



FYI 67

October 16, 1995

F.Y.I.

THE COST OF NO MEDICARE REFORM: WHAT INDUSTRY AND GOVERNMENT WOULD PASS ON TO CONSUMERS, INVESTORS, TAXPAYERS, AND WORKERS

By David H. Winston,
Christine L. Olson, and Rea S. Hederman

If an unreformed Medicare program is to be able to pay the hospital bills of today's workers when they reach retirement, industry and government will have to pass on additional yearly costs of at least \$7.4 billion to investors and consumers. In addition, workers will face additional annual costs of at least \$115.7 billion in direct taxes and reduced wages. These costs will be the result of the additional payroll taxes, on top of current payroll taxes, needed to assure long-term fiscal solvency of the cash-strapped Medicare hospitalization trust fund if no reforms are enacted. The reason the burden is so heavy on employees is that an increase in payroll taxes technically is shared by both the employer and the employee. Experience indicates that about 88 percent of the cost of additional employer taxes is passed on to workers in the form of reduced wages and compensation.¹ Moreover, the cost of stabilizing the hospital trust fund is only part of the necessary burden if reforms are not implemented. To cover the rising costs of Part B, which covers physicians' costs, Congress would have to raise taxes even further.

The current financial status of Medicare is precarious. Without significant structural reform of the system or increases in the current payroll tax to maintain the level of benefits and spending, Medicare will go bankrupt. For Medicare to remain financially solvent and legally able to pay for hospital care for today's "baby boomers" when they retire, Congress needs either to find additional money for the hospital trust fund or to slow down its rate of spending.

Trustees' Tax Options. The seven members of Medicare's Board of Trustees have determined that the Medicare Hospitalization (HI, or Part A) Trust Fund that finances hospital services for the elderly will be insolvent by 2002. In addressing the tax question, the trustees have outlined three possible options to solve the financing problem if no structural reforms are enacted: a short-term option of an immediate 1.3 percent additional payroll tax, needed to keep the hospital program solvent for 25 years; an intermediate option of a 3.52 percent payroll tax, needed now to

FYI #67/95

1 The 88 percent is based on such analyses as Jonathan Gruber and Alan B. Krueger, "The Incidence of Mandated Employer-Provided Insurance: Lessons from Workers Compensation Insurance," *Tax Policy and Economy* (1991); Jonathan Gruber, "The Incidence of Mandated Maternity Benefits," *American Economic Review* Vol. 84 (June 1994); and Lawrence H. Summers, "Some Simple Economics of Mandated Benefits," *American Economic Review*, Vol. 79, No. 2 (May 1989).

make the hospital program permanently solvent; and a high-cost option of a 3.9 percent payroll tax, needed if no action is taken until the actual depletion of the Medicare trust fund in seven years.² For purposes of econometric analysis, the authors of this study used the trustees' intermediate option of a 3.52 percent payroll tax, under which Congress, rather than adopt structural changes in the program, would keep Medicare basically the same and finance the same level of benefits and projected costs through tax increases. Under this scenario, the trust fund would be able to pay for hospital care for the foreseeable future, not just for the next 25 years.

- ✓ **Under this option, an additional tax of 3.52 percent of taxable payroll would be “shared” between employers and employees.** According to earnings data by industry taken from the March 1994 *Current Population Survey*, the total yearly cost of this additional HI payroll tax would have been \$123 billion, or about two percent of Gross Domestic Product, had such a tax gone into effect in 1993. On average, using an 88 percent “pass through,” and had the tax increase been in effect in 1993, the combined direct tax and indirect wage loss to employees would have been about \$862 per employee, for a total cost to employees of \$115.7 billion (out of the \$123 billion).³
- ✓ **The amount of new tax not paid directly by employees or indirectly passed through to them would take the form of additional costs to customers and investors.** The analysis delineates the impact by industry of a 3.52 percent increase in the HI payroll tax. Overall, using the 88 percent “pass through” effect on employee wages and compensation, and had the tax been in effect in 1993, industry would have \$7.4 billion to pass on to consumers and investors, rather than to employees. If the tax were imposed now, that number could be much larger because of the growth in earnings since 1993.
- ✓ **Retail trade, educational services, and public administration would be the hardest hit by such a tax, together shouldering nearly \$15 billion, or 25 percent of the cost of the additional tax before passing it on to employees, customers, and investors.** The retail trade industry alone will have to pass at least \$800 million on to customers and investors, with educational services and public administration passing on \$542 million and \$487 million, respectively.
- ✓ **Unlike the private sector, public-sector employers do not have the luxury of passing on costs such as additional Medicare payroll taxes to customers and investors.** Taxes must be increased or programs cut to pay for whatever costs are not passed on to employees in the form of reduced wages and compensation. Moreover, taxpayers potentially could fund a larger share of the burden of the additional payroll tax than customers and investors in the private sector since government pay scales and contracts could restrict their ability to pass on additional costs to employees.

