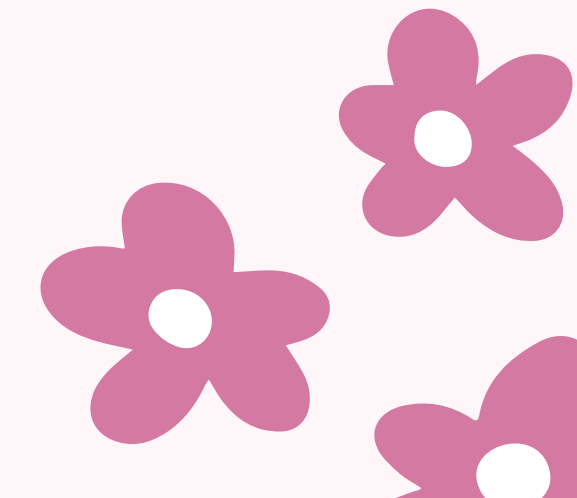


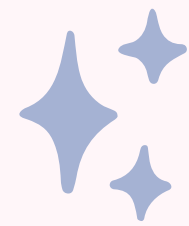


# THE ECONOMICS OF LESBIAN AND GAY FAMILIES



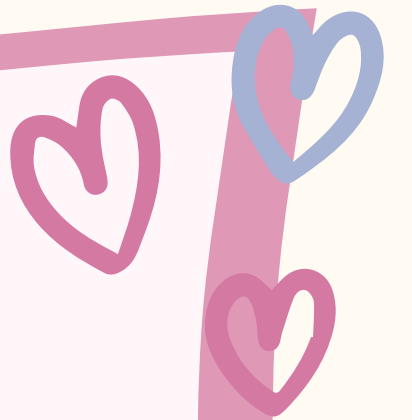
Group 7





# INTRODUCTION

This presentation shows an analysis based on rational behavior provides a powerful framework for gaining insights into the family organization and the structure under different laws, circumstances, and cultures which includes only two brief mentions of families with same-sex partners idea presented about economic forces that might drive homosexual unions to be less stable than heterosexual marriages where Gay men and lesbian women face constraints that differ from heterosexual individuals constraints that affect decisions at the family level

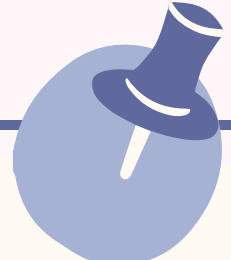


*Table 1*  
**Characteristics of Gays and Lesbians by Partnership Status**

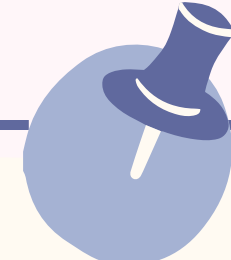
|                                                    | <i>Gay men</i>       |                  | <i>Lesbian women</i> |                  |
|----------------------------------------------------|----------------------|------------------|----------------------|------------------|
|                                                    | <i>Not partnered</i> | <i>Partnered</i> | <i>Not partnered</i> | <i>Partnered</i> |
| Percent white                                      | 83.6%                | 77.1%            | 79.5%                | 84.4%            |
| Percent black                                      | 9.3%                 | 17.3%            | 16.1%                | 10.1%            |
| Percent other race                                 | 7.1%                 | 5.5%             | 4.4%                 | 5.6%             |
| Average years of schooling                         | 14.3                 | 13.9             | 13.8                 | 13.7             |
| Average age                                        | 38.2                 | 38.6             | 36.4                 | 39.4             |
| Average number of sex<br>partners in the last year | 3.3                  | 1.5              | 1.5                  | 1.2              |
| <i>N</i>                                           | 109                  | 103              | 58                   | 98               |



# DEMAND FOR CHILDREN



The central idea is that relative prices play an important role in childbearing decisions, though some subtlety is necessary in this application of price theory.

