Fact Sheet 2011

THE SERVICE SECTOR: PROJECTIONS AND CURRENT STATS

The service sector is a vital source of employment for professional and technical workers in the U.S. This fact sheet explores the dominant role played by the service sector in the U.S. economy; the industries and occupations with the greatest expected growth; the union difference for service sector workers; the service sector trade surplus; the impact of offshoring of high tech jobs; and the role of women in the service sector.

The Dominant Service Sector

- In 2008, more than three out of four jobs (77.2 percent) in the U.S. economy were in the service sector. By 2018, this dominance is expected to increase, with 78.8 percent of total employment in the service sector.¹ Employment of professionals and related occupations is expected to increase by nearly 16.8 percent, growing by over 5.2 million jobs.²

- The Bureau of Labor Statistics (BLS) defines the service sector to include all industries except those in the goods-producing sector like agriculture, mining, construction, and manufacturing.³ The service sector or “service-providing industry,” encompasses the industries of wholesale and retail trade, utilities, transportation, information, financial and business activities, professional and technical services, education, health care and social assistance, government, leisure and hospitality, and miscellaneous services.⁴
  - Many careers are considered part of the service sector, including managers, accountants, sales representatives, architects, computer specialists, engineers, scientists, therapists, social workers, lawyers, teachers, artists, athletes, reporters, dentists, nurses, electricians, mechanics, airplane pilots, chefs, and firefighters.

- The service sector will be the main source of employment and output between 2008 and 2018, according to BLS projections released in November 2009. “Output” is “the quantity of goods or services produced, in a given time period, by a firm, industry, or country.”⁵ Employment in the service sector will increase over 12 percent between 2008 and 2018, while employment in the goods-producing sector is not expected to increase. Overall, economy-wide employment is expected to increase by 10 percent.⁶

- The service sector employed 112.8 million people (seasonally adjusted)⁷ as of March 2011.⁷ BLS projects that by 2018, the service sector will employ 131.1 million people.⁸

The Service Industry: Creating Jobs

- The 10 occupations with the largest projected growth, in the number of jobs, between 2008 and 2018 are in the service sector.⁹ In fact, 29 of the top 30 occupations with the largest rate

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¹ Seasonal adjustment attempts to remove seasonal variations from the data.
of growth are in the service sector. The top 30 occupations with the fastest projected rate of growth are in the service sector.\textsuperscript{10}

- In the service sector, education services, health care and social assistance services, and professional and business, are the industry divisions with the strongest employment growth. All three are expected to grow at an annual average rate that is more than double the expected rate for the economy as a whole.\textsuperscript{11} In 2018, over one in four jobs will be in one of these three industries.\textsuperscript{12}

- The educational services industry is expected to add 805,500 new jobs. “Educational services” is defined to include “private education at elementary and secondary schools, colleges, and training centers.”\textsuperscript{13} The local government educational services industry is expected to add 652,700 jobs and the state government educational services industry is expected to add 225,000 jobs.\textsuperscript{14} Thus, the education sector is expected to add nearly 1.7 million jobs by 2018.

- Health and social services is expected to add nearly 4 million new jobs.\textsuperscript{15} “Advances in medical technology and the increasing population of the elderly, whose health care needs are greater than average, are expected to drive growth.”\textsuperscript{16} Between 2008 and 2018, “employment in community and social services occupations is projected to increase by 16 percent, growing by roughly 448,400 jobs. As health insurance providers increasingly cover mental and behavioral health treatment, and as a growing number of elderly individuals seek social services, demand for these workers will increase.”\textsuperscript{17}

- Professional and business services are expected to add 4.2 million jobs.\textsuperscript{18} “Business demand for consultants, sophisticated computer networks, and a variety of employment services to address complex business issues is expected to generate much of the demand.”\textsuperscript{19}

- The industry group expected to be the largest source of output growth in the service sector is information services.\textsuperscript{20} Output in this sector is projected to increase 5.4 percent per year, to nearly $2.3 trillion in 2018, up from about $1.2 trillion in 2008.\textsuperscript{21} “However, employment in the information sector is projected to grow at an average annual rate of only 0.4 percent, which is lower than the expected growth rate of total employment.”\textsuperscript{22}

- Top five industries projected to add the most professional and technical jobs from 2008 to 2018:\textsuperscript{23}
  1. Management, scientific, and technical consulting services: 835,200 added jobs;
  2. Computer systems design and related services: 656,400;
  3. General local government educational services: 652,700;
  4. Nursing and residential care facilities: 636,800; and
  5. Employment services: 599,700.