2 For a discussion of the trustees' tax options, see Stuart M. Butler, “The High Cost of Not Reforming Medicare,” Heritage Foundation *F.Y.I.* No. 56, May 4, 1995.

3 See Robert E. Moffit, John C. Liu, and David H. Winston, “What Americans Will Pay If Congress Fails to Reform Medicare: The State and Congressional District Impact,” Heritage Foundation *F.Y.I.* No. 62, September 19, 1995.

APPENDIX

COST CALCULATION ASSUMPTIONS

Cost of HI Tax by Standard Industrial Classification Code

The national aggregate of employee earnings by industry was derived from the March 1994 *Current Population Survey*. These earnings are for 1993. The cost calculations assume the payroll tax increase had been in effect that year; the normal growth in earnings means that the payroll tax and its associated costs would be higher in 1996 and subsequent years.

Due to the nature of self-reported income surveys, the CPS generally underestimates earnings. In order to develop a multiplier to adjust the CPS-reported earnings, we compared the CPS total with the national employee and proprietor earnings reported in the *Statistical Abstract of the United States* table on national income in 1993 (as determined by the U.S. Bureau of Economic Analysis, *Survey of Current Business*, April 1994).

After April 1986, all state and local employees were required to pay Medicare taxes. In 1991, however, the law was amended to allow those hired before that date to opt out. The Congressional Research Service has estimated that as of March 1994, 1.7 million workers were not covered by Medicare. Using the 1.7 million figure, we removed the exempt workers and their earnings from each industry class based on the distribution of state and local government employees in each category according to the 1994 *Current Population Survey*.

Based on a survey of economic literature estimating the “pass-through” wage effect of employer mandates by health care econometrics firm Lewin-VHI, we assumed 88 percent of the cost of the additional tax to be passed on to employees in reduced compensation. We also assumed that the pass-through had fully occurred. Therefore, we assumed the total cost of the additional Medicare tax to employees to be 88 percent of the business’s share of the Medicare tax (about 1.56 percent) in addition to the 1.76 percent tax on wages paid directly by the employee.

The cost of the HI tax to customers, investors, and taxpayers is the remaining 12 percent not passed through to employees.

Table 1

Cost of No Reform:

The Impact of an Additional 3.52% Medicare Payroll Tax By Industry, Data from 1993