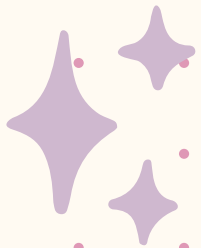
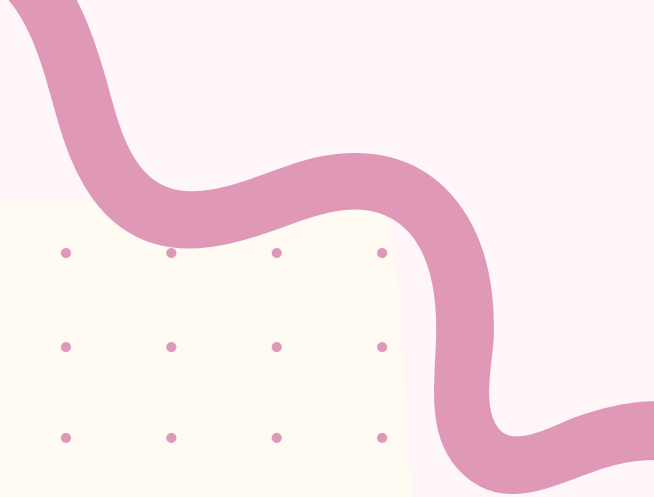


Since the cost of own time and household production functions differs among families, the total cost of producing and rearing children also differs.” These differences in the opportunity cost, which represent a (shadow) “price” of children, affects choice as expected



*Table 2*  
**Children in Same-Sex and Heterosexual Families**

|                                                                                           | <i>Gay male<br/>partners</i> | <i>Lesbian<br/>partners</i> | <i>Heterosexual<br/>couples</i> |
|-------------------------------------------------------------------------------------------|------------------------------|-----------------------------|---------------------------------|
| A. Percentage of households by number of children                                         |                              |                             |                                 |
| <i>None</i>                                                                               | 90.3%                        | 77.9%                       | 38.0%                           |
| <i>One</i>                                                                                | 5.0                          | 12.1                        | 21.5                            |
| <i>Two</i>                                                                                | 2.9                          | 6.7                         | 25.4                            |
| <i>Three or more</i>                                                                      | 1.8                          | 3.4                         | 15.0                            |
| B. Percentage of households with adopted children                                         | 0.7%                         | 2.8%                        | 2.2%                            |
| C. Percentage of adopted children with a “different race”                                 | 13.8%                        | 28.0%                       | 10.6%                           |
| D. Income of highest-earning partner in households with<br>adopted children               | \$68,491                     | \$63,996                    | \$57,975                        |
| E. Income of highest-earning partner in comparable households<br>with no adopted children | \$54,828                     | \$42,758                    | \$48,147                        |
| <i>N</i>                                                                                  | 7,549                        | 7,877                       | 2,971,440                       |



# WHY DO GAY COUPLES LIVE IN UPSCALE URBAN CENTERS?



The geographic distribution of gays and lesbians is likely to differ from heterosexual individuals for several reasons. Gays and lesbians are relatively small minorities in the population.



Table 3  
Geographic Location of Same-Sex and Heterosexual Families

|                                                      | Gay male<br>partners | Lesbian<br>partners | Heterosexual<br>couples |
|------------------------------------------------------|----------------------|---------------------|-------------------------|
| A. Percent living in an urban area                   | 90.2%                | 85.3%               | 74.9%                   |
| B. Percent with both partners born in the same state | 33.6%                | 39.0%               | 56.7%                   |
| C. Percent living in the state of birth              |                      |                     |                         |
| Neither partner                                      | 45.1%                | 37.8%               | 35.8%                   |
| One partner                                          | 32.2                 | 33.0                | 25.3                    |
| Both partner                                         | 22.7                 | 29.2                | 38.9                    |
| N                                                    | 7,549                | 7,877               | 2,971,440               |

