



FACT SHEET 2003-7

THE SERVICE SECTOR: VITAL STATISTICS

The Dominant Service Sector

- Over the last 50 years, the rising share of employment in the service sector and the declining share in the goods producing sector have transformed the U.S. labor market. In 1950, 45% of the non-agricultural labor force was employed in the service sector while 65% was employed in the goods-producing sector.¹ In 2002, the service sector accounted for more than 79% of the non-agricultural labor force, while the goods-producing sector employed less than 21%.²
- The service sector will be the main source of employment growth and output between 2000 and 2010. Employment in the service sector will increase by almost 20% between 2000 and 2010, while employment in the goods-producing sector will increase by little more than 5%.³
- The service sector employed 103.3 million people in 2002.⁴ The Bureau of Labor Statistics projects that in 2010, the service sector will employ 125.3 million people.⁵
- The service sector, and more specifically, the service industry, is the major source of contingent employment. In February 2001, more than 55% of all contingent workers were employed in the various service industries.⁶
- The burgeoning service sector requires a better educated work force. Occupations requiring a college degree or other post-secondary award accounted for 29% of all jobs in 2000. They will account for 42% of all job growth between 2000 and 2010.⁷

The Service Industry: Creating Most Jobs

- In 2002, the variety of industries that comprise the service industry collectively employed 51 million people.⁸ The service industry will account for three out of every five new jobs created in the U.S. economy between 2000 and 2010. Over two-thirds of this projected growth is concentrated in three sectors of the service industry: business, health and social services.⁹
- With the exception of construction, the 20 industries with the largest occupational growth between 2000 and 2010 are all in the service sector. Most are divisions of the service industry.¹⁰
- Expected to generate almost 13 million jobs between 2000 and 2010, the service industry overshadows the 3.1 million jobs expected to be created by retail trade, the next largest source of employment growth. Together, these two industry divisions make up about 73% of the total non-farm wage and salary employment growth between 2000 and 2010.¹¹
- The largest source of employment growth in the economy is projected in the personnel supply services industry, which consists of employment agencies and temporary staffing agencies. Professional employment in the industry will increase by 66% between 2000 and 2010.¹²

- The economy's fastest growing industry, and the second largest in terms of employment, is computer and data processing services. In 2002, it employed 2.1 million people.¹³ The Bureau of Labor Statistics expects this industry to add 1.8 million jobs by 2010. Computer specialists account for almost half of all employees in this industry.¹⁴
- Health services employed 12.4 million people in 2002.¹⁵ Wage and salary employment in this industry is projected to increase by more than 25% from 2000–2010, compared with an average of 16% for all industries. The employment growth in health care is expected to account for about 2.8 million new jobs – 13% of all wage and salary jobs added to the economy between 2000 and 2010. Nine out of 20 occupations projected to grow the fastest are concentrated in health care.¹⁶
- Educational services was one of the largest employers in 2002, providing 11.6 million jobs.¹⁷ The industry is expected to add 1.9 million new jobs between 2000 and 2010. The number of job openings for teachers is expected to increase substantially due to projected increases in enrollments and retirements.¹⁸
- Employment in motion picture production and distribution is projected to increase by almost 29% from 2000–2010. Employment of professionals is expected to increase by more than 36%.¹⁹
- Employment in media and communications will increase by more than 36% from 2000–2010. Growth will be very uneven. Employment in radio and television broadcasting is expected to increase by only 9.7%, while employment in cable and other pay television services will increase by almost 51%.²⁰
- In 2002, social services employed more than 3.5 million people.²¹ It ranks among the fastest growing industries. The number of non-governmental wage and salary social service jobs (excluding child care) is expected to increase by 42% between 2000 and 2010, compared with only 16% for all industries combined. Employment of professionals is expected to increase by almost 47%.²²

Women: Overrepresented and Underpaid

- § Women constitute the majority of workers in the service industry. In 2002, almost 70% of the employees in education services were women, as were more than 82% of social service employees, and more than 72% of hospital employees.²³
- The median weekly earnings of men in service sector industries exceeded those of women by up to 36% in 2001.²⁴ Women earn less than their male counterparts even in occupations where women are the vast majority. For example, in 2002, male nurses earned 10% more than female nurses, while male teachers (other than college and university) earned 13% more.²⁵

Unions in the Service Sector

- In 2002, unions represented significant numbers of service sector employees, especially in education (39% of all employees; 49% of elementary and secondary school employees), public administration (36%), transportation (35%), and communications (21%). Many of these are professional employees.²⁶
- Like employees in the goods producing sector, organized service sector employees receive better benefits than their non-union counterparts. The cost to the employer of benefits for organized workers in the service sector is more than twice that for nonunion workers.²⁷

Service Sector Trade is Crucial

- U.S. services exports increased to \$289.3 billion in 2002 from \$279.3 billion in 2001. The world's premier services exporter, the U.S. accounts for nearly one-fifth of all global services exports.²⁸
- The service sector industries have become extremely important to the nation's trade balance. In 2002, the services trade surplus offset more than 10% of the goods trade deficit.²⁹
- The largest service sector exports are travel and tourism, trade based on the use of intellectual property (U.S. films, videos, music, etc.), business, professional and technical services, and transportation, including freight and port services.³⁰

¹ Council of Economic Advisors, *Economic Report to the President*, February 2003 and February 1995.

² U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, Vol. 50, No. 1.

³ Berman, Jay, "Industry Output and Employment," U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2001.

⁴ *Ibid.*

⁵ *Employment and Earnings*, *op. cit.*

⁶ U.S. Department of Labor, Bureau of Labor Statistics, *News*, "Contingent and Alternative Employment Arrangements, February 2001," USDL 01-153, 2003.

⁷ Hecker, Daniel, "Occupational Employment Projections to 2010," U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2001.

⁸ *Employment and Earnings*, *op. cit.*

⁹⁻¹² Berman, Jay, "Industry Output and Employment," *op. cit.*

¹³ *Employment and Earnings*, *op. cit.*

¹⁴ U.S. Department of Labor, Bureau of Labor Statistics, *Career Guide to Industries, 2002-03 Edition*, January 2002.

¹⁵ *Employment and Earnings*, *op. cit.*

¹⁶ Berman, Jay, "Industry Output and Employment," *op. cit.*

¹⁷ *Employment and Earnings*, *op. cit.*

¹⁸⁻²⁰ *Career Guide to Industries, 2002-03 Edition*, *op. cit.*

²¹ *Employment and Earnings*, *op. cit.*

²² *Career Guide to Industries*, *op. cit.*

²³ *Employment and Earnings*, *op. cit.*

²⁴ U.S. Department of Labor, Bureau of Labor Statistics, Unpublished Table A-27, Annual Averages for 2001.

²⁵ *Employment and Earnings*, *op. cit.*

^{26 & 27} BNA Plus, *Union Membership and Earnings Data Book: Compilations from the Current Population Survey*,

2003 Edition.

²⁸⁻³⁰ U.S. Bureau of Economic Analysis, U.S. International Transactions Data, 2003.

The Department for Professional Employees, AFL-CIO (DPE) comprises 25 AFL-CIO unions representing four million people working in professional, technical and other highly skilled white collar occupations. DPE-affiliated unions represent: journalists and writers, broadcast technicians and communications specialists; librarians, teachers, college professors, and school administrators; engineers, scientists and IT workers; nurses, doctors and other health care professionals; cinematographers, performing and visual artists; professional athletes, social workers, and many others. DPE was chartered in 1977 in recognition of the fast-growing professional and technical occupations.

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