Standard Industrial Classification	Industry	Total of Extra Payroll Taxes Paid by Business and Employee	Extra Payroll Taxes Paid Directly by Business	Total Extra Cost to Employees= Direct Tax + 88% Pass Through	Cost to Consumers and Investors
031-032	Forestry and Fisheries	\$223,446,000	\$111,723,000	\$210,039,000	\$13,407,000
035, 063	Agriculture	\$1,917,794,000	\$958,897,000	\$1,802,726,000	\$115,068,000
040-050	Mining	\$1,102,890,000	\$551,445,000	\$1,036,717,000	\$66,173,000
060	Construction	\$7,259,524,000	\$3,629,762,000	\$6,823,953,000	\$435,571,000
100-122	Food and like items	\$1,735,374,000	\$867,687,000	\$1,631,252,000	\$104,122,000
130	Tobacco	\$79,870,000	\$39,935,000	\$75,078,000	\$4,792,000
132-150	Textile Mill	\$568,352,000	\$284,176,000	\$534,251,000	\$34,101,000
151-152	Apparel and Finished Textile	\$747,784,000	\$373,892,000	\$702,917,000	\$44,867,000
160-162	Paper and Allied Products	\$830,222,000	\$415,111,000	\$780,409,000	\$49,813,000
171-172	Printing, Publishing, and Allied Industry	\$2,026,548,000	\$1,013,274,000	\$1,904,955,000	\$121,593,000
180-192	Chemicals and Allied Products	\$2,048,520,000	\$1,024,260,000	\$1,925,609,000	\$122,911,000
200-201	Petroleum and Coal Products	\$263,038,000	\$131,519,000	\$247,256,000	\$15,782,000
210-212	Rubber and Miscellaneous Plastics Products	\$716,952,000	\$358,476,000	\$677,935,000	\$43,017,000
220-222	Leather and Leather Products	\$163,106,000	\$81,553,000	\$153,320,000	\$9,786,000
230-241	Lumber and Wood Products	\$584,510,000	\$292,255,000	\$549,439,000	\$35,071,000
242	Furniture and Fixtures	\$614,542,000	\$307,271,000	\$577,669,000	\$36,873,000
250-262	Stone, Glass, Clay, and Concrete Products	\$675,364,000	\$337,682,000	\$634,842,000	\$40,522,000
270-280, 301	Primary and Not Specified Metals	\$1,015,702,000	\$507,851,000	\$954,760,000	\$60,942,000
281-300	Fabricated Metals	\$1,494,342,000	\$747,171,000	\$1,404,681,000	\$89,661,000
310-332	Machinery, Not Including Electrical	\$3,216,416,000	\$1,608,208,000	\$3,023,431,000	\$192,985,000
340-350	Electrical Machinery, Equipment and Supplies	\$2,408,992,000	\$1,204,496,000	\$2,264,452,000	\$144,540,000
351	Motor Vehicles and Equipment	\$1,696,882,000	\$848,441,000	\$1,595,069,000	\$101,813,000
352	Aircraft and Parts	\$760,774,000	\$380,387,000	\$715,128,000	\$45,646,000
360-370	Other Transportation Equipment	\$1,072,302,000	\$536,151,000	\$1,007,964,000	\$64,338,000
371-382	Professional and Photoequipment, Watches	\$961,718,000	\$480,859,000	\$904,015,000	\$57,703,000
390	Toys, Amusements and Sporting Goods	\$156,378,000	\$78,189,000	\$146,995,000	\$9,383,000
391-392	Misc. Manufacturing, and Not Specified Industry	\$409,420,000	\$204,710,000	\$381,855,000	\$24,565,000
400-432	Transportation	\$6,359,174,000	\$3,179,587,000	\$5,977,624,000	\$381,550,000
440-442	Communication	\$2,233,560,000	\$1,116,780,000	\$2,099,516,000	\$134,044,000
450-472	Utilities and Sanitary Services	\$2,267,000,000	\$1,133,500,000	\$2,130,980,000	\$136,020,000
500-571	Wholesale Trade	\$5,492,220,000	\$2,746,110,000	\$5,112,878,000	\$379,342,000
580-691	Retail Trade	\$13,334,470,000	\$6,667,235,000	\$12,534,402,000	\$800,068,000
700-710	Banking and Other Finance	\$4,571,746,000	\$2,285,873,000	\$4,297,629,000	\$274,117,000
711-712	Insurance and Real Estate Service	\$5,507,002,000	\$2,753,501,000	\$5,176,582,000	\$330,420,000
721-750	Business Services	\$5,041,554,000	\$2,520,767,000	\$4,744,682,000	\$296,872,000
751-760	Repair Services	\$1,527,970,000	\$763,985,000	\$1,435,292,000	\$91,678,000
761	Private Household	\$258,510,000	\$129,255,000	\$241,999,000	\$15,511,000
762-791	Personal Services, Except Private Household	\$2,233,962,000	\$1,116,981,000	\$2,099,924,000	\$134,038,000
800-810	Entertainment and Recreation Services	\$1,536,916,000	\$768,458,000	\$1,455,501,000	\$81,415,000
812-830, 832-840	Health Services, Not Hospitals	\$5,766,310,000	\$2,883,155,000	\$5,420,331,000	\$345,979,000
831	Hospitals	\$5,854,880,000	\$2,927,440,000	\$5,503,369,000	\$351,511,000
841, 872-893	Other Professional Services	\$7,468,678,000	\$3,734,339,000	\$7,020,492,000	\$448,186,000
842-860	Educational Services	\$9,024,751,000	\$4,512,377,000	\$8,483,269,000	\$541,482,000
861-871	Social Services	\$1,709,950,000	\$854,975,000	\$1,607,353,000	\$102,597,000
900-930	Public Administration	\$8,117,580,000	\$4,058,790,000	\$7,632,380,000	\$485,200,000
	Children	\$1,560,000	\$780,000	\$1,466,000	\$94,000
	Total	\$123,033,330,000	\$61,516,715,000	\$115,651,424,000	\$7,381,906,000

Source: The Heritage Foundation Medicare Cost Projection Model.