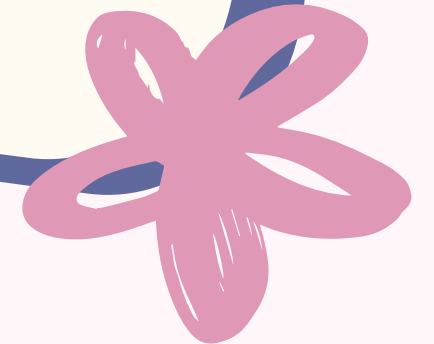
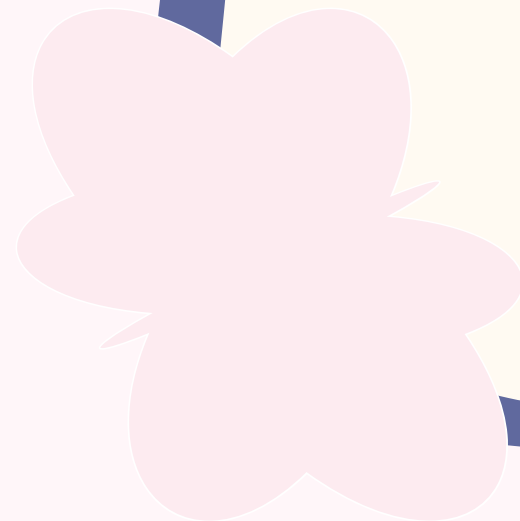
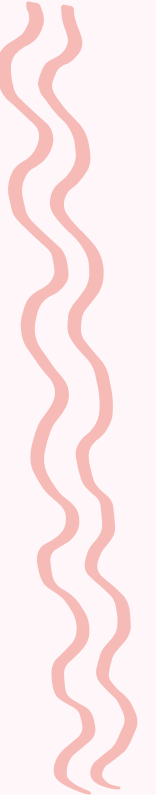


Table 4

Concentration of Gay Couples in Metropolitan Areas, 1990

| CMSA/MSAs ranked by<br>concentration of gay couples |                          | Gay<br>concentration |    |                          | Gay<br>concentration |
|-----------------------------------------------------|--------------------------|----------------------|----|--------------------------|----------------------|
| 1                                                   | San Francisco            | 4.95                 | 26 | Milwaukee                | 1.01                 |
| 2                                                   | Washington               | 2.68                 | 27 | Columbus                 | 0.99                 |
| 3                                                   | Austin                   | 2.44                 | 28 | Baltimore                | 0.95                 |
| 4                                                   | San Diego                | 2.38                 | 29 | Rochester                | 0.89                 |
| 5                                                   | Seattle                  | 2.21                 | 30 | Philadelphia             | 0.86                 |
| 6                                                   | Los Angeles              | 2.11                 | 31 | Albany                   | 0.85                 |
| 7                                                   | Atlanta                  | 1.96                 | 32 | Nashville                | 0.85                 |
| 8                                                   | Sacramento               | 1.71                 | 33 | Cincinnati               | 0.83                 |
| 9                                                   | Boston                   | 1.67                 | 34 | Oklahoma City            | 0.83                 |
| 10                                                  | Minneapolis–St. Paul     | 1.61                 | 35 | Salt Lake City           | 0.80                 |
| 11                                                  | Orlando                  | 1.61                 | 36 | Norfolk                  | 0.75                 |
| 12                                                  | Denver                   | 1.53                 | 37 | St. Louis                | 0.69                 |
| 13                                                  | New York                 | 1.49                 | 38 | Las Vegas                | 0.69                 |
| 14                                                  | Miami–Fort Lauderdale    | 1.46                 | 39 | Dayton                   | 0.66                 |
| 15                                                  | Portland                 | 1.45                 | 40 | Memphis                  | 0.65                 |
| 16                                                  | Houston                  | 1.33                 | 41 | San Antonio              | 0.64                 |
| 17                                                  | Dallas                   | 1.32                 | 42 | Detroit                  | 0.60                 |
| 18                                                  | Chicago                  | 1.31                 | 43 | Richmond                 | 0.51                 |
| 19                                                  | Indianapolis             | 1.12                 | 44 | Cleveland                | 0.51                 |
| 20                                                  | New Orleans              | 1.12                 | 45 | Charlotte                | 0.49                 |
| 21                                                  | Honolulu                 | 1.11                 | 46 | Pittsburgh               | 0.49                 |
| 22                                                  | Phoenix                  | 1.07                 | 47 | Louisville               | 0.47                 |
| 23                                                  | W. Palm Beach–Boca Raton | 1.06                 | 48 | Greensboro–Winston Salem | 0.38                 |
| 24                                                  | Tampa                    | 1.05                 | 49 | Buffalo                  | 0.35                 |
| 25                                                  | Kansas City              | 1.04                 | 50 | Birmingham               | 0.34                 |

Source: Authors' calculations with Gary Gates, using the restricted long form data of the 1990 Decennial Census. Details are provided in Gates (2000).

