Executive summary

Ensuring equality of opportunities in the labour market and society for LGBTI+ individuals is a human rights imperative, but it also makes a lot of economic sense. Yet, solid evidence supporting the economic case for greater LGBTI+ equality is still scarce due to challenges in accurately measuring the size and life situation of the LGBTI+ population. This report bridges this gap by using a unique set of microdata from the United States, offering the first extensive nationally representative sample of the LGBTI+ US adult population. The report presents current data on the share of US adults identifying as LGBTI+, their geographic distribution and key demographics, followed by an evaluation of the state of equality for LGBTI+ Americans. Finally, the report provides an estimate of the potential increase in GDP resulting from levelling the playing field for LGBTI+ Americans.

Who are LGBTI+ Americans?

In 2023, more than one in ten (11.2%) American adults self-identified as LGBTI+. This figure is equivalent to nearly 30 million American adults, which is larger than the population of the state of New York or Florida. Among these, 2.3% self-identified as non-cisgender (individuals whose gender identity does not match their sex assigned at birth), while 8.9% as cisgender non-heterosexual. Consistent with the well-documented increase in acceptance of homosexuality, the share of individuals identifying as LGBTI+ has risen significantly, with the percentage of self-declared LGBT adults nearly doubling from 2012 to 2022.

The share of self-identified LGBTI+ adults varies across the US, with higher concentration in areas characterized by greater social and legal acceptance of LGBTI+ individuals. For instance, in 2023, US adults were 24% more likely to identify as LGBTI+ in the West, compared to the South This pattern reflects both the relocation of LGBTI+ individuals, presumably to avoid discrimination, and the increased likelihood of LGBTI+ adults disclosing their identities in more accepting environments.

Further analysis reveals that LGBTI+ Americans differ on key demographic characteristics compared to their cisgender straight peers:

- Individuals assigned female at birth are more likely to identify as LGBTI+ than those assigned male, with this gap widening over the past decade. This trend may be influenced by greater societal acceptance of women expressing same-sex relationships compared to men, women's more positive attitudes towards LGBTI+ identities, and advancements in gender equality that reduce pressure of heteronormativity and traditional femininity.

- LGBTI+ self-identification decreases with age. Notably, the recent surge in LGBTI+ identification is driven by younger generations. This trend is attributed to young LGBTI+ individuals being raised in more accepting environments, fostering greater comfort in disclosing their identities.

- LGBTI+ self-identification varies by race and ethnicity, with lower rates among non-Hispanic Blacks and Asians (compared to non-Hispanic Whites), possibly due to compounded stigma and more negative attitudes within these groups. Conversely, the higher propensity among Hispanics to identify as LGBTI+ is predominantly due to their younger age. Additionally, individuals from other

racial categories, including Indigenous and mixed-race groups, are more likely to identify as LGBTI+, potentially reflecting more accepting attitudes and a more fluid mindset within these populations.

- LGBTI+ Americans are less likely to be partnered, married, or live in households with children. Although their partnership and marriage rates have increased, this group still faces legal, financial, and discriminatory barriers that restrict access to parenthood.

- Non-cisgender individuals and young cisgender non-heterosexuals (except young cisgender gay men) face educational attainment disadvantages, notably stemming from challenging school environments, exclusionary behaviours from family, and mental health struggles.

Are LGBTI+ Americans discriminated against?

Surveys on attitudes towards LGBTI+ individuals, perceptions of discrimination, and field experiments reveal that anti-LGBTI+ discrimination is still a reality in the United States. This discrimination hampers the hiring of LGBTI+ individuals and often relegates them to lower-skilled positions when employed. Reduced labour market prospects in turn may diminish incentives for labour force participation and lower productivity at work. These patterns are exacerbated by the detrimental impact of discrimination on mental health.
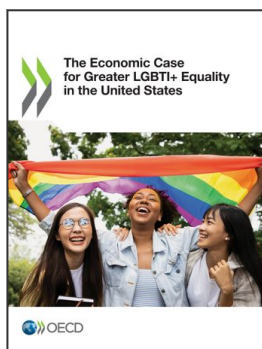
Consistent with these mechanisms, this report reveals significant labour market penalties for LGBTI+ individuals, even after adjusting for location, demographics, as well as sector and occupation for the employed. Overall, LGBTI+ adults are 7% less likely to be employed and those who are employed earn 7% less than their cisgender straight counterparts. These labour market penalties result in an 8% lower household income and are particularly pronounced among non-cisgender adults, possibly due to greater discrimination exposure. These disparities are also wider among younger cohorts, potentially because of a lower non-disclosure bias compared to older generations. Additionally, LGBTI+ adults face significant mental health challenges, being more than 50% more likely to be at risk of generalized anxiety or major depressive disorder, with non-cisgender individuals again experiencing the most severe penalties. Finally, evidence suggests that the COVID-19 pandemic has exacerbated these economic and mental health challenges.

Does LGBTI+ equality pay?

To quantify the economic gains of LGBTI+ inclusion, this report utilizes the OECD long-term model. This model provides a framework for estimating the additional GDP that could result from a gradual convergence of the employment rate and labour productivity of LGBTI+ adults to those of their cisgender straight peers, compared to a baseline scenario where no such efforts are made.

Should the United States succeed in closing the unexplained LGBTI+ gaps in employment and labour productivity by 2050, it could expect an increase in GDP equal to 2.6% of the baseline GDP. This corresponds to a yearly increase in GDP equal to 0.1%, which amounts to 5% of the average annual US GDP growth observed between 2013 and 2023. A more ambitious goal of closing the gaps by 2030 would lead to a higher yearly GDP increase, representing about 10% of the average annual US GDP growth over the past ten years.

There are obviously many more benefits from LGBTI+ equality than just the economic gains. These include improved public finances through increased tax revenues and decreased public expenditures, as well as the potential to tap into a diversity and gender equality dividend. Specifically, LGBTI+ equality can have ripple effects on the emancipation of other groups, particularly women, as it inherently challenges heteronormativity, which confines men and women to rigid roles and obstructs women's empowerment.