Table 2



Cost of No Reform: The Impact of an Additional 3.52% Medicare Payroll Tax By Amount of Tax, Data from 1993

Standard Industrial Classification	Industry	Total of Extra Payroll Taxes Paid by Business and Employee	Extra Payroll Taxes Paid Directly by Business	Total Extra Cost to Employees= Direct Tax + 88% Pass Through	Cost to Consumers and Investors
580-691	Retail Trade	\$13,334,470,000	\$6,667,235,000	\$12,534,402,000	\$800,068,000
842-860	Educational Services	\$9,024,754,000	\$4,512,377,000	\$8,483,269,000	\$541,485,000
900-932	Public Administration	\$8,119,558,000	\$4,059,779,000	\$7,632,385,000	\$487,173,000
841, 872-893	Other Professional Services	\$7,468,608,000	\$3,734,304,000	\$7,020,492,000	\$448,116,000
060	Construction	\$7,259,524,000	\$3,629,762,000	\$6,823,953,000	\$435,571,000
400-432	Transportation	\$6,359,174,000	\$3,179,587,000	\$5,977,624,000	\$381,550,000
831	Hospitals	\$5,854,648,000	\$2,927,324,000	\$5,503,369,000	\$351,279,000
812-830, 832-840	Health Services, Not Hospitals	\$5,766,310,000	\$2,883,155,000	\$5,420,331,000	\$345,979,000
711-712	Insurance and Real Estate Service	\$5,507,002,000	\$2,753,501,000	\$5,176,582,000	\$330,420,000
500-571	Wholesale Trade	\$5,439,232,000	\$2,719,616,000	\$5,112,878,000	\$326,354,000
721-750	Business Services	\$5,047,534,000	\$2,523,767,000	\$4,744,682,000	\$302,852,000
700-710	Banking and Other Finance	\$4,571,946,000	\$2,285,973,000	\$4,297,629,000	\$274,317,000
310-332	Machinery, Not Including Electrical	\$3,216,416,000	\$1,608,208,000	\$3,023,431,000	\$192,985,000
340-350	Electrical Machinery, Equipment, and Supplies	\$2,408,992,000	\$1,204,496,000	\$2,264,452,000	\$144,540,000
450-472	Utilities and Sanitary Services	\$2,267,000,000	\$1,133,500,000	\$2,130,980,000	\$136,020,000
762-791	Personal Services, Except Private Household	\$2,233,962,000	\$1,116,981,000	\$2,099,924,000	\$134,038,000
440-442	Communication	\$2,233,560,000	\$1,116,780,000	\$2,099,546,000	\$134,014,000
180-192	Chemicals and Allied Products	\$2,048,520,000	\$1,024,260,000	\$1,925,609,000	\$122,911,000
171-172	Printing, Publishing, and Allied Industry	\$2,026,548,000	\$1,013,274,000	\$1,904,955,000	\$121,593,000
035,063	Agriculture	\$1,917,794,000	\$958,897,000	\$1,802,726,000	\$115,068,000
100-122	Food and like items	\$1,735,374,000	\$867,687,000	\$1,631,252,000	\$104,122,000
861-871	Social Services	\$1,709,950,000	\$854,975,000	\$1,607,353,000	\$102,597,000
351	Motor Vehicles and Equipment	\$1,696,882,000	\$848,441,000	\$1,595,069,000	\$101,813,000
800-810	Entertainment and Recreation Services	\$1,556,916,000	\$778,458,000	\$1,463,501,000	\$93,415,000
751-760	Repair Services	\$1,527,970,000	\$763,985,000	\$1,436,292,000	\$91,678,000
281-300	Fabricated Metals	\$1,494,342,000	\$747,171,000	\$1,404,681,000	\$89,661,000
340-050	Mining	\$1,102,890,000	\$551,445,000	\$1,036,717,000	\$66,173,000
360-370	Other Transportation Equipment	\$1,072,302,000	\$536,151,000	\$1,007,964,000	\$64,338,000
270-280, 301	Primary and Not Specified Metals	\$1,015,702,000	\$507,851,000	\$954,760,000	\$60,942,000
371-382	Professional and Photoequipment, Watches	\$961,718,000	\$480,859,000	\$904,015,000	\$57,703,000
160-62	Paper and Allied Products	\$830,222,000	\$415,111,000	\$780,409,000	\$49,813,000
352	Aircraft and Parts	\$760,774,000	\$380,387,000	\$715,128,000	\$45,646,000
151-152	Apparel and Finished Textile	\$747,784,000	\$373,892,000	\$702,917,000	\$44,867,000
210-212	Rubber and Miscellaneous Plastics Products	\$716,952,000	\$358,476,000	\$673,935,000	\$43,017,000
250-262	Stone, Glass, Clay, and Concrete Products	\$675,364,000	\$337,682,000	\$634,812,000	\$40,552,000
242	Furniture and Fixtures	\$614,542,000	\$307,271,000	\$577,669,000	\$36,873,000
230-241	Lumber and Wood Products	\$584,510,000	\$292,255,000	\$549,439,000	\$35,071,000
132-150	Textile Mill	\$568,352,000	\$284,176,000	\$534,251,000	\$34,101,000
391-392	Misc. Manufacturing and Not Specified Industry	\$417,420,000	\$208,710,000	\$384,855,000	\$32,565,000
200-201	Petroleum and Coal Products	\$263,038,000	\$131,519,000	\$247,256,000	\$15,782,000
761	Private Household	\$250,500,000	\$125,250,000	\$242,990,000	\$7,510,000
031,032	Forestry and Fisheries	\$223,446,000	\$111,723,000	\$210,039,000	\$13,407,000
220-222	Leather and Leather Products	\$163,106,000	\$81,553,000	\$153,320,000	\$9,786,000
390	Toys, Amusements and Sporting Goods	\$156,378,000	\$78,189,000	\$146,995,000	\$9,383,000
130	Tobacco	\$79,870,000	\$39,935,000	\$75,078,000	\$4,792,000
	Children	\$1,560,000	\$780,000	\$1,466,000	\$94,000
	Total	\$125,033,430,000	\$61,516,715,000	\$115,651,424,000	\$7,382,006,000