Notes: For San Francisco, Los Angeles, Miami–Fort Lauderdale, New York, and Dallas–Fort Worth, our area definition is the Consolidated Metropolitan Statistical Area (CMSA), while for other cities we use the Metropolitan Statistical Area (MSA).



High amenity locations with beautiful scenery or pleasant weather have  
relatively high housing prices

Gay partners are much less likely than other couples to have children in their  
households and face relatively high price of children

So, they consume more non-child goods



HOUSEHOLD  
SPECIALIZATION

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# DIFFERENCE



## ● BECKER'S TREATISE (1991)



- GAYS AND LESBIANS HAVE NO SPLIT ADVANTAGE.
- LESS HOUSEHOLD SPECIALIZATION WHEN COMPARED TO HETEROSEXUAL COUPLE.
- GAYS COUPLE WILL BE LESS SPECIALIZE IN THE MARKET THAN HETEROSEXUAL MENS
- LESBIANS WOULD BE MORE MARKET-ORIENTED



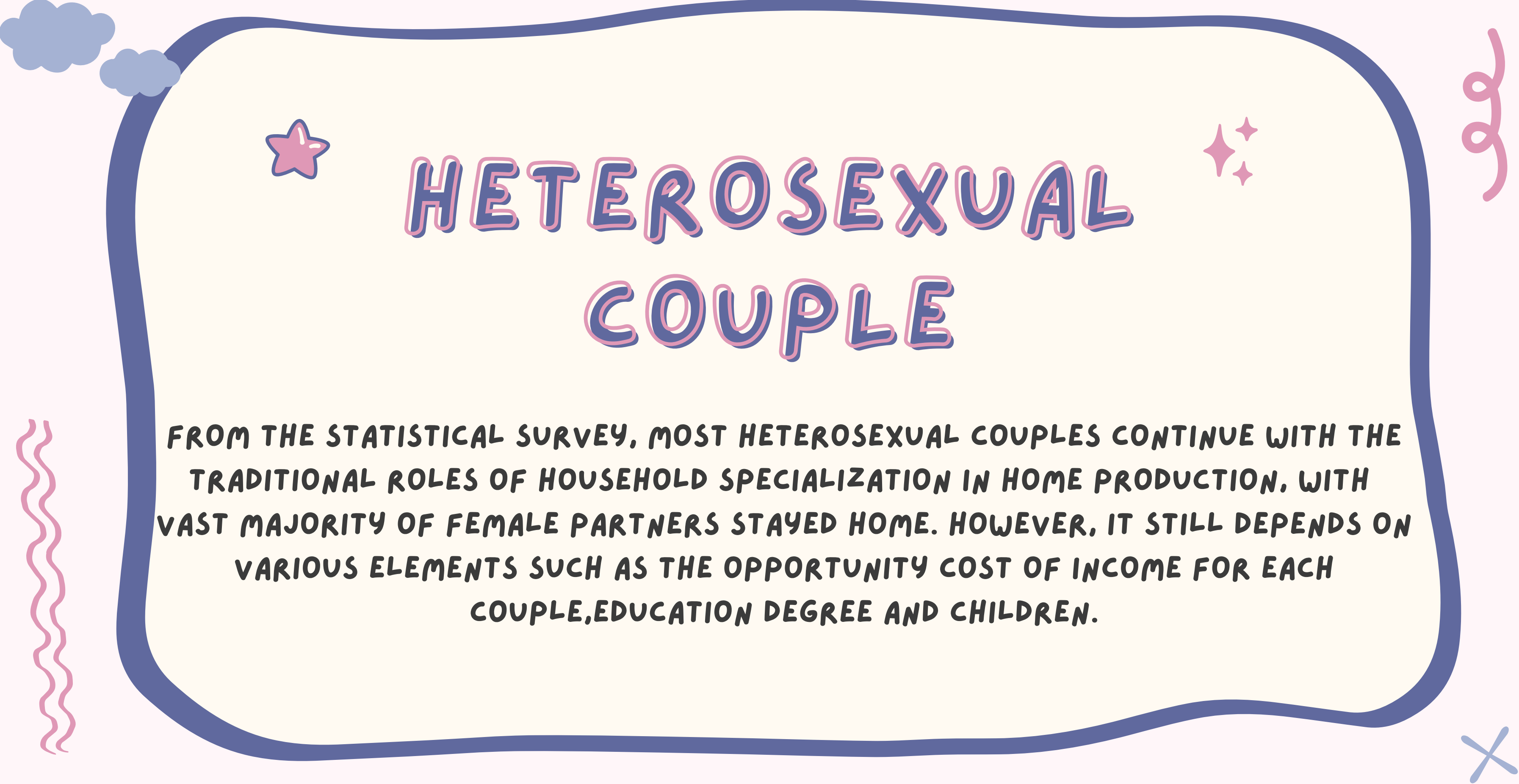


# MARKET SPECIALIZATION



Table 5  
Specialization within Households

|                                                       | Gay partners         |                     | Lesbian partners     |                     | Heterosexual couples          |                                 |                               |                                 |
|-------------------------------------------------------|----------------------|---------------------|----------------------|---------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| <b>A. Work status when at least one partner works</b> |                      |                     |                      |                     |                               |                                 |                               |                                 |
| Both partners work                                    | 80.6%                |                     | 80.5%                |                     | 68.1%                         |                                 |                               |                                 |
| One partner works                                     | 19.4                 |                     | 19.5                 |                     | 31.9                          |                                 |                               |                                 |
| N                                                     | 7,160                |                     | 7,375                |                     | 2,558,676                     |                                 |                               |                                 |
| <b>B. Households in which one partner works</b>       | <i>Higher earner</i> | <i>Lower earner</i> | <i>Higher earner</i> | <i>Lower earner</i> | <i>Male when \$F &gt; \$M</i> | <i>Female when \$F &gt; \$M</i> | <i>Male when \$M &gt; \$F</i> | <i>Female when \$M &gt; \$F</i> |
| Income                                                | \$42,320             | 0                   | \$31,499             | 0                   | 0                             | \$24,203                        | \$57,720                      | 0                               |
