003*	*0.005*	*0.000*	*0.000*	*0.003*	*0.005*
Rural	0.009 *	0.006	0.005	-0.001	0.000 ***	0.000 ***	0.005	-0.001
	0.005	*0.005*	*0.003*	*0.002*	*0.000*	*0.000*	*0.003*	*0.003*
Education	0.056 ***	0.062 ***	0.037 ***	0.038 **	0.000	-0.009 ***	0.032 ***	0.046 ***
	0.007	*0.013*	*0.006*	*0.012*	*0.000*	*0.001*	*0.006*	*0.011*
Experience	-0.015	-0.016	0.000	0.019	-0.003 ***	-0.007 ***	0.006	0.033 **
	0.011	*0.020*	*0.011*	*0.019*	*0.000*	*0.001*	*0.008*	*0.011*
Labor Force Engagement	-0.017 *	0.000	-0.064 ***	-0.061 ***	-0.177 ***	-0.174 ***	0.122 ***	0.121 ***
	0.007	*0.010*	*0.009*	*0.012*	*0.001*	*0.002*	*0.010*	*0.014*
Occupation	0.046 **	0.027	-0.004	-0.006	-0.003	0.005	0.047 ***	0.068 ***
	0.015	*0.016*	*0.015*	*0.015*	*0.002*	*0.004*	*0.008*	*0.013*
Industry	-0.057 ***	-0.019 *	-0.052 ***	0.012	-0.059 ***	-0.007 ***	0.013 *	-0.006
	0.015	*0.009*	*0.013*	*0.010*	*0.001*	*0.001*	*0.005*	*0.004*
Attributable to Differences in Returns to Characteristics	-0.118 **	0.025	-0.269 ***	-0.126 ***	-0.408 ***	-0.197 ***	0.078 **	0.009
N	521141	76352	520756	76621	939999	221116	426031	147037

Notes: P ≤ .* 05; ** P ≤ .01; *** P ≤ .001. Standard errors in italics. Model 1 controls for age, marital status, presence of children in household, province, rural residence, education, weeks worked, and part-time status. Model 2 further controls occupation and industry. Quantile regressions presented for Model 2. Annual wage gaps calculated as the same-sex log annual wage minus the heterosexual log annual wage. Sample includes non-visible minority, native-born employees with earnings above $1,000, and in married or common-law relationships.

Table 9. OLS Estimates of Presence of Children and Marital Status

	Heterosexual Men	Gay	Heterosexual Women	Lesbian
Have Children	0.046***	0.102	-0.045***	-0.046
	0.002	*0.054*	*0.002*	*0.024*
Married	0.073***	0.046	0.015***	-0.012
	0.002	*0.031*	*0.002*	*0.025*
R^2	0.469	0.552	0.582	0.558
N	592712	4781	568403	4665

Notes: P $\leq$.* 05; ** P $\leq$ .01; *** P $\leq$ .001. All models corrected for heteroskedasticity following White (1980). Standard errors in italics. Models correspond to Model 2 in Table 5. Sample includes non-visible minority, native-born employees with earnings above $1,000, and in married or common-law relationships.