Source: The Heritage Foundation Medicare Cost Projection Model.

INDUSTRY CLASSIFICATION CODES

There are 236 categories for the employed, with 1 additional category for the experienced unemployed. These categories are aggregated into 51 detailed groups and 23 major groups. Numbers in parentheses are the 1987 SIC code equivalent. "Pt" means part, "n.e.c." means not elsewhere classified.

CODE	INDUSTRY
000-009	not used
35002	AGRICULTURE
	10 Agricultural production, crops (01)
	11 Agricultural production, livestock (02)
	12 Veterinary services (074)
013-019	not used
	20 Landscape and horticultural services (078)
021-029	not used
	30 Agricultural services, n.e.c. (071, 072, 075, 076)
031-032	FORESTRY AND FISHERIES
	31 Forestry (08)
	32 Fishing, hunting, and trapping (09)
033-039	not used
040-050	MINING
	40 Metal mining (10)
	41 Coal mining (12)
	42 Oil and gas extraction (13)
043-049	not used
	50 Nonmetallic mining and quarrying, except fuel (14)
051-059	not used
60	CONSTRUCTION (15, 16, 17)
061-099	not used
100-392	MANUFACTURING
100-222	NONDURABLE GOODS
100-122	<i>Food and kindred products</i>

	100 Meat products (201)
	101 Dairy products (202)
	102 Canned, frozen and preserved fruits and vegetables
103-109	not used
	110 Grain mill products (204)
	111 Bakery products (205)
	112 Sugar and confectionery products (206)
113-119	not used
	120 Beverage industries (208)
	121 Miscellaneous food preparations and kindred products (207, 209)
	122 Not specified food industries
123-129	not used
	130 Tobacco manufactures (21)
131	not used
132-150	<i>Textile mill products</i>
	132 Knitting mills (225)
133-139	not used
	140 Dyeing and finishing textiles, except wool and knit goods (226)
	141 Carpets and rugs (227)
	142 Yarn, thread, and fabric mills (221-224, 228)
143-149	not used
	150 Miscellaneous textile mill products (229)
151-152	<i>Apparel and other finished textile products</i>
	151 Apparel and accessories, except knit (231-238)
	152 Miscellaneous fabricated textile products (239)
153-159	not used
160-162	<i>Paper and allied products</i>
	160 Pulp, paper, and paperboard mills (261-263)
	161 Miscellaneous paper and pulp products (267)
	162 Paperboard containers and boxes (265)
163-170	not used
171-172	<i>Printing, publishing, and allied industries</i>
	171 Newspaper publishing and printing (271)
	172 Printing, publishing, and allied industries, except newspapers (272-279)

