

Trends Alert May 6, 2003

New NAICS Job Data Means a New Way of Looking at the Washington Economy

The new North American Industry Classification System has been implemented and it provides a new slate for understanding job data by sector. Since 1939 job data has been reported by SIC code – Standard Industrial Classification code.

In 1992, the U.S. Office of Management and Budget established the Economic Classification Policy Committee – chaired by BEA and joined by BLS and the Census Bureau – to conduct a “fresh slate” examination of SIC and to design an improved conceptual framework for industrial classification. The effort was initiated because of several concerns and issues:

- The lack of internal consistency in SIC;
- SIC’s over emphasis on manufacturing;
- SIC’s under emphasis on services;
- SIC’s inability to cope with high technology and other emerging industries; and
- The need imposed by the North American Free Trade Agreement which mandated consistency in data collection among the participating countries.

The resulting product is NAICS (pronounced “nakes”). It is not a simple revision or rearrangement of SIC but a very different concept and classification.

The new NAICS means that watchers of job data for the Washington region will have to think a little differently about the makeup of the economy. As of the late March release of monthly job data from BLS, the data are now and going forward available only in the NAICS system. To make historical trends for job sectors, the BLS data has been converted to NAICS going back to 1990 for the region (and for all other metropolitan areas as well).

NAICS was developed to achieve several broad purposes. One was to shift the emphasis of the classification system to the rapidly growing services sectors. This is especially important and meaningful for the Washington area since the region’s economy is heavily service oriented. Another was to include a number of emerging and high tech industries. There is now an “Information” sector, as well as wireless telecommunications, software publishing and Internet service providers on the NAICS list.

The Table below shows the breakdown of jobs in the region for the year 2000 for the Washington area in both systems.

Comparison of SIC and NAICS Washington PMSA - 2000

SIC		NAICS	
Construction, Mining	151,800	Construction, Mining	154,200
Manufacturing	101,100	Manufacturing	84,200
TCPU	134,800	Trade, Transportation and Utilities	396,800
Trade	495,400	Information	128,200
FIRE	149,200	Financial Activities	148,600
Services	1,126,700	Professional & Business Services	572,100
Government	598,300	Education & Health Services	292,500
Federal	333,100	Leisure & Hospitality	225,400
TOTAL	2,758,500	Other Services	157,700
		Government	598,300
		Federal	333,100
		TOTAL	2,758,500

In addition to significant reclassification of certain economic activities, the BLS data now available monthly using NAICS provide a richer and deeper look at the Washington economy. Some of the key new looks at the Washington economy provided by NAICS:

- The new “Information” supersector describes an important part of the Washington economy. Over the last ten years it has grown by almost 36 percent from 86,100 jobs to 116,900. This supersector is further broken down into some key subsectors: Publishing, Broadcasting, Telecommunications, and Internet Service Providers. The fastest growing of these in Washington over the last ten years was Internet Service Providers which grew from 12,100 jobs in 1993 to 25,400 in 2002 (+ 110%).
- Washington’s economy has never had as much manufacturing activity relative to the national economy and this is even truer under NAICS. The newly defined manufacturing sector for Washington over the last ten years has remained essentially flat – 76,000 jobs in 1993 and 76,800 in 2002. One of the activities that has been reclassified to make this a smaller sector is Publishing, which is now included in the NAICS Information supersector. As of 2002 Manufacturing represented only 2.7 percent of the region’s economy.
- The Construction sector grew rapidly over the decade from 103,400 jobs in 1992 to 167,000 jobs in 2002 – an increase of 63.6 percent.

