

Part II--Proposed New Industry Structure for Educational Services

Section A--NAICS Structure

North American Industry Classification System

(NAICS)

Agreement Number 12

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following subsector:
Educational Services

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

ATTACHMENT 1--NAICS STRUCTURE

XX	Educational Services
XXX	Elementary and Secondary Schools
XXXX	Elementary and Secondary Schools
XXX	Junior Colleges
XXXX	Junior Colleges
XXX	Colleges, Universities, and Professional Schools
XXXX	Colleges, Universities, and Professional Schools
XXX	Business, Computer and Management Training Schools
XXXX	Business and Secretarial Schools
XXXX	Computer Training Schools
XXXX	Professional and Management Development Training Schools
XXX	Technical and Trade Schools
XXXX	Technical and Trade Schools
XXX	Miscellaneous Schools and Instruction

XXXX	Fine Arts Schools
XXXX	Athletic Instruction
XXXX	Language Schools
XXXX	Other Miscellaneous Schools and Instruction
XXX	Educational Support Services
XXXX	Educational Support Services

Attachment 2--North American Industry Classification System

Draft Classification for:
Educational Services

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.

This draft classification applies to the subsector Educational Services. This subsector is subdivided into 7 industry groups and 12 industries.

A General Outline

Educational services industries provide instruction and training in a wide variety of subjects. The industry groups within this subsector (Elementary and Secondary Schools; Junior Colleges; Colleges, Universities, and Professional Schools; Business, Computer and Management Training Schools; Technical and Trade Schools; Miscellaneous Schools and Instruction; and Educational Support Services) are based on the level of educational services provided, and therefore on the level and types of training that are required of the instructors and teachers.

The Elementary and Secondary Schools industry group includes establishments that furnish courses that comprise each country's basic preparatory education. Included are parochial schools and military academies furnishing basic preparatory academic courses and secondary schools that furnish both academic and technical courses.

Junior Colleges furnish academic or academic and technical courses and grant associate or equivalent academic degrees, diplomas, or certificates that are below the college or university level. This grouping includes community colleges that offer associate degrees. The requirement for admission to an associate or equivalent degree program is at least a high school diploma or equivalent general academic training. Schools having junior college grades in conjunction with secondary grades are classified in Elementary and Secondary Schools.

Colleges, Universities, and Professional Schools furnish academic courses and grant academic degrees at the baccalaureate or postgraduate level. The requirement for admission is at least a high school diploma or equivalent general academic training.

Business, Computer and Management Training Schools include establishments that provide training in business, secretarial, computer, and related fields. This industry group contains three industries. Business and Secretarial Schools offer courses in office procedures and secretarial and stenographic skills and may offer courses in basic computer skills, word processing, spreadsheet, and desktop publishing. In addition, they offer such classes as office machine operation, reception, communications, and other skills designed for individuals

pursuing a clerical or secretarial career or a career in court reporting. Colleges of business within universities are excluded. The Computer Training Schools industry reflects the increasing demand for on-site and specialized computer training. Establishments included in this industry conduct training on all phases of computer activities including computer programming, software packages, computerized business systems, computer electronics technology, computer operations, and local area network management. Establishments that design custom computer systems and then provide training in the use of these custom systems are excluded; these establishments are included in the Professional, Scientific and Technical Services subsector. Professional and Management Development Training Schools include establishments that offer an array of short duration courses and seminars for career development. These establishments may customize or modify their courses to meet the special needs of customers. The courses typically focus on executive management and professional development and may be provided directly to individuals or through employers' training programs. The courses may be offered on-site or off-site.

Technical and Trade Schools provide training in a wide variety of technical subjects and trades. Because the nature of technical training varies so widely among the three countries, only one NAICS 4-digit industry is defined within this industry group. Each country may provide national industry detail below the NAICS industry level to reflect technical and trade schools found within each country.

The Miscellaneous Schools and Instruction industry group includes 4-digit industries for Fine Arts Schools, Athletic Instruction, and Language Schools. Fine Arts Schools include art schools, drama schools, music schools, professional dance schools, other dance schools and studios. However, schools that offer high school diplomas or academic degrees are placed in the other appropriate industry groups, even if they specialize in fine arts. Athletic Instruction includes establishments that provide training in athletic activities such as baseball, basketball, golf, martial arts, and skiing. Language Schools are establishments that teach foreign languages. They are designed to offer language instruction ranging from conversational skills for personal enrichment to intensive training courses for career or educational opportunities. Skills taught by these establishments may include speaking, reading, and writing in another language.