173-179	not used
180-192	<i>Chemicals and allied products</i>
	180 Plastics, synthetics, and resins (282)
	181 Drugs (283)
	182 Soaps and cosmetics (284)
183-189	not used
	190 Paints, varnishes, and related products (285)
	191 Agricultural chemicals (287)
	192 Industrial and miscellaneous chemicals (281, 286, 289)
193-199	not used
	200-201 Petroleum and coal products
200	<i>Petroleum refining</i> (291)
	201 Miscellaneous petroleum and coal products (295, 299)
202-209	not used
210-212	<i>Rubber and miscellaneous plastics products</i>
	210 Tires and inner tubes (301)
	211 Other rubber products, and plastics footwear and belting (302-306)
	212 Miscellaneous plastics products (308)
213-219	not used
220-222	<i>Leather and leather products</i>
	220 Leather tanning and finishing (311)
	221 Footwear, except rubber and plastic (313, 314)
	222 Leather products, except footwear (315-317, 319)
223-229	not used
230-392	DURABLE GOODS
230-241	<i>Lumber and wood products, except furniture</i>
	230 Logging (241)
	231 Sawmills, planing mills, and millwork (242, 243)
	232 Wood buildings and mobile homes (245)
233-240	not used
	241 Miscellaneous wood products (244, 249)
242	<i>Furniture and fixtures</i> (25)
243-249	not used
250-262	<i>Stone, clay, glass, and concrete products</i>

	250 Glass and glass products (321-323)
	251 Cement, concrete, gypsum, and plaster products (324, 327)
	252 Structural clay products (325)
253-260	not used
	261 Pottery and related products (326)
	262 Miscellaneous nonmetallic mineral and stone products (328, 329)
263-269	not used
270-301	<i>Metal industries</i>
	270 Blast furnaces, steelworks, rolling and finishing mills -331
	271 Iron and steel foundries (332)
	272 Primary aluminum industries (3334, part 334, 3353-3355, 3363, 3365)
273-279	not used
	280 Other primary metal industries (3331, 3339, part 334, 3351, 3356, 3357, 3364, 3366, 3369, 339)
	281 Cutlery, handtools, and general hardware (342)
	282 Fabricated structural metal products (344)
283-289	not used
	290 Screw machine products (345)
	291 Metal forgings and stampings (346)
	292 Ordnance (348)
293-299	not used
	300 Miscellaneous fabricated metal products (341, 343, 347, 349)
	301 Not specified metal industries
302-309	not used
310-332	<i>Machinery and computing equipment</i>
	310 Engines and turbines (351)
	311 Farm machinery and equipment (352)
	312 Construction and material handling machines (353)
313-319	not used
	320 Metalworking machinery (354)
321	Office and accounting machines (3578, 3579)
322	Computers and related equipment (3571-3577)
323-330	not used
331	Machinery, except electrical, n.e.c. (355, 356, 358,359)
	332 Not specified machinery

- 333-339 not used
- 340-350 *Electrical machinery, equipment, and supplies*
- 340 Household appliances (363)
- 341 Radio, TV, and communication equipment (365, 366)
- 342 Electrical machinery, equipment, and supplies, n.e.c. (361, 362, 364, 367, 369)
- 343-349 not used
- 350 Not specified electrical machinery, equipment, and supplies
- 351-370 *Transportation equipment*
- 351 Motor vehicles and motor vehicle equipment (371)
- 352 *Aircraft and parts* (372)
- 353-359 not used
- 360 Ship and boat building and repairing (373)
- 361 Railroad locomotives and equipment (374)
- 362 Guided missiles, space vehicles, and parts (376)
- 363-369 not used
- 370 Cycles and miscellaneous transportation equipment (375, 379)
- 371-381 *Professional and photographic equipment, and watches*
- 371 Scientific and controlling instruments (381, 382 except 3827)
- 372 Medical, dental, and optical instruments and supplies (3827, 384, 385)
- 373-379 not used
- 380 Photographic equipment and supplies (386)
- 381 Watches, clocks, and clockwork operated devices (387)
- 382-389 not used
- 390 *Toys, amusement, and sporting goods* (394)
- 391 *Miscellaneous manufacturing industries* (39 except 394)
- 392 Not specified manufacturing industries 393-399 not used