- The very large Services sector in the SIC system has been defined in much greater detail under NAICS. There are now four services supersectors: Professional and Business Services, Education and Health Services, Leisure and Hospitality, and Other Services. These four supersectors combined accounted for 1,268,400 jobs in 2002 – 45 percent of the region’s economy. Within each of these four supersectors greater detailed categories are available with NAICS.
- The largest of the four supersectors is Professional and Business Services which had 578,700 jobs in 2002 and grew by 176,400 jobs in the last ten years, which was almost 38 percent of total job growth in the region. Within this supersector job data are available for fifteen (15) sectors and subsectors. Rapidly growing subsectors were Computer Systems Design and Related (+53,900, +82.2%), Management, Scientific and Technical Consulting Services (+22,600, +64.6%), Employment Services (+22,400, +92.9%), and Investigative and Security Services (+12,000, +96.8%).
- Education and Health Services had 296,600 jobs in 2002 and grew faster than the economy as a whole with growth of 28.9 percent over the last ten years.
- Leisure and Hospitality is now discretely recognized in NAICS. At 230,900 jobs in 2002, it represents 8.2 percent of all jobs. The sector grew by 25 percent over the last ten years.
- The Other Services supersector includes Repair and Maintenance Services, Personal and Laundry Services, and of significance for the Washington economy the subsector of Membership Associations and Organizations. The Membership Associations subsector had 110,300 jobs in 2002, and grew by 32 percent over the last ten years.

The spreadsheet below shows all the detail now available with NAICS for the Washington region with the job data for 1993 and 2002.

The Washington Economy By NAICS					
The Last 10 Years (1992 - 2002 Annual Data)					
		(000s)	(000s)	(000s)	%
Supersector	Industry Sector / Subsectors	1992	2002	Change	Change
Construction & Mining		104.4	168.2	63.8	61.1%
	Construction	103.4	167.0	63.6	61.5%
	Construction of Buildings	26.2	41.5	15.3	58.4%
	Heavy & Civil Engineering Construction	14.5	20.0	5.5	37.9%
	Specialty Trade Contractors	62.6	105.5	42.9	68.5%
	(Balance of Constr. & Mining)	1.0	1.2	0.2	20.0%

Supersector	Industry Sector / Subsectors	1992	2002	Change	Change
Manufacturing		75.8	76.8	1.0	1.3%
Trade, Transportation, & Utilities		345.8	396.9	51.1	14.8%
Wholesale Trade		57.1	67.7	10.6	18.6%
	Prof. & Comm. Equipment & Supplies	16.5	18.0	1.5	9.1%
	(Balance of Wholesale Trade)	40.6	49.7	9.1	22.4%
Retail Trade		223.5	261.7	38.2	17.1%
	Motor Vehicles and Parts	28.2	33.8	5.6	19.9%
	Building Mat. & Garden Eq & Supplies	14.0	19.5	5.5	39.3%
	Food & Beverage Stores	37.7	47.2	9.5	25.2%
	Health & Personal Care Stores	14.3	14.2	-0.1	-0.7%
	Gasoline Stations	14.7	13.7	-1.0	-6.8%
	Clothing & Accessories Stores	28.2	26.8	-1.4	-5.0%
	General Merchandise Stores	41.4	46.3	4.9	11.8%
	(Balance of Retail Trade)	45.0	60.2	15.2	33.8%
Transportation & Utilities		65.1	67.5	2.4	3.7%
	Utilities	10.9	9.3	-1.6	-14.7%
	Transportation & Warehousing	54.2	58.2	4.0	7.4%
	Air Transportation	13.1	15.5	2.4	18.3%
	Scheduled Air Transportation	12.9	15.3	2.4	18.6%
	(Balance of Air Transp.)	0.2	0.2	0.0	0.0%
	Truck Transportation	9.2	11.4	2.2	23.9%
	Couriers & Messengers	9.2	10.3	1.1	12.0%
	Warehousing & Storage	7.5	7.2	-0.3	-4.0%
	(Balance of Transp. & Warehousing)	15.2	13.8	-1.4	-9.2%
Information		86.1	116.9	30.8	35.8%
	Publishing	26.7	31.8	5.1	19.1%
	Broadcasting	6.7	10.0	3.3	49.3%
	Telecommunications	33.9	39.6	5.7	16.8%
	Internet Svc Providers and DP	12.1	25.4	13.3	109.9%
	(Balance of Information Industry)	6.7	10.1	3.4	50.7%
Financial Activities		128.0	152.0	24.0	18.8%
	Finance & Insurance	81.2	100.0	18.8	23.2%
	Credit Intermediation & Related	42.5	52.0	9.5	22.4%
	Depository Credit Intermediation	27.8	25.2	-2.6	-9.4%
	(Balance of Intermediation-Related)	14.7	26.8	12.1	82.3%
	Insurance Carriers & Related	28.5	30.7	2.2	7.7%
	Funds, Trusts & Other Fin. Vehicles	2.6	6.1	3.5	134.6%
	Insurance & Empl. Benefit Funds	2.3	5.7	3.4	147.8%
	(Balance of Fin. & Ins.)	5.3	5.5	0.2	3.8%
	Real Estate & Rental & Leasing	46.7	52.0	5.3	11.3%
	Real Estate	35.9	39.1	3.2	8.9%
	(Balance of R.E. & Leasing Related)	10.8	12.9	2.1	19.4%

