



THE SERVICE SECTOR: PROJECTIONS AND CURRENT STATS

The Dominant Service Sector

- The service sector will be the main source of employment and output between 2002 and 2012, according to Bureau of Labor Statistics' (BLS) projections released in February 2004. Employment in the service sector will increase by almost 20% between 2002 and 2012, while employment in the goods-producing sector will increase by less than 4%.¹
- The service sector employed 108.5 million people in 2002. The Bureau of Labor Statistics projects that in 2012, the service sector will employ 129.3 million people.²
- The service sector made up 75.3% of total employment in 2002. This sector will continue to enhance its dominance between 2002 and 2012 and is expected to increase its share of total employment to 78.2%.³
- Three out of four jobs in the U.S. economy are accounted for by the service sector.⁴

The Service Industry: Creating Most Jobs

- With the exception of construction, the 20 industries with the largest occupational growth between 2002 and 2012 are all in the service sector.
- The service sector is expected to create 20.8 million jobs between 2002 and 2012. The goods-producing sector is expected to create less than 800,000 jobs in the same time period.⁵
- Within the service sector, education and health services and professional and business services represent the industry divisions with the strongest employment growth. Both are expected to grow at an annual average rate that is double the expected rate for the economy as a whole. Education and health services is expected to add 5.1 million new jobs and professional and business services 4.9 million jobs. Together these two groups account for nearly half the total increase in employment expected by 2012.⁶ In 2002, about one in five jobs was in the education and health services sector.⁷
- With a 5.3% projected output growth rate, information is the fastest growing sector in the economy.⁸ This sector provides publishing, Internet, cable and telecommunications services. The software publishing industry is expected to be the nation's fastest growing employer by 2012, with a projected annual growth rate of 5.3%.⁹ Employment in this sector is expected to increase 68%, more than four times the 16% growth projected for all industries combined,

by 2012. Professional and related occupations within this industry are projected to increase by 74%.¹⁰

- Health services employed 13.6 million people in 2003.¹¹ The health services sector, comprising mostly health practitioners offices, private hospitals, and nursing and residential care facilities, is expected to account for one out of every six new jobs created by 2012. This amounts to an additional 3.5 million health service workers, this is more than any other industry.¹²
- The industry group expected to be the largest source of output growth in the service sector is professional and business services. Jobs in this group are projected to increase at a 2.7% annual rate, to 20.9 million in 2012, up from 16 million in 2002.¹³
- Educational services is the second largest industry, accounting for about 12.7 million jobs. Wage and salary employment growth of 20% is expected in the educational services industry between 2002 and 2012. Additionally, there are greater-than-average numbers of workers over the age of 45 in nearly all of the occupations in this industry, so it is likely that a surge in retirements will create large numbers of job openings in addition to those due to employment growth.¹⁴
- Employment in motion picture and video industries is projected to grow 31% between 2002 and 2012 — nearly double the growth of all industries combined. Employment of professionals is expected to increase by more than 36%.¹⁵
- The number of non-governmental wage and salary social service jobs (excluding childcare) is expected to increase by 47% between 2002 and 2012. Personal and homecare aides are expected to increase by 68% and social and human service assistants are expected to increase by 79% from 2002-2012. Employment of professionals is expected to increase by over 53%.

Offshoring High Tech Jobs

Due to the increasing exodus of highly skilled jobs overseas — similar to the disappearance of factory jobs — the vast majority of occupations expected to experience the largest job growth from 2002–2012 are low-wage service occupations. Missing in the lineup are the high tech and knowledge jobs that government and business economists projected would replace the manufacturing jobs.

- Seven of the 10 occupations expected to experience the largest job growth over the next decade are low-wage, non-tradable service occupations that do not require a college degree.
- While in the 2000–2010 employment projections, 1,528,000 high tech jobs would be generated by the seven most rapidly growing occupations, an annual increase of 152,800 jobs, BLS anticipates an average annual increase of only 10,600 high tech jobs from the seven occupations expected to grow most rapidly from 2002–2012.
- Comparing the 10 most rapidly growing occupations for the two projection periods of 2000–2010 and 2002–2012, we find an annual reduction of 137,000 anticipated high tech jobs.

- Both unemployment and long-term unemployment are rising more steeply among well educated workers. Between 2000 and 2003, unemployment among workers with college degrees rose 95%, compared to a 40% rise among those with a high school diploma, or less, and 74% among those with some college.

Women: Overrepresented and Underpaid

Women constitute the majority of workers in the service industry. In 2003, almost 70% of the employees in education services were women, as were 86% of social assistance employees, and nearly 78% of hospital employees.¹⁶

The median weekly earnings of men in the service sector industries exceeded those of women by up to 39 % (professional and technical services) in 2003.¹⁷

Women earn less than their male counterparts even in occupations where women are the vast majority. For example, in 2003, male nurses earned 12% more than female nurses,¹⁸ while male teachers (elementary and secondary school) earned 14 % more than their female counterparts.¹⁹

Unions in the Service Sector

In 2003, unions represented significant numbers of service sector employees, especially in education (38% of all employees; 48% of elementary and secondary school employees), public administration (36%), and transportation (36%). Many of these are professional employees.²⁰

Service Sector Trade is Crucial

U.S. services exports increased to \$304.8 billion in 2003, up from \$292.2 in 2002.²¹

In 2002 the United States was the largest exporter of commercial services accounting for more than 17% of all global commercial service exports. This is nearly 10% higher than the United Kingdom, the second largest exporter of services. The United States was also the largest importer of commercial services, representing 13% of all global commercial service imports.²²

The service sector industries have become extremely important to the nation's trade balance. In 2003 the trade balance was -\$489.4 billion. The service sector trade surplus of \$60 billion offset nearly 11 percent of the goods trade deficit.²³

The largest service sector exports are travel and tourism, royalties and license fees, and transportation (including freight and port services).²⁴

¹ U.S. Department of Labor, Bureau of Labor Statistics, 2002–2012 Employment Projections.

² Ibid.

³ Ibid.

⁴ Berman, Jay, "Industry Output and Employment Projections to 2012." U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, February 2004.

⁵ Ibid.

⁶ Berman, Jay, "Industry Output and Employment," op. cit.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ U.S. Department of Labor, Bureau of Labor Statistics, *Career Guide to Industries, 2004-2005 Edition*.

¹¹ U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey 2003, Table 18, "Employed Persons by Detailed Industry, Sex, Race and Hispanic Ethnicity."

¹² *Career Guide to Industries*, op. cit.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey, 2003.

¹⁷ U.S. Department of Labor, Bureau of Labor Statistics, Unpublished Table A-27, Annual Averages for 2003 "Usual Weekly Earnings of Employed Full-time and Salary Workers by Detailed Industry and Sex."

¹⁸ Current Population Survey, op. cit.

¹⁹ Unpublished Table A-27. op. cit.

²⁰ BNA Plus, *Union Membership and Earnings Data Book: Compilations From the Current Population Survey, 2004 Edition*.

²¹ U.S. Bureau of Economic Analysis, U.S. International Transactions Data, 2004.

²² World Trade Organization, 2003 International Trade Statistics,

http://www.wto.org/english/res_e/statis_e/statis_e.htm

²³ Ibid.

²⁴ U.S. International Transactions Data, op. cit.

For further information on professional workers, check out DPE's Web site: www.dpeaflcio.org.

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

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