Update on BEA Activities

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BEA Advisory Committee Meeting
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Current Issues - Budget

- Incremental funding provided for production of metro-area 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)
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:
  - 4th 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
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:

- BEA/BLS project on inter-area prices:

- 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:  
- 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 as 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