Supersector	Industry Sector / Subsectors	1992	2002	Change	Change
Professional and Business Services		388.0	578.7	190.7	49.1%
	Professional, Scientific & Tech Services	256.8	375.7	118.9	46.3%
	Legal	42.0	51.5	9.5	22.6%
	Accounting, Bookkeeping	19.3	23.6	4.3	22.3%
	Architectural, Engineering & Related Svcs	40.8	52.4	11.6	28.4%
	Computer Systems Design & Related	65.6	119.5	53.9	82.2%
	Management, Scien. & Tech. Consulting Svcs	35.0	57.6	22.6	64.6%
	Scientific R & D Services	31.6	43.7	12.1	38.3%
	Advertising & Related	10.7	13.3	2.6	24.3%
	(Balance of Professional Services)	11.8	14.1	2.3	-2.4
	Management of Companies & Enterprises	22.2	28.5	6.3	28.4%
	Administrative & Support & Waste Mgmt & Remediation	108.9	174.6	65.7	60.3%
	Administrative & Support	104.6	167.7	63.1	60.3%
	Employment Services	24.1	46.5	22.4	92.9%
	Business Support Services	7.6	13.6	6.0	78.9%
	Investigative & Security Services	12.4	24.4	12.0	96.8%
	Services to Buildings & Dwellings	40.8	57.6	16.8	41.2%
	(Balance of Admin & Support)	19.7	25.6	5.9	29.9%
Education and Health Services (65000000)		224.5	296.6	72.1	32.1%
	Educational Services	55.3	72.7	17.4	31.5%
	Elementary & secondary Schools	13.2	17.5	4.3	32.6%
	Colleges, universities & Professional Schools	32.3	40.9	8.6	26.6%
	(Balance of Educational Services)	9.8	14.3	4.5	45.9%
	Health Care & Social Assistance	169.1	224.0	54.9	32.5%
	Ambulatory Health Care	55.1	80.0	24.9	45.2%
	Hospitals	62.0	66.5	4.5	7.3%
	Nursing & Residential Care Facilities	26.5	37.9	11.4	43.0%
	Social Assistance	25.3	39.5	14.2	56.1%
Leisure & Hospitality (70000000)		181.7	230.9	49.2	27.1%
	Arts, Entertainment & Recreation	20.9	34.0	13.1	62.7%
	Accommodation & Food Services	160.9	196.9	36.0	22.4%
	Accommodation	37.4	40.3	2.9	7.8%
	Food Services & Drinking Places	123.4	156.7	33.3	27.0%
Other Services		122.5	162.2	39.7	32.4%
	Repair & maintenance	15.1	20.6	5.5	36.4%
	Personal & Laundry	26.1	31.3	5.2	19.9%
	Membership Associations and Organizations	81.1	110.3	29.2	36.0%
	Civic & Social Organizations	8.4	10.3	1.9	22.6%
	Professional and similar organizations	40.9	45.8	4.9	12.0%
	(Balance of Membership Organizations)	31.8	54.2	22.4	70.4%
Government		632.0	620.2	-11.8	-1.9%
	Federal Government	390.6	340.5	-50.1	-12.8%
	State & Local Government	241.4	279.7	38.3	15.9%
TOTAL EMPLOYMENT		2,289.0	2,799.5	510.5	22.3%
Source: US Bureau of Labor Statistics, GMU Center for Regional Analysis					