400-472 TRANSPORTATION, COMMUNICATIONS, AND OTHER PUBLIC UTILITIES

- 400-432 **TRANSPORTATION**
- 400 Railroads (40)
- 401 Bus service and urban transit (41, except 412)
- 402 Taxicab service (412)
- 403-409 not used
- 410 Trucking service (421, 423)

411 Warehousing and storage (422)
412 U.S. Postal Service (43)

413-419 not used

420 Water transportation (44)
421 Air transportation (45)
422 Pipe lines, except natural gas (46)

423-431 not used

432 Services incidental to transportation (47)

433-439 not used

440-442 **COMMUNICATIONS**

440 Radio and television broadcasting and cable (483, 484)
441 Telephone communications (481)
442 Telegraph and miscellaneous communications services (482, 489)

443-449 not used

450-472 **UTILITIES AND SANITARY SERVICES**

450 Electric light and power (491)
451 Gas and steam supply systems (492, 496)
452 Electric and gas, and other combinations (493)

453-469 not used

470 Water supply and irrigation (494, 497)
471 Sanitary services (495)
472 Not specified utilities

473-499 not used

500-571 **WHOLESALE TRADE**

500-532 Durable Goods

500 Motor vehicles and equipment (501)
501 Furniture and home furnishings (502)
502 Lumber and construction materials (503)

503-509 not used

510 Professional and commercial equipment and supplies -504
511 Metals and minerals, except petroleum (505)
512 Electrical goods (506)

513-520	not used
	521 Hardware, plumbing and heating supplies (507)
522-529	not used
	530 Machinery, equipment, and supplies (508)
	531 Scrap and waste materials (5093)
	532 Miscellaneous wholesale, durable goods (509 except 5093)
533-539	not used
	540-571 Nondurable Goods
	540 Paper and paper products (511)
	541 Drugs, chemicals and allied products (512, 516)
	542 Apparel, fabrics, and notions (513)
543-549	not used
	550 Groceries and related products (514)
	551 Farm-product raw materials (515)
	552 Petroleum products (517)
553-559	not used
	560 Alcoholic beverages (518)
	561 Farm supplies (5191)
	562 Miscellaneous wholesale, nondurable goods (5192-5199)
563-570	not used
	571 Not specified wholesale trade
572-579	not used
580-691	RETAIL TRADE
	580 Lumber and building material retailing (521, 523)
	581 Hardware stores (525)
	582 Retail nurseries and garden stores (526)
583-589	not used
	590 Mobile home dealers (527)
	591 Department stores (531)
	592 Variety stores (533)
593-599	not used
	600 Miscellaneous general merchandise stores (539)
601	Grocery stores (541)
	602 Dairy products stores (545)

603-609 not used
610 Retail bakeries (546)
611 Food stores, n.e.c. (542, 543, 544, 549)
612 Motor vehicle dealers (551, 552)

613-619 not used
620 Auto and home supply stores (553)
621 Gasoline service stations (554)
622 Miscellaneous vehicle dealers (555, 556, 557, 559)
623 Apparel and accessory stores, except shoe (56, except 566)

624-629 not used
630 Shoe stores (566)
631 Furniture and home furnishings stores (571)
632 Household appliance stores (572)
633 Radio, TV, and computer stores (5731, 5734)

634-639 not used
640 Music stores (5735, 5736)
641 Eating and drinking places (58)
642 Drug stores (591)

643-649 not used
650 Liquor stores (592)
651 Sporting goods, bicycles, and hobby stores (5941, 5945, 5946)
652 Book and stationery stores (5942, 5943)

653-659 not used
660 Jewelry stores (5944)
661 Gift, novelty, and souvenir shops (5947)
662 Sewing, needlework and piece goods stores (5949)
663 Catalog and mail order houses (5961)

664-669 not used
670 Vending machine operators (5962)
671 Direct selling establishments (5963)
672 Fuel dealers (598)

673-680 not used
681 Retail florists (5992)
682 Miscellaneous retail stores (593, 5948, 5993-5995, 5999)

