

Memorandum

DATE: March 21, 2002
FROM: Art Ayre, State Employment Economist
TO: Oregon Progress Board
RE: **Professional Services Benchmark**

Fixing Inconsistencies

It has come to my attention that the March 2001 issue of Achieving the Oregon Shines Vision contains two different wordings for Benchmark #5, the professional services benchmark. One of these two wordings does not match the data used in the graph on page 11 and the table on page 75.

On page 11, the document describes the benchmark as the "Percentage of professional services exported (imported) relative to Oregon's industry demand (U.S. = 100%)." This wording does not match the data used in the graph on page 11 and in the table on page 75. The document uses this same wording in the benchmark endnotes on page 99.

On page 75, the document uses the following wording: "Oregon's concentration in professional services relative to the U.S. concentration in professional services. (U.S.=100%)." This wording matches the data used in the same table and the data in the graph on page 11.

My primary concern is to be sure that the title of the benchmark matches the data used in tables and graphs. We can achieve this by either: (1) changing the wording on page 11 and 99 to match the wording on page 75; or (2) changing the data (= current data minus 100%) on pages 11 and 75 and the title on page 75 to match the titles on pages 11 and 99. This latter option is my recommendation, due to what I believe is greater meaning in a benchmark that identifies implied net exports or imports rather than simply industry concentration.

Industry Definition Changes

Another change is also required. The Professional Services Coordinating Council (PSCC) has requested that we define this industry as the combination of eight four-digit SIC industries instead of eight two-digit SIC industries. This change requires the re-wording of explanatory text on pages 11 and 99. I recommend the following text to replace the existing text:

"The professional services industry includes investment advice; advertising agencies; legal services; engineering services; architectural services; accounting, auditing and bookkeeping services; management consulting services; and public relations services."

Please note: The Oregon Employment Department and the PSCC will have to revisit the industry's definition again soon to accommodate the data change from SIC to NAICS codes. There will be a break in series in this benchmark between 2000 and 2001 data.