| % with college degree                                 | 33.4%                | 26.1%               | 28.3%                | 20.4%               | 14.8%                         | 17.7%                           | 29.8%                         | 20.1%                           |
| Hours worked per week                                 | 41.4                 | 0                   | 39.7                 | 0                   | 0                             | 37.0                            | 45.3                          | 0                               |
| Age                                                   | 48.1                 | 44.3                | 48.3                 | 45.2                | 49.6                          | 50.3                            | 43.0                          | 40.1                            |
| % with children < 19                                  | 16.1%                |                     | 32.4%                |                     | 41.1%                         |                                 | 70.0%                         |                                 |
| Number of households                                  | 1,156                |                     | 1,202                |                     | 172,989                       |                                 | 596,858                       |                                 |
| <b>C. Households in which both partners work</b>      |                      |                     |                      |                     |                               |                                 |                               |                                 |
| Income                                                | \$60,707             | \$28,968            | \$48,436             | \$24,905            | \$24,574                      | \$43,376                        | \$53,531                      | \$20,301                        |
| % with college degree                                 | 51.2%                | 40.5%               | 51.2%                | 43.8%               | 26.8%                         | 38.2%                           | 30.5%                         | 26.8%                           |
| Hours worked per week                                 | 44.9                 | 41.0                | 43.6                 | 39.3                | 42.0                          | 41.6                            | 45.9                          | 35.5                            |
| Age                                                   | 38.8                 | 37.2                | 38.8                 | 37.9                | 40.4                          | 38.8                            | 40.2                          | 38.2                            |
| % with children < 19                                  | 8.5%                 |                     | 23.1%                |                     | 55.1%                         |                                 | 63.9%                         |                                 |
| Number of households                                  | 6,004                |                     | 6,173                |                     | 439,597                       |                                 | 1,349,232                     |                                 |