Educational Support Services include educational consultants, educational test development and evaluation services, educational testing services, student exchange programs, educational curriculum development, and other non-instructional services that support educational processes or systems. Establishments primarily engaged in providing job training for the unemployed, underemployed, persons with disabilities, and persons who have a job market disadvantage because of a lack of education, job skills, or experience are classified in the Health and Social Assistance sector.

Limitations and Constraints of the Classification

Defining educational services industries that are economically significant and homogeneous was often difficult due to lack of data. Some industries that were considered when establishing NAICS industries for educational services are either too small or not specialized in all three countries, for example correspondence schools. It is not possible to use the proposed system to identify specific fields of study because many establishments offer a wide range of courses. Further, it is not possible to differentiate career-oriented training from training taken for personal development as many types of establishments provide both kinds of training.

The way activities are defined in establishments differs in the three countries, preventing the establishment of additional NAICS industries. For example, in Mexico there are separate establishments that provide special educational instruction for elementary and secondary school students with learning disabilities while in the United States and Canada, special educational instruction is generally provided by schools serving all students. Also in the United States, establishments providing trade apprenticeship training are separately identifiable, whereas in the other countries this type of training generally occurs “on the job.”

Changes were required in each country’s national classification to reach international comparability. The production principle was applied whenever these changes were required.

Relationship to ISIC

Most 4-digit NAICS industries in this sector are contained within Division 80, Education, of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. Therefore, data tabulated using NAICS also can be tabulated according to ISIC with the following exceptions: (1) Informal education activities below kindergarten (or preschool in Mexico) are often combined with day-care, and are classified with the Child Day-care industry in the NAICS subsector for Social Assistance and (2) NAICS classifies athletic instruction in Educational Services, but ISIC classifies it in 924, Sporting and Other Recreational Activities. There are five 4-digit industries covering educational services in ISIC while NAICS is more detailed, providing for twelve industries. The NAICS industries for Junior Colleges and Colleges, Universities, and Professional Schools are directly comparable to ISIC industry, 8030, Higher Education. In ISIC, Elementary and Secondary Schools are separate industries, while in NAICS they are combined, because in the U.S. data on schools are usually collected from school systems that operate both levels.

Some Changes to National Classification

In Canada CSIC 8521, Post-Secondary Non-University Education, has been split into Junior Colleges, Business and Secretarial Schools, Computer Training, Technical and Trade Schools, and Fine Arts Schools. Aviation Schools have been moved out of CSIC 4513, Non-Scheduled Air Transport Specialty Industry, to this subsector because they primarily provide instruction, even though aircraft may be required in some portions of the instruction process. Sports instruction has been moved out of CSIC 96, Amusement and Recreational Service

Industries, and becomes NAICS industry, Athletic Instruction. CSIC 8599, Other Educational Services, has been split into Language Schools, Other Miscellaneous Instruction and Educational Support Services. Two industries have been moved from Educational Service Industries. These are CSIC 8541, Library Services, to the new Information sector, and CSIC 8551 Museums and Archives, to the new Museums, Historical Sites and Similar Institutions subsector. Both will be published separately.

The Mexican CMAP groups 9211, Education Services (Private), and CMAP 9212, Education Services (Public), are combined in the NAICS Educational Services subsector. The NAICS Educational Services subsector does not distinguish between establishments in the private and public sectors. Mexico will make this distinction in its national detail. The only activities that came from another CMAP subsector are athletic instruction and educational support services.

For the United States, cosmetology and barber schools moved into Educational Services from 1987 SIC's 7231, Beauty Shops, and 7241, Barber Shops. Dance schools move into Educational Services from 1987 SIC 7911, Dance Studios, Schools, and Halls. A dancing school is not closely related to a ballroom, though both may have dance floors. Athletic instruction moves from 1987 SIC 7999, Amusement and Recreation Services, Not Elsewhere Classified, to Educational Services. Libraries, 1987 SIC 8231, have been moved from Educational Services to the new Information sector, to be published separately.

Achievement of Objectives

The classification meets the objectives for the North American Industry Classification System (NAICS). It is comprised of industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. In the main, the hierarchical structure of the classification also follows the production concept.

