

DRS Thresholds

The DRS thresholds have been updated to apply to additional projects not formerly contemplated in the original Plan that could have potentially large impacts that may extend beyond their immediate location. These threshold changes are based in part on certain large scale projects that have been proposed within the Central Pine Barrens area, that due to their nature or scale eventually resulted in an assertion of jurisdiction by the Commission since they did not fall within the Plan provisions for project review otherwise or were just not contemplated such as; gas transmission lines, power plants, mining into the ground water table, large outdoor concerts or venues that could draw large crowds and potentially impact important sensitive or rare/endangered ecological species on or nearby. These projects therefore warrant review by the Commission as empowered by NYS ECL Article 57 due to their potential for regional impacts to the Central Pine Barrens area. There is a greater potential for these projects in the future due to a number of factors, including, the availability of land, allocation of resources, economic and market pressures, land use trends, etc.

Criteria 1 - Same as original Plan version except education and health care facility added.

Criteria 2 - Includes prior traffic criteria of reducing service by 2 levels below existing conditions or to a level of service of D or below. Additional criteria added to further reestablish a traffic based threshold on a larger and more appropriate scale. This is to require the more detailed review of large scale projects that would generate this level of traffic and is not intended to regulate or review traffic impacts. It is a measure of scale of a project.

Criteria 3 - Intended to capture large recreational or entertainment venues that could impact important ecological or groundwater resources in the Central Pine Barrens.

Criteria 4 - Intended to capture intense, heavy manufacturing and mining type projects as defined by the North American Industry Classification System - a federally generated industry standard (formerly Standard Industrial Classification System - SIC). (e.g. transmission pipelines, energy plants, large manufacturing facility)

Criteria 5 - Similar to the original Plan version except clarified with types of units intended to be regulated.

Criteria 6 - Intended to require review for very large mixed use developments - by their size and nature these types of projects will inherently have regional impacts

Criteria 7 - Self-explanatory - based on recent application concern precedent, (eg. Mines that expand into the ground water table)

Criteria 8 - based on application and concern for precedent and to be consistent with anticipated credit use for PDDs as indicated in Ch 6 of the Plan.

NAICS to SIC / SIC to NAICS

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BACKGROUND

The United States has a new industry classification system! On April 9, 1997, the Office of Management and Budget (OMB) announced its decision to adopt the North American Industry Classification System (NAICS pronounced Nakes) as the industry classification system used by the statistical agencies of the United States. NAICS replaces the 1987 Standard Industrial Classification (SIC).

NAICS is a unique, all-new system for classifying business establishments. It is the first economic classification system to be constructed based on a single economic concept. Economic units that use like processes to produce goods or services are grouped together. This "production-oriented" system means that statistical agencies in the United States will produce data that can be used for measuring productivity, unit labor costs, and the capital intensity of production; constructing input-output relationships; and estimating employment-output relationships and other such statistics that require that inputs and outputs be used together.

NAICS is the first-ever North American industry classification system. The system was developed by the Economic Classification Policy Committee (ECPC), on behalf of the OMB, in cooperation with Statistics Canada and Mexico's Instituto Nacional de Estadística, Geografía e Informática (INEGI) to provide comparable statistics across the three countries. For the first time, government and business analysts will be able to compare directly industrial production statistics collected and published in the three North American Free Trade Agreement countries. NAICS also provides for increased comparability with the International Standard Industrial Classification System (ISIC, Revision 3), developed and maintained by the United Nations.

NAICS responds to increasing and serious criticism about the SIC. It reflects the structure of today's economy in the United States, Canada, and Mexico, including the emergence and growth of the service sector and new and advanced technologies. It is a flexible system that allows each country to recognize important industries below the level at which comparable data will be shown for all three countries.

The recognition of NAICS United States as the official classification system to be used by the U.S. statistical agencies is the culmination of a multi-year review by the ECPC of economic classifications, business data users, and future information needs. The publication in early 1999 of Economic Census data based on NAICS will provide the first glimpse of data based on the new system.