683-690 not used

	691 Not specified retail trade
692-699	not used
700-712	FINANCE, INSURANCE, AND REAL ESTATE
	700 Banking (60 except 603 and 606)
	701 Savings institutions, including credit unions (603, 606)
	702 Credit agencies, n.e.c. (61)
703-709	not used
	710 Security, commodity brokerage, and investment companies (62, 67)
	711 Insurance (63, 64)
	712 Real estate, including real estate-insurance offices -65
713-720	not used
721-760	BUSINESS AND REPAIR SERVICES
	721 Advertising (731)
	722 Services to dwellings and other buildings (734)
723-730	not used
	731 Personnel supply services (736)
	732 Computer and data processing services (737)
733-739	not used
	740 Detective and protective services (7381, 7382)
	741 Business services, n.e.c. (732, 733, 735, 7383-7389)
	742 Automotive rental and leasing, without drivers (751)
743-749	not used
	750 Automotive parking and carwashes (752, 7542)
	751 Automotive repair and related services (753, 7549)
	752 Electrical repair shops (762, 7694)
753-759	not used
	760 Miscellaneous repair services (763, 764, 7692, 7699)
761-791	PERSONAL SERVICES
761	PRIVATE HOUSEHOLDS (88)
762-791	PERSONAL SERVICES, EXCEPT PRIVATE HOUSEHOLD

	762 Hotels and motels (701)
763-769	not used
	770 Lodging places, except hotels and motels (702, 703, 704)
	771 Laundry, cleaning, and garment services (721 except part 7219)
	772 Beauty shops (723)
773-779	not used
	780 Barber shops (724)
	781 Funeral service and crematories (726)
	782 Shoe repair shops (725)
783-789	not used
	790 Dressmaking shops (part 7219)
	791 Miscellaneous personal services (722, 729)
792-799	not used
800-810	ENTERTAINMENT AND RECREATION SERVICES
	800 Theaters and motion pictures (781-783, 792)
	801 Video tape rental (784)
	802 Bowling centers (793)
803-809	not used
	810 Miscellaneous entertainment and recreation services (791, 794, 799)
811	not used
812-893	PROFESSIONAL AND RELATED SERVICES
812-830	MEDICAL SERVICES, EXCEPT HOSPITALS
	812 Offices and clinics of physicians (801, 803)
813-819	not used
	820 Offices and clinics of dentists (802)
	821 Offices and clinics of chiropractors (8041)
	822 Offices and clinics of optometrists (8042)
823-829	not used
	830 Offices and clinics of health practitioners, n.e.c. (8043, 8049)
831	HOSPITALS (806)
832-840	MEDICAL SERVICES, EXCEPT HOSPITALS (Continued)

832 Nursing and personal care facilities (805)

833-839 not used

840 Health services, n.e.c. (807, 808, 809)

841 **OTHER PROFESSIONAL SERVICES** (also includes codes 872-893)

841 Legal services (81)

842-860 **EDUCATIONAL SERVICES**

842 Elementary and secondary schools (821)

843-849 not used

850 Colleges and universities (822)

851 Vocational schools (824)

852 Libraries (823)

853-859 not used

860 Educational services, n.e.c. (829)

861-871 **SOCIAL SERVICES**

861 Job training and vocational rehabilitation services -833

862 Child day care services (part 835)

863 Family child care homes (part 835)

864-869 not used

870 Residential care facilities, without nursing (836)

871 Social services, n.e.c. (832, 839)

872-893 **OTHER PROFESSIONAL SERVICES** (Also includes code 840)

872 Museums, art galleries, and zoos (84)

873 Labor unions (863)

874-879 not used

880 Religious organizations (866)

881 Membership organizations, n.e.c. (861, 862, 864, 865, 869)

882 Engineering, architectural, and surveying services -871

883-889 not used

890 Accounting, auditing, and bookkeeping services (872)

891 Research, development, and testing services (873)

892 Management and public relations services (874)

893 Miscellaneous professional and related services (899)

894-899 not used

900-932 **PUBLIC ADMINISTRATION**

900 Executive and legislative offices (911-913)

901 General government, n.e.c. (919)

902-909 not used

910 Justice, public order, and safety (92)

911-920 not used

921 Public finance, taxation, and monetary policy (93)

922 Administration of human resources programs (94)

923-929 not used

930 Administration of environmental quality and housing programs (95)

931 Administration of economic programs (96)

932 National security and international affairs (97)

933-990 not used

991 Assigned to persons whose labor force status is unemployed and whose last job was Armed Forces

