## Update on BEA Activities

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BEA Advisory Committee Meeting May, 2nd, 2008

Measuring the Nation's Economy.



## Current Issues - Budget

- Incremental funding provided for production of metroarea GDP estimates on a regular basis and for further accelerating the availability of county data.
- R&D satellite account requested in the President's Budget was not funded.
- BEA program reductions
  - Raise reporting thresholds and reduce the level of detail collected from BEA's surveys of the operations of multinational corporations in the U.S.
  - Eliminate the survey of new direct investment in U.S. companies by foreign companies.



## Current Issues - Budget

- BEA Program reductions con't
  - Eliminate the Benchmark Capital Flow Tables, which provides baseline date on industry by industry investment by type of investment.
  - Reduce industry detail in BEA's county data from the North American Industry Classification System (NAICS) subsector level to the sector level.
  - Eliminate the reconciliation of IRS taxable income and NIPA personal income and annual table showing personal taxes on the basis of liabilities.
  - Eliminate production of GDP statistics on a seasonally-unadjusted basis.



#### Other Current Issues

- Nonmarket and near market goods
  - "Rethinking GDP" Senator Dorgan
- Questions on BEA Accuracy, Concepts and Methods:
  - Revisions to GDP
  - GDP vs. GDI
  - Use of Tax Data
  - Imputations in PCE



#### **National Accounts**

- Reconciliation of PCE and CPI price index
- Improved documentation:
  - Employee stock options, Government accounts, and NIPA FY 09 budget translation
- International work:
  - International working groups on Intellectual Property, Integration, and "Globalization"
  - UN approval of volume 1 of SNA 2008 (core chapters)



#### **National Accounts**

- Looking ahead:
  - Estimate improvements:
    - Use of scanner data
    - Comprehensive revision July 2009
  - Preparation of national-level production account as recommended by Secretary's Advisory Committee on Innovation
  - NIPA Handbook of Methods in process



#### International Accounts

- 2007 Benchmark Survey of foreign direct investment in U.S.
- Improved coverage of trade in services through data sharing
- Reports to Congress and ITA on state trade in services and "offshoring."
- International work:
  - 4<sup>th</sup> ed. Of OECD Definition of FDI is final
  - IMF BOP Manual (BPM6) is nearly final
  - Manual on Trade in Services and Manual on Remittances
  - IMF Coordinated Direct Investment Survey



#### International Accounts

- Looking ahead:
  - Annual revision reconfigured surveys of trade in services - affiliated and unaffiliated foreign parties on same forms
  - Addition of annual coverage of banks to FDI in U.S will begin with 2008 survey
    - FDI abroad already implemented



## **Industry Accounts**

- Annual Industry Accounts
- Benchmark I-O Issues
- Looking Ahead:
  - Quarterly GDP by industry
    - Trial estimates
    - New processing system for production-based (industry) measure of quarterly real GDP
  - BEA-BLS Integration:
    - Differences primarily due to differences in source data vintages and adjustments made to match agency concepts with definitions.



## Regional Accounts

- Alternative measures of income/pensions and health:
  - http://www.bea.gov/papers/pdf/state\_retirement\_ income\_estimates.pdf
- BEA/BLS project on inter-area prices:
  - http://www.bea.gov/papers/pdf/aten\_estimates\_st ate\_metro\_2005.pdf
- Incorporated value-added multipliers as a standard output of RMS system



## Regional Accounts

- Introduced online charting and graphing capabilities for regional program data users on BEA website
- Looking Ahead:
  - Congressional expansions: GDP by Metro Area and accelerated county personal income.
  - Increased use of tax data?
  - New measure of regional resources?
  - State and local receipt and expenditure accounts?
  - PCE by state accounts?
  - GIS analysis alternative economic areas?



#### Chief Statistician

#### Source data:

- Work with source data agencies to resolve anomalies, collect additional, and accelerate delivery of source data:
- Further expansion of access to corporate tax data
- Census-BLS-BEA data sharing
- Research:
  - Revisions study, R&D output prices, reduction in volatility, intangible assets and FDI returns, price indexes for pre-packaged software
- Best Practices:
  - Training; release procedures; and data security



#### Chief Economist/Chief Information Officer

- Chief Economist:
  - Health accounting: CNSTAT workshop on Health Accounts
  - Blueprint for Innovation Account
- CIO:
  - Replaced old ASTAR with new eFile.
    - Further reduces respondent burden
    - Decreases reporting errors, and
    - Reduces maintenance costs
  - Strengthened Security



# Long-Term Plans: Energy Accounts?

- More detail on sources and uses of energy: production, expenditures, incomes (and prices)
  - Production accounts:
    - More detail for energy-intensive commodities and industries
    - Break-out of "in-house" energy-intensive activities
    - Addition of detailed price information
    - Improve the accuracy of energy components of existing I-O and KLEMS accounts



## Long-Term Plans: Pensions Accounts?

- Pension and Disbursements Accounts:
  - Integrated stock-flow accounts for retirement assets and liabilities
    - Pension assets?
    - Other assets: portfolio investments, rental income, owner-occupied housing?
  - Age and income-wealth cohort information?
  - Regional information?



#### Long-Term Plans: Innovation Satellite Account

- Integrated production account
- Research and Development (R&D): Spending on scientific and engineering research and development
  - Product and process innovation; more timely data; receipts s well as expenditures; associated capital investments
  - Someday: Valuation of Intellectual Property?
- Expenditures on Design and Development (D&D)
- Human Capital: Employer spending on employee training and development



## Long-Term Plans: R&D and Health

- R&D see above
- Health Satellite:
  - Experiment with new concepts and methods
  - Provide more detail
  - Extend the scope or restructure the framework of the accounts