The classification achieves comparability for the three participating countries. All countries agree on the detailed definitions of the industries. However, each country will use terminology that reflects its own educational system.

Other objectives of the NAICS project have also been met. New industries have been added to reflect trends in adult education and professional training.

The industries are highly specialized and economically significant. This enhances the classification's suitability for sampling and other aspects of survey operations. Finally, disruptions to time series, while they exist, have been minimized and generally result from subdividing existing "not elsewhere classified" industries. The major changes are well-defined and can be taken into account in linking time series.

Section B-Annex: United States National Industry Detail

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part II, Section A--Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification,

thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part II of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry R-revised industry; and * means “part of”. The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description	Status code	1987 SIC code	1987 SIC description
XX Educational Services			
XXX Elementary and Secondary Schools			
XXXX Elementary and Secondary Schools	E	8211	Elementary and Secondary Schools
XXX Junior Colleges			
XXXX Junior Colleges	E	8222	Junior Colleges and Technical Institutes
XXX Colleges, Universities, and Professional Schools			
XXXX Colleges, Universities, and Professional Schools	E	8221	Colleges, Universities, and Professional Schools
XXX Business, Computer, and Management Training Schools			
XXXX Business and Secretarial Schools	E	8244	Business and Secretarial Schools
XXXX Computer Training Schools	E	8243	Data Processing Schools
XXXX Professional and Management Development Training Schools	N	*8299	Schools and Educational Services, Not Elsewhere Classified (professional and management development training)
XXX Technical and Trade Schools			
XXXX Technical and Trade Schools			
XXXXX Cosmetology and Barber Schools	N	*7231	Beauty Shops (beauty and cosmetology schools)
		*7241	Barber Shops (barber colleges)
XXXXX Vocational and Technical Schools	N	*8249	Vocational Schools, Not Elsewhere Classified (vo-tech schools, except high schools)
XXXXX Aviation and Flight Training	N	*8249	Vocational Schools, Not Elsewhere Classified (aviation schools, excluding flying instruction)

			*8299	Schools and Educational Services, Not Elsewhere Classified (flying instruction)
XXXXX	Apprenticeship Training	N	*8249	Vocational Schools, Not Elsewhere Classified (vocational apprenticeship training)
XXXXX	Other Technical and Trade Schools	N	*8249	Vocational Schools, Not Elsewhere Classified (except vo-tech schools, aviation and flight training, apprenticeship training, and driving schools)
XXX	Miscellaneous Schools and Instruction			
XXXX	Fine Arts Schools	N	*8299	Schools and Educational Services, Not Elsewhere Classified (art, drama, and music schools)
			*7911	Dance Studios, Schools, and Halls (dance instructors, and professional and other dance schools)
XXXX	Athletic Instruction	N	*7999	Amusement and Recreation Services, Not Elsewhere Classified (baseball, basketball, bowling, gymnastic, judo, karate, parachute, scuba and skin diving, skating, ski, swimming, tennis, and other sports instruction; and sports instructional schools and camps)
XXXX	Language Schools	N	*8299	Schools and Educational Services, Not Elsewhere Classified (language schools)
XXXX	Other Miscellaneous Schools and Instruction			
XXXXX	Exam Preparation and Tutoring	N	*8299	Schools and Educational Services, Not Elsewhere Classified (exam preparation and tutoring)
XXXXX	Automobile Driving Schools	N	*8249	Vocational Schools, Not Elsewhere Classified (truck driving schools)
			*8299	Schools and Educational Services, Not Elsewhere Classified (automobile driving instruction)
XXXXX	All Other Miscellaneous Schools and Instruction	N	*8299	Schools and Educational Services, Not Elsewhere Classified (except professional and management training, aviation and flight training, fine arts schools, language schools, exam preparation and tutoring, automobile driving schools, and educational support services)
XXX	Educational Support Services			

XXXX	Educational Support Services	N	*8299	Schools and Educational Services Not Elsewhere Classified (except instruction)
			*8748	Business Consulting Services, Not Elsewhere Classified (educational test development and evaluation services, educational testing services, and educational consultants)

TABLE 2

The abbreviation “pt” means “part of” @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry.

