



## **THE SERVICE SECTOR: PROJECTIONS AND CURRENT STATS**

### **The Dominant Service Sector**

- The service sector will be one of the main sources of employment and output between 2006 and 2016, according to Bureau of Labor Statistics' (BLS) projections released in November 2007. Employment in the service sector will increase by 13% between 2006 and 2016, while employment in the goods-producing sector is expected to decline by 3%. Overall economy-wide employment is expected to increase by 10%.<sup>1</sup>
- The service sector includes a variety of occupations, including fire fighters, medical assistants, flight attendants and home healthcare aides.<sup>2</sup>
- The service sector employed 114.4 million people in 2006. BLS projects that in 2016, the service sector will employ 130.2 million people.<sup>3</sup>
- More than three out of four jobs (75.9%) in the U.S. economy are accounted for by the service sector. By 2016, this dominance is expected to increase, with 78.3% of total employment being accounted for by the service sector.<sup>4</sup>

### **The Service Industry: Creating Many Jobs**

- The 20 industries with the largest occupational growth between 2006 and 2016 are all in the service sector.<sup>5</sup>
- The service sector is expected to create 15.8 million jobs between 2006 and 2016. The goods-producing sector is expected to *lose* 732,000 in the same time period.<sup>6</sup>
- Within the service sector, educational services, health care and social assistance services, and professional and business services represent the industry divisions with the strongest employment growth. All three are expected to grow at an annual average rate that is double the expected rate for the economy as a whole.<sup>7</sup> Educational service is expected to add 609,000 new jobs; health and social services is expected to add 4 million new jobs; and professional and business services, 4.1 million jobs. Altogether these three sectors account for more than half the total increase in employment expected by 2016.<sup>8</sup> In 2006, about one in four jobs was in one of these three sectors.<sup>9</sup>
- The industry group expected to be the largest source of output growth in the service sector is health care and social assistance services. Jobs in this sector are projected to increase at a 2.4% annual rate, to nearly 19 million in 2016, up from about 15 million in 2006.<sup>10</sup> The health services sector is comprised mostly of health practitioners' offices, private hospitals, and nursing and residential care facilities. Combined with the social assistance sector (which

includes individual and family services, community services, vocational rehabilitation, and child day care services), this sector is expected to account for more than one out of every four new jobs created by 2016.<sup>11</sup>

- Increased demand for Internet, cable, and telecommunications services has propelled the information sector of the service industry to an expected increase in employment of nearly 7%.<sup>12</sup> The information sector continues to hold some of the fastest-growing computer-related industries like software publishing, Internet publishing and broadcasting, and wireless telecommunication carriers. Between 2006 and 2016, employment in these industries is expected to grow 32%, 41%, and 44%, respectively.<sup>13</sup>
- Educational services is also a fast-growing sector of the service industry, with jobs in this sector increasing at a 1.9% annual rate (a total increase of 17% from 2006–2016). This amounts to an increase from 2.9 million jobs in 2006 to 3.5 million in 2016.<sup>14</sup> The majority of this sector’s employment growth will be due to the rapid expansion of enrollments at postsecondary institutions, as the children of baby boomers continue to reach college age. 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.<sup>15</sup>
- The number of jobs in community and social service occupations is expected to increase by almost 23% between 2006 and 2016. Personal and homecare aides are expected to increase by about 50% each and social and human service assistants are expected to increase by almost 34% from 2006–2016. Employment of professionals and related occupations is expected to increase by nearly 17%.<sup>16</sup>

## **Offshoring High Tech Jobs and the Impact on the Service Industry**

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 2006–2016 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. The 2002–2012 projections showed a vast drop-off in the expected number of new high-tech jobs compared with the 2000–2010 projections; however, the latest projections show a slight shift in the other direction.

- In the 2006–2016 projections, seven of the 10 occupations expected to experience the largest job growth over the next decade are non-tradable service occupations that do not require a degree. Eight of 10 of the largest job growth occupations are considered low or very low-wage.<sup>17</sup>
- In the 2000–2010 employment projections, 1.5 million high-tech jobs were expected to be generated over 10 years by the seven most rapidly growing occupations. In contrast, for the 2002–2012 projections, BLS revised this estimate down to only 106,000 new high-tech jobs. For the 2006–2016 projections, the expected growth in the number of high-tech jobs (among the seven fastest-growing occupations) has rebounded slightly, to a projected 366,000.<sup>18</sup>

- In the 2000–2010 employment projections eight out of 10 of the fastest-growing occupations were in high-tech jobs; however in the 2006–2016 employment projections only two out of the 10 fastest-growing occupations were in the high-tech field.<sup>19</sup>
- 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.<sup>20</sup> Unemployment has increased in almost all occupational groups during the 2008–2009 recession. The number of unemployed white-collar workers is up 92% in the last 12 months, the steepest climb of any occupational group. Unemployment among college graduates is up 90% during the same span.<sup>21</sup> Among all workers, the number of unemployed has grown 58% in the past year. In December 2008, white-collar unemployment rose to 4.6%, up from 3% the year before. The figures still pale in comparison to the 11.3% unemployment rate for blue-collar workers.<sup>22</sup>