# HETEROSEXUAL COUPLE

FROM THE STATISTICAL SURVEY, MOST HETEROSEXUAL COUPLES CONTINUE WITH THE TRADITIONAL ROLES OF HOUSEHOLD SPECIALIZATION IN HOME PRODUCTION, WITH VAST MAJORITY OF FEMALE PARTNERS STAYED HOME. HOWEVER, IT STILL DEPENDS ON VARIOUS ELEMENTS SUCH AS THE OPPORTUNITY COST OF INCOME FOR EACH COUPLE, EDUCATION DEGREE AND CHILDREN.

# GAYS AND LESBIANS

## Difference ✨

unlike Gays and lesbians less likely to have a stayed-home partner like counterparts heterosexual.

## Similar ✨

Still gay and lesbian couples' decision on stayed-home partners depend on the the productivity of each partner inside the labor market or outside t he labor market



EDUCATION

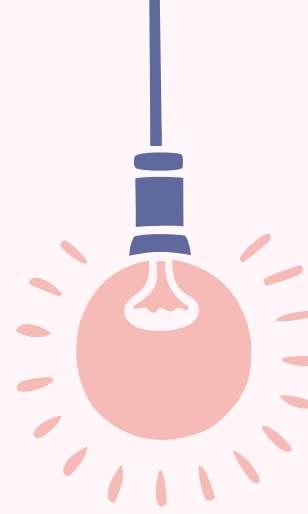


Table 6  
Education

|                                                          | <i>Gay<br/>partners</i> | <i>Lesbian<br/>partners</i> | <i>Heterosexual couples</i> |               |
|----------------------------------------------------------|-------------------------|-----------------------------|-----------------------------|---------------|
|                                                          |                         |                             | <i>Male</i>                 | <i>Female</i> |
| <i>A. Percentage at highest level of education, 2000</i> |                         |                             |                             |               |
| Less than high school                                    | 6.8                     | 7.7                         | 12.2                        | 10.8          |
| High school                                              | 18.8                    | 19.1                        | 31.0                        | 31.6          |
| Some college                                             | 31.2                    | 30.6                        | 28.9                        | 32.0          |
| Bachelor's degree or higher                              | 43.2                    | 42.7                        | 27.9                        | 25.6          |
| <i>N</i>                                                 | 15,098                  | 15,754                      | 2,971,440                   | 2,971,440     |
| <i>B. Further statistics for college graduates, 1993</i> |                         |                             |                             |               |
| Mean percent female in undergraduate major               | 44.0                    | 54.4                        | 33.8*                       | 61.5*         |
| Percent earning a post-bachelor's degree                 | 35.0                    | 44.0                        | 39.8*                       | 36.7*         |
| <i>N</i>                                                 | 223                     | 189                         | 56,302                      | 36,061        |

# GAYS AND LESBIANS

- Gays people are more likely to take a typical female major in education path.
- Lesbian people are less likely to take typical female major education part where they receive less income than a heterosexual male.
- Gays and lesbians partners are better educated than heterosexual partnered.