- Top five industries projected to be the fastest-growing (highest average annual rates of change) for professional and technical workers from 2008 to 2018:\textsuperscript{24}
  1. Management, scientific, and technical consulting services: 6.2% increase;
  2. Other (miscellaneous) education services: 4.5%;
  3. Individual and family services: 4%
  4. Specialized design services (data processing, information services, and computer systems design): 3.8% increase in all three; and
  5. Outpatient, laboratory, and other ambulatory care services: 2.8%.
• Top five occupations projected to add the most professional and technical jobs from 2008 to 2018:\textsuperscript{25}
  1. Registered nurses: 581,500 added jobs;
  2. Accountants and auditors: 279,400;
  3. Postsecondary teachers: 256,900;
  4. Elementary school teachers, except special education: 244,200; and

• Top five occupations projected to be the fastest-growing (highest percent of change) for professional and technical workers from 2008 to 2018:\textsuperscript{26}
  1. Biomedical engineers: 72\% increase;
  2. Network systems and data communications analysts: 53\%;
  3. Financial examiners: 41\%;
  4. Medical scientists, except epidemiologists: 40\%; and
  5. Physician assistants: 39\%.

Unions in the Service Sector

In 2010, unions represented a significant number of service sector employees, especially in education, training, and library occupations (37.1 percent), protection services (34.1 percent), and local government (42.3 percent).\textsuperscript{27} Many of these are professional employees.

The median weekly earnings of full-time wage and salary union members in the service sector are greater than those for non-union workers in most occupations, including:\textsuperscript{28}

  • Protective services occupations: $366 more per week for union than non-union workers;
  • Community and social services occupations: $221 more per week;
  • Education, training, and library occupations: $212 more per week;
  • Office and administrative support occupations: $155 more per week.
  • Legal occupations: $130 more a week;
  • Life, physical, and social science occupations: $128 more per week;
  • Health care practitioner and technical occupations: $128 more per week; and

Service Sector Trade is Crucial

The United States is a net exporter of services. In 2010, services exports increased to $545.5 billion, up from $488.3 billion in 2007.\textsuperscript{29} The largest service sector exports are travel\textsuperscript{b} and tourism, royalties and license fees (including patents, trade secrets, and other proprietary rights used in connection with the production of goods, copyrights, trademarks, rights to broadcast live events, software licensing, and other intellectual property rights), and transportation (including freight and port services).\textsuperscript{30}

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\textsuperscript{b}“Travel: These accounts cover purchases of goods and services by U.S. persons traveling abroad and by foreign travelers in the United States for business or personal reasons. These goods and services include food, lodging, recreation, gifts, entertainment, local transportation in the country of travel, and other items incidental to a foreign visit. U.S. travel transactions with both Canada and Mexico include border transactions, such as day trips for shopping and sightseeing.”
In 2009, the United States was the largest exporter of commercial services, accounting for 14.2 percent of all global commercial service exports.\textsuperscript{31} This global share is almost twice that of the United Kingdom, the second largest exporter of services. In 2009, the U.S. was also the largest importer of commercial services, representing 11 percent of all global commercial service imports.\textsuperscript{32}

The service sector industries have become extremely important to the nation’s trade balance. In 2010, the U.S. trade deficit was $495.7 billion. The service sector had a trade surplus of $152.4 billion, which offset about 23.4 percent of the goods trade deficit.\textsuperscript{33}

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

In the 2008–2018 employment projections, only two out of the 10 fastest-growing occupations were in the high-tech field.\textsuperscript{34} This may be due to the increasing exodus of highly skilled jobs overseas.\textsuperscript{35}

