BEA’s Regional Program

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BEA Advisory Committee Meeting

May 8, 2015
Plan of Talk

- Traditional products
  - What are they?
  - What’s been restored?
- New products
- Use of regional statistics
BEA’s Regional Statistics

- Comprehensive measures of economic activity within a geographic area
- Consistent with the National and Industry Economic Accounts
- Framework for cross-area and cross-time comparisons of local economies
- Revisions for new source data, conceptual changes, and methodology improvements
Why “Regional”?

In 2013, 111 counties accounted for 50% of personal income.
Traditional Products

- Regional Gross Domestic Product
  - State Annual (1963-forward)
  - Metropolitan Area Annual (2001-forward)

- Personal Income and Employment
  - State Annual (1929- forward; 1969 – forward)
  - State Quarterly (1948 – forward)
  - County Annual (1969 – forward; 1969 – forward)

- Regional Input Output Modeling System (RIMS II)
  - Annual series (62 industries)
  - Benchmark series (406 industries)
Gross Domestic Product

- **GDP by State**
  - The value added to U.S. production by the labor and property in each state
    - Current-dollar GDP
      - Income earned from current production

- **GDP by Metropolitan Area**
  - Current-dollar GDP
    - Earnings by industry data from state and local area personal income (RID)

- **Real (chained-dollar) GDP measures**
  - Deflated using national industry prices
Personal Income and Employment

- **Personal Income**
  - The income received by or on behalf of the residents of the state
    - Net earnings by place of residence
    - Dividends, interest, and rent
    - Personal current transfer receipts

- **Employment**
  - Number of jobs, full and part-time
    - Wage and salary employment
    - Proprietors’ employment
• Regional economic model for impact analysis

• RIMS II multipliers
  ▪ Based on industry relationships from national input-output (I-O) accounts
  ▪ Adjusted for leakages with regional data
  ▪ Customizable geographies
  ▪ Impact measured in terms of output, value added, earnings, or jobs
Developments

- Restoration of products (sequestration)
  - RIMS II
  - Local Area Statistics

- New data products
  - Real personal income
  - Personal consumption expenditures (PCE) by state
  - Quarterly GDP by state
Program Restorations

- **Modified RIMS II**
  - Benchmark series only
    - Benchmark I-O tables
    - Updated annually with regional data
    - Expanded industry detail

- **Local Area Statistics**
  - Employment
  - Current personal transfer receipts
  - Farm income and expenses detail
  - Industry detail
Real Personal Income

- **Measure of price-adjusted income**
- **Based on regional price parities (RPPs)**
  - Spatial price index
    - State and metropolitan areas
    - Goods, rents, other services
  - Average RPP across states is 100.0
- **Used in conjunction with PCE price index**
Real Personal Income

- Availability
  - First official release: April 2014
    - Covers 2008-2012
    - State, State Metro/Nonmetro portions, Metro areas
  - Next release: July 1, 2015

- Value
  - Examine trends in price-adjusted income
  - Compare purchasing power across areas
  - “Cost-of-living” index
Real Personal Income

Real Personal Income for States: Percent Change, 2011-2012
Impact of RPPs

Per Capita Income

$33,442 (MS)  $75,950 (DC)

$34,580 (UT)  $59,759 (DC)
PCE by State

- **Measure of household spending**
- **Includes**
  - Out-of-pocket household spending
  - Spending on behalf of households
  - Imputations
    - Owner-occupied housing
    - Financial services without explicit payment
  - Net expenditures of non-profit institutions serving households
PCE by State

- **Availability**
  - First official release: December 1, 2015
    - Annual statistics 1997-2014
    - 16 spending categories

- **Value**
  - Identify consumer markets
  - Examine spending trends over time
  - Per capita measures an indicator of economic well-being
Per Capita PCE by State, Gasoline and Other Energy Goods, 2012
PCE by State

- Arizona
- Nevada
- Indiana
- Ohio

Legend:
- Food services and accommodations
- Motor vehicles and parts
- Gasoline and other energy goods
- Furnishings and durable household equipment

Note: The shaded areas mark the beginning and end of recessions as determined by the Business Cycle Dating Committee of the National Bureau of Economic Research.
Quarterly GDP by State

- More timely and frequent measure of state-level GDP

- Interpolation of quarterly estimates
  - Annual GDP by state
  - Quarterly GDP by industry (new product)
  - State quarterly earnings
Quarterly GDP by State

- **Availability**
  - Official release: September 2, 2015
    - Covers 2005Q1 – 2015Q1
    - Detail for 21 industries
    - 6 months after end of quarter

- **Value**
  - Earlier read on economy
  - Earlier identification of weakening industries
  - More precise identification of turning points
Quarterly GDP by State

Percent Changes in Real GDP: Arizona

- Annual GDP
- Quarterly GDP
Quarterly GDP by State

Real GDP: North Dakota

- Real estate and rental and leasing
- Mining
- Agriculture, forestry, fishing, and hunting

Millions of Chained (2009) Dollars

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Uses of Regional Statistics

- Statistics provide the framework to assess an area’s economy
  - Administrative (Federal and state)
  - Regional development and policy making
  - Household and business decision making
  - Academic research
Distribution of Federal Funds

BEA Regional data used to distribute 308.0 billion, FY 2013

[Funded Programs Are Shown in Millions of Dollars]

- National School Lunch Program: $11,463.3
- Children's Health Insurance Program: $10,027.0
- Foster Care_Title IV-E: $4,400.0
- Rehabilitation Services_Vocational Rehabilitation Grants to States: $3,191.7
- Career and Technical Education -- Basic Grants to States: $1,003.4
- Title I Grants to Local Educational Agencies: $3,116.8
- Child Care Mandatory and Matching Funds of the Child Care and Development Fund: $2,909.7
- Block Grants for Prevention and Treatment of Substance Abuse: $1,600.2
- Adoption Assistance: $2,500.0
- Child Care and Development Block Grant: $2,190.7
- Medical Assistance Program: $263,700.0
- Other programs: $1,879.1
- All Other Funding: $44,281.9

Sources: Catalog of Federal Domestic Assistance (5/22/2014), 2014 President's Budget, Appalachian Regional Commission, Department of Agriculture, Department of Commerce, Department of Education, Department of Health and Human Services, Department of Homeland Security, Department of Interior.
State Tax and Expenditure Limits

Use of BEA’s Regional Statistics for State and Expenditure Limits