# OCCLUSION, LABOR SUPPLY, AND EARNING



Table 7

**Labor Market Outcomes for Partnered Men and Women Aged 25 to 60**

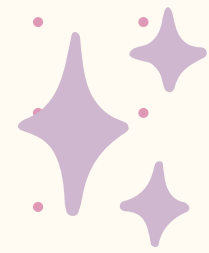
|                                             | <i>Gay male<br/>partners</i> | <i>Lesbian<br/>partners</i> | <i>Heterosexual couples</i> |               |
|---------------------------------------------|------------------------------|-----------------------------|-----------------------------|---------------|
|                                             |                              |                             | <i>Male</i>                 | <i>Female</i> |
| <i>A. Hourly wage</i>                       |                              |                             |                             |               |
| High school educated                        | \$14.21                      | \$13.43                     | \$16.30                     | \$11.83       |
| College educated                            | 26.87                        | 22.81                       | 32.26                       | 22.00         |
| All                                         | 20.86                        | 18.58                       | 21.80                       | 15.55         |
| <i>B. Earned income</i>                     |                              |                             |                             |               |
| High school educated                        | \$22,106                     | \$18,546                    | \$31,000                    | \$13,121      |
| College educated                            | 56,898                       | 45,169                      | 71,601                      | 31,258        |
| All                                         | 39,528                       | 31,804                      | 43,600                      | 18,851        |
| <i>C. Labor supplied</i>                    |                              |                             |                             |               |
| Percentage who work                         | 83.5                         | 82.7                        | 85.5                        | 67.5          |
| Weeks worked per year                       | 41.3                         | 40.6                        | 43.7                        | 32.8          |
| Hours worked per week                       | 37.3                         | 35.9                        | 40.6                        | 27.3          |
| <i>D. Mean percent female in occupation</i> |                              |                             |                             |               |
| <i>N</i>                                    | 15,098                       | 15,754                      | 2,971,440                   | 2,971,440     |

# GAYS AND LESBIANS

- Gay who realizes early may plan on specializing less intensely in market production than heterosexual men.
- Lesbian women who marry are likely to earn less than unmarried lesbian women
- Lesbian women are likely to focus on their career-oriented decision when they realize that they will not marry into a traditional household

**Table 8**  
**Household Economic Characteristics, Same-Sex and Heterosexual Couples**

|                                          | <i>Gay male<br/>partners</i> | <i>Lesbian<br/>partners</i> | <i>Heterosexual<br/>couples</i> |
|------------------------------------------|------------------------------|-----------------------------|---------------------------------|
| <i>A. Mean household income</i>          | \$ 91,676                    | \$ 73,760                   | \$ 73,235                       |
| <i>B. Household income, distribution</i> |                              |                             |                                 |
| 5 <sup>th</sup> percentile               | \$ 17,400                    | \$ 14,000                   | \$ 14,800                       |
| 10 <sup>th</sup> percentile              | 26,100                       | 22,000                      | 21,900                          |
| 25 <sup>th</sup> percentile              | 44,800                       | 38,000                      | 36,890                          |
| 50 <sup>th</sup> percentile              | 71,000                       | 61,000                      | 58,200                          |
| 75 <sup>th</sup> percentile              | 109,000                      | 91,000                      | 87,100                          |
| 90 <sup>th</sup> percentile              | 171,500                      | 130,300                     | 129,500                         |
| 95 <sup>th</sup> percentile              | 235,500                      | 168,350                     | 173,700                         |
| <i>C. Mean investment income</i>         | \$ 5,165                     | \$ 3,359                    | \$ 3,068                        |
| <i>D. Percentage who own homes</i>       |                              |                             |                                 |
| Own free and clear                       | 8.2%                         | 7.4%                        | 13.0%                           |
| Owned with mortgage                      | 52.2                         | 54.3                        | 62.0                            |
| <i>N</i>                                 | 7,549                        | 7,877                       | 2,971,440                       |



# CONCLUSION

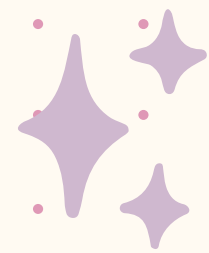
People who are born with same-sex do not desire inherently different from people with opposite-sex desire in fundamental motivating force.

Differences biological constraints affect choices over children

There are fewer children in lesbian and gay families than heterosexual-partnered families

Gays & lesbians face higher costs for adoption which reduces opportunities to raise children



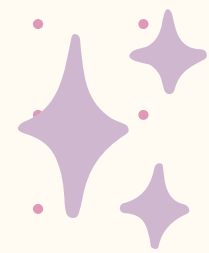


# CONCLUSION

Differences in fertility influence where people live

- Gay couples face a relatively high price for children, they will consume more non-child goods
- They increased consumption of locating in expensive locations such as San Francisco or New York
- Lesbian women have higher wages and greater labor force attachment than heterosexual women





# CONCLUSION

Many theories discuss how labor market discrimination can play out in observed wage and unemployment disparities and workplace segregation, however, only little formal analysis exists of disparate outcome based on sexual orientation specifically