- In the 2008–2018 projections, 24 of the top 30 occupations with the largest growth in the decade are non-tradable service occupations.\textsuperscript{c} Of those, **only four require college degrees.** More than half the top 30 occupations with the largest job growth are considered low or very low-wage employment.\textsuperscript{36} Among the top 30 fastest growing occupations, 20 are non-tradable service occupations with **nine requiring a college degree.**\textsuperscript{37}

- The 2008–2018 projections anticipate growth in high-tech jobs.\textsuperscript{38} The computer systems design and related service industry is expected to gain 656,400 new jobs and management, scientific, and technical consulting service industries are expected to gain 835,200 new jobs.\textsuperscript{39} Jobs for computer specialists are projected to increase 22.3 percent (762,700 new jobs) and a smaller increase, 11.4 percent (178,300 new jobs), is expected for engineers.\textsuperscript{40}

- However, U.S. information technology (IT) jobs are increasingly being outsourced to developing countries. In 2010, “some Indian IT leaders estimate that 350,000 U.S. jobs have moved to India over the past decade, but American outsourcing experts say that number may be much higher.”\textsuperscript{41} Outsourcing is taking its toll. As of March 2011, the information service industry has a 7.6 percent unemployment rate, and the professional and business services industries have a 10 percent unemployment rate.\textsuperscript{42} These unemployment rates are very high for these industries.

- In 1990, the Department of Labor (DOL) estimated that there were 565,000 computer programmers in the U.S. and projected that this would be an area of significant growth.\textsuperscript{43} Today, there are 427,000 computer programmers in the U.S. and among those are “thousands of H-1B guest workers – foreign nationals brought in by American companies under immigration law to do programming, usually at much lower pay and benefits.”\textsuperscript{44}

\textsuperscript{c} Non-tradable service occupation is a service-providing career or job that can only be performed in person and requires some sort of action (or actions) that usually causes an immediate result for those acquiring the specific service. Examples include waiters, police officers, plumbers, dentists, and many others.
Women: Overrepresented and Underpaid

Women constitute a majority of the workers in the service industry. In 2009, women accounted for: 78.2 percent of the library and archive employees; 69.4 percent of the employees in education services; 62.7 percent of accounting services (including tax preparation, bookkeeping, and payroll services); 63.8 percent of banking activities; 66 percent of management companies and enterprises; 79.3 percent of health care and social assistance workers; 77 percent of hospital employees; and 70.7 percent of administration of human resource programs.

In 2010, women in the service sector earned a median weekly salary that was only 77.9 percent of their male counterparts.

Women even earn less than their male counterparts in occupations where women comprise a majority of workers. For example, in 2010, male registered nurses (who make up about 13 percent of the workers) earned 13.5 percent more than female nurses. Male elementary and middle school teachers earned 9.1 percent more than their female counterparts, despite making up only 19.2 percent of the workforce in this field.

8 “Industry Output and Employment Projections to 2018: Table 2.1. Employment by Major Industry Sector.”
11 “Industry Output and Employment Projections to 2018: Table 2.1. Employment by Major Industry Sector.”
13 Ibid.
14 Ibid. p. 65.
15 Ibid. p. 56.
16 Ibid. p. 56.
17 “Overview of the 2008-18 Projections.”
18 Ibid. p. 55
19 Ibid. p.55
21 Ibid.
22 Woods, Rose A., p. 61
25 “Occupational Employment Projections to 2018: Table 1.4. Occupations with the largest job growth.”
26 “Occupational Employment Projections to 2018: Table 1.3. Fastest growing occupations.”
31 “Trade in commercial services,” The Economist, April 15, 2010. Available at: http://www.economist.com/node/15912933
33 “Trade in Goods and Services, 1992-present.”
34 “Occupational Employment Projections to 2018: Table 1.3. Fastest growing occupations.”
36 “Occupational Employment Projections to 2018: Table 1.4. Occupations with the largest job growth.”
37 “Occupational Employment Projections to 2018: Table 1.3. Fastest growing occupations.”
38 “Overview of the 2008-18 Projections.”
40 “Occupational Employment Projections to 2018: Table 1.2. Employment by occupation.”
44 Ibid.
The Department for Professional Employees, AFL-CIO (DPE) comprises 23 AFL-CIO unions representing over four million people working in professional and technical 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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For further information on professional workers, check DPE’s website: www.dpeaflcio.org.