## **Women: Overrepresented and Underpaid**

Women constitute the majority of workers in the service industry. In 2007, 69.1% of the employees in education services were women, as were 78.7% of healthcare and social assistance workers, and nearly 76% of hospital employees.<sup>23</sup>

In 2008, women in the service sector earned a median weekly salary only 77.8% of their male counterparts.<sup>24</sup>

Women earn less than their male counterparts even in occupations where women are the vast majority. For example, in 2008, male registered nurses (who represent less than 10% of the field) earned 13.5% more than female nurses,<sup>25</sup> while male elementary and middle school teachers earned 12.4% more than their female counterparts, despite representing only 19% of the workforce in this field.<sup>26</sup>

## **Unions in the Service Sector**

In 2008, unions represented significant numbers of service sector employees, especially in education, training and library occupations, as well as protection services (43.1% and 37.1, respectively), local government employees (46.1%), and transportation and utilities (23.4%). Many of these are professional employees.<sup>27</sup>

## **Service Sector Trade is Crucial**

The United States is a net exporter of services. In 2008, services exports increased to \$544.4 billion, up from \$497.2 in 2007.<sup>28</sup>

In 2007 the United States was the largest exporter of commercial services, accounting for 14% of all global commercial service exports. This global share is almost twice that of the United Kingdom, the second largest exporter of services. In 2006, the U.S. was also the largest importer of commercial services, representing over 10% of all global commercial service imports.<sup>29</sup>

The service sector industries have become extremely important to the nation's trade balance. In 2008, the trade balance was -\$673.3 billion. The service sector trade surplus of \$139.7 billion offset about 20% of the goods trade deficit.<sup>30</sup>

The largest service sector exports are travel and tourism, royalties and license fees, and transportation (including freight and port services).<sup>31</sup>

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<sup>1</sup> “Industry Output and Employment Projections to 2016: Table I. Employment by Major Industry Sector”, U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2007.

<sup>2</sup> U.S. Department of Labor, Bureau of Labor Statistics. *Occupational Outlook Handbook, 2008–2009 Edition*, “Service Occupations”, January 2008. Available: <http://www.bls.gov/oco/oco1006.htm>

<sup>3</sup> “Industry Output and Employment Projections to 2016: Table I. Employment by Major Industry Sector”, U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2007.

<sup>4</sup> *Ibid.*

<sup>5</sup> “Occupational Outlook Handbook, 2008–2009 Edition”, U.S. Department of Labor, Bureau of Labor Statistics, January 2008.

<sup>6</sup> *Ibid.*; “Industry Output and Employment Projections to 2016: Table I. Employment by Major Industry Sector”, U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2007.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Ibid.*

<sup>9</sup> Dohm, Arlene and Lynn Shniper. “Occupational Employment Projections to 2016”, U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2007.

<sup>10</sup> *Ibid.*

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*; “Industry Output and Employment Projections to 2016: Table I. Employment by Major Industry Sector”, U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2007.

<sup>13</sup> *Ibid.*; “Occupational Outlook Handbook, 2008–2009 Edition”, U.S. Department of Labor, Bureau of Labor Statistics, January 2008.

<sup>14</sup> *Ibid.*

<sup>15</sup> *Ibid.*

<sup>16</sup> *Ibid.*; Dohm, Arlene and Lynn Shniper. “Occupational Employment Projections to 2016”, U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2007.

<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*; Hecker, Daniel. “Occupational Employment Projections to 2010”, U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, November 2001.

<sup>20</sup> U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey, (unpublished tabulations).

<sup>21</sup> Dresag, Joel. “White-collar workers hit by recession”, *Journal Sentinel*, February 15, 2009. <http://www.jsonline.com/business/39650377.html>

<sup>22</sup> Luo, Michael. “For Growing Ranks of White-Collar Jobless, Support with a touch of the Spur”, *New York Times*, January 24, 2009.

<http://www.nytimes.com/2009/01/25/us/25support.html?scp=4&sq=unemployment%20and%20professionals&st=cs>

<sup>23</sup> “Women in the Labor Force: A Databook 2007”, Table 14, U.S. Department of Labor, Bureau of Labor Statistics, September 2007.

<sup>24</sup> “Median weekly earnings of full-time wage and salary workers by detailed occupation and sex, 2008 annual averages”, U.S. Department of Labor, Bureau of Labor Statistics, *Current Population Survey*, 2009.

<sup>25</sup> *Ibid.*

<sup>26</sup> *Ibid.*

<sup>27</sup> “Union Member Summary: 2008”, U.S. Department of Labor, Bureau of Labor Statistics, *Economic News Release*, January 28, 2009.

<sup>28</sup> U.S. Bureau of Economic Analysis, U.S. International Transactions Data, 2008.

<sup>29</sup> World Trade Organization, 2007 and 2008 International Trade Statistics, Appendix Tables A8 and A9.

<sup>30</sup> U.S. International Transactions Data, op. cit.

<sup>31</sup> *Ibid.*

For further information on professional workers, check out DPE's Web site: [www.dpeaflcio.org](http://www.dpeaflcio.org).

*The Department for Professional Employees, AFL-CIO (DPE) comprises 24 AFL-CIO unions representing over 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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