DEVELOPMENT OF NAICS

The SIC, used since the 1930s, was developed by an Interdepartmental Committee on Industrial Statistics, established by the Central Statistical Board of the United States. Its charge was "to develop a plan of classification of various types of statistical data by industries and to promote the general adoption of such classification as the standard classification of the Federal Government."⁽¹⁾ That List of Industries for manufacturing, published in 1938, and the 1939 List of Industries for nonmanufacturing industries, completed in 1939, became the first Standard Industrial Classification (SIC) for the United States.

The SIC was established to promote uniformity and comparability of data collected and published by agencies within the U.S. government, state agencies, trade associations, and research organizations. It was developed as an establishment based industry classification system that classified each establishment (defined as a single physical location at which economic activity occurs) according to its primary activity. The SIC covered the entire field of economic activities by defining industries in accordance with the composition and structure of the economy.

Since the 1930s, the SIC has been revised periodically to reflect changes in the economic structure of the United States. New industries were added and small, declining industries deleted or combined with other activities. However, the overall structure of the SIC remained essentially unchanged since the 1930s. The SIC was last revised in 1987, when approximately 20 new

service industries were added to the SIC and a few new industries were added to manufacturing to reflect technological changes occurring in that sector.

By the early 1990s, many data users and analysts were criticizing the SIC as outmoded and not reflective of the economy of the United States. The adoption of the North American Free Trade Agreement underscored the need not only to develop a new system, but also to develop that system in cooperation with Canada and Mexico. In early 1992, OMB established the ECPC, comprised of representatives from the Bureau of Economic Analysis that chaired the committee, the Bureau of the Census, and the Bureau of Labor Statistics, and charged it with a "fresh slate" examination of economic classifications to determine if a new system should be developed and whether or not that new system should be based on an economic concept.

The ECPC began its work by developing issue papers for public comment about economic classifications. Six issue papers were published by the ECPC. The first, "Conceptual Issues" explored the need to develop a new system on an economic concept. It detailed two frameworks on which to base a new system, production-oriented or demand oriented, and posed questions for the data user community. The second paper, "Aggregation Structures and Hierarchies," looked at alternative approaches to structuring a classification system. Issues Paper No. 3, "Collectibility of Data", looks at practical issues relating to coding individual establishments into industries, while Issues Paper No. 4, "Criteria for Determining Industries," described statistical measures used in the past to construct the SIC and possible future measures that might be used. "The Impact of Classification Revisions on Time Series" was Issues Paper No. 5. It described the trade-off between maintaining time-series comparability and developing a new system that would provide more relevant up-to-date economic information. Finally, Issues Paper No. 6, "Services Classifications," looked at the important issues surrounding developing a useful services industry classification system.

In past revisions of the SIC, international comparability with other classification systems was not a top priority. Even though data produced using the system created problems for analyses that sought to compare industrial characteristics, trends, and developments across the economies of different countries, little attention was paid to the systems in use internationally. NAICS, however, is different. In a July 26, 1994 Federal Register notice, the ECPC announced that it had reached agreement with the statistical agencies of Canada and Mexico to develop a common industry classification system. The system would be based on a production-oriented economic concept, focus on service industries and industries engaged in the production of advanced technologies, and provide for comparable industry classifications across the North American Free Trade Agreement countries. In that same Federal Register the ECPC solicited proposals for new industries from data users and in consultation with INEGI and Statistics Canada developed NAICS.

The ECPC established seven interagency subcommittees representing twenty Federal government agencies to create the new system in consultation with U.S. data users and in cooperation with staff from the statistical agencies of Canada and Mexico. These committees met with their Canadian and Mexican counterparts over a three year period and reached agreement on the structure of individual industries, industry groups, and subsectors. In all, 31 separate agreements

were reached with Statistics Canada and INEGI.