1987 SIC code	1987 SIC description	1997 U.S. description
7231@	Beauty Shops	
	Beauty Shops	Beauty Shops (Included in Consumer Services subsector)
	Beauty and Cosmetology Schools	Cosmetology and Barber Schools (pt.)
7241	Barber Shops	
	Barber Shops	Barber Shops (Included in Consumer Services subsector)
	Barber Colleges	Cosmetology and Barber Schools (pt.)
7911@	Dance Studios, Schools, and Halls	
	Dance Studios and Halls	Miscellaneous Operators of Sports and Recreation Facilities (Included in Recreation, Amusement, and Gambling subsector)
	Dance Schools	Fine Arts Schools (pt.)
7999	Amusement and Recreation Services, Not Elsewhere Classified	Athletic Instruction
8211	Elementary and Secondary Schools	Elementary and Secondary Schools
8221	Colleges, Universities, and Professional Schools	Colleges, Universities, and Professional Schools
8222	Junior Colleges and Technical Schools	Junior Colleges
8231	Libraries	Libraries and Archives (Included in Information subsector)
8243	Data Processing Schools	Computer Training Schools
8244	Business and Secretarial Schools	Business and Secretarial Schools
8249@	Vocational Schools, Not Elsewhere Classified	
	Trade Schools	Apprenticeship Training
	Truck Drivers Schools	Automobile Driving Schools (pt.)

	Aviation Schools	Aviation and Flight Training (pt.)
	Vocational Schools	Vocational and Technical Schools
	Other Technical and Trade Schools	Other Technical and Trade Schools
8299@	Schools and Educational Services, Not Elsewhere Classified	
	Flying Instruction	Aviation and Flight Training (pt.)
	Automobile Driving Instruction	Automobile Driving Schools (pt.)
	Curriculum Development, Educational	Educational Support Services (pt.)
	Exam Preparation and Tutoring	Exam Preparation and Tutoring
	Art Schools	Fine Arts Schools (pt.)
	Language Schools	Language Schools
	Personal Development Schools	Professional and Management Development Training (pt.)
	All Other Schools and Educational Services, Not Elsewhere Classified	All Other Miscellaneous Instruction
8748@	Business Consulting Services, Not Elsewhere Classified	Educational Support Services (pt.)

Description of Changes to the U.S. System

Educational Services - Thirteen new industries are added to the 1997 industry structure for this industry subsector. Most of these new industries have been formed by breaking apart old Not Elsewhere Classified (NEC) industries in the 1987 U.S. SIC. New industries are as follows:

Professional and Management Development Training Schools from part of 1987 SIC 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

Cosmetology and Barber Schools from part of 1987 SIC 7231, Beauty Shops, and 1987 SIC 7241, Barber Shops. This was moved to this sector because the primary activity is education, even though these schools give hair cuts.

Vocational and Technical Schools from part of 1987 SIC 8249, Vocational Schools, NEC. This new industry was created because it had a unique production function.

Aviation and Flight Training from parts of 1987 SIC 8249, Vocational Schools NEC, and 1987 Industry Code 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

Apprenticeship Training from part of 1987 SIC 8249, Vocational Schools, NEC. This new industry was created because it had a unique production function.

Other Technical and Trade Schools from part of 1987 SIC 8249, Vocational Schools, NEC. This is the residual five digit category for the four digit industry Technical and Trade Schools.

Fine Arts Schools from parts of 1987 SIC 8299, Schools and Educational Services, NEC, and 1987 SIC 7911, Dance Studios, Schools, and Halls. This new industry was created because it had a unique production function.

Athletic Instruction from part of 1987 SIC 7999, Amusement and Recreation Services, NEC. This was moved to this sector because the primary activity is education, rather than entertainment.

Language Schools from part of 1987 SIC 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

Exam Preparation and Tutoring from part of 1987 SIC 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

Automobile Driving Schools from parts of 1987 SIC 8249, Vocational Schools, NEC, and SIC 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

All Other Miscellaneous Schools and Instruction from part of 1987 SIC 8299, Schools and Educational Services, NEC. This is the residual category for the subsector.

Educational Support Services from parts of 1987 SIC 8299, Schools and Educational Services, NEC, and 1987 SIC 8748, Business Consulting Services, NEC. This new industry differs from the others in that it provides support to educational industries, rather than providing instruction.

A major change to the 1987 Major Group, Educational Services, is the movement of 1987 SIC 8231, Libraries, to the new Information sector.

The number of Educational Services industries increased from 8 to 18. For time series linkage, six of the eight 1987 industries are comparable within three percent of the 1997

industries.