HOW IS NAICS DIFFERENT FROM THE SIC?

NAICS is based on a consistent, economic concept. Establishments that use the same or similar processes to produce goods or services are grouped together. The SIC, developed in the 1930s and revised periodically over the past 50 years, was not based on a consistent economic concept. Some industries are demand based while others are production based.

NAICS recognizes the changing and growing services-based economy of the United States and its North American neighbors. NAICS includes 1,170 industries of which 565 are service-based industries. The SIC had 1,004 industries of which 416 were service related industries. Three hundred and fifty eight new industries are recognized in NAICS, 250 of which are services producing industries. There are 20 sectors in NAICS of which 16 are services related. The SIC had ten divisions of which five were service-related. A chart in another article shows the relationship between NAICS sectors and SIC Divisions.

NAICS provides for comparable statistics among the North American countries. In addition, it provides for more comparable information with ISIC. The SIC did not.

NAICS is a six-digit system that provides for comparability among the three countries at the five-digit level, albeit with a few exceptions(2). The SIC was a four-digit system that was not linked in any way to the systems of Canada and Mexico. A six-digit system was adopted for NAICS to provide for increased flexibility in the system. NAICS allows each country to recognize activities that are important in the respective countries, but may not be large enough or important enough to recognize in all three countries. The sixth digit is reserved for this purpose.

The nomenclature of the groupings within the system is different in NAICS. NAICS calls the highest level of aggregation in the system a sector; the SIC referred to this grouping as a division. Other changes have been made to the nomenclature as shown in Figure 2.

Figure 2

NAICS vs. SIC: Structure and Nomenclature

NAICS	SIC		
2-digit	Sector	Division	Letter
3-digit	Subsector	Major Group	2-digit
4-digit	Industry Group	Industry Group	3-digit
5-digit	NAICS Industry	Industry	4-digit
6-digit	National	N/A	N/A

CONCLUSION

The introduction of NAICS as the industry classification system of the United States will have a profound effect on statistics published by the statistical agencies in the U.S. For the first time, data will be available on the Information sector; service industries never before identified in the SIC will be measured; and statistics published by the U.S. statistical agencies will be on a consistent basis with industry data provided by Canada and Mexico's statistical offices. NAICS is forward looking and flexible, anticipating increasing globalization and providing enhanced industry comparability among the NAFTA trading partners while recognizing important national industries and providing for periodic updates through three country review. NAICS recognizes the structural and technological changes occurring in the economies of the three North American countries and provides the means to measure these changes well into the next millennium.

NOTES AND REFERENCES

1. Esther Pierce, History of the Standard Industrial Classification, (Washington, D.C., Executive Office of the President Office of Statistical Standards, U.S. Bureau of the Budget).
2. Typically, the level at which comparable data will be available for Canada, Mexico, and the United States is the five-digit NAICS industry; for some sectors (or subsectors or industry groups) however, the three countries agreed upon the boundaries at a higher level of detail rather than the detailed industry structure (five-digit). Agreement was reached at the sector level for construction; wholesale trade; retail trade; and public administration and at the subsector level for finance; personal and laundry services; religious, grantmaking, civic, and professional and similar organization; and waste management and remediation services. For insurance and real estate, the three countries agreed on comparability at the industry group level.

Differences in the economies of the three countries or time constraints necessitated these modifications. For each of these sectors, except wholesale trade and public administration, Canada and the United States agreed upon an industry structure and hierarchy to ensure comparability of statistics between those two countries. Canada and the United States also established the same national detail (six-digit) industries where possible, adopting the same codes to describe comparable industries. For this reason, the numbers of the U.S. national industries may not be consecutive. In a few cases, it was necessary for the United States to use all of the numbers available to establish its six-digit detail so that the same six-digit codes do not represent comparable industries in the U.S. and Canada. The NAICS United States manual, to be issued shortly, provides further information on the level of comparability among the three countries.

Send comments or questions about NAICS to naics@census.gov

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