Taking Account...

Working Paper Explores DPI for Metropolitan Areas

BEA’s annual estimates of state disposable personal income (DPI) are widely used economic indicators. However, BEA has not published comparable estimates for more specific areas, notably the metropolitan statistical areas.

The main reason has been the lack of estimates of personal taxes for individual metropolitan areas (DPI is defined as the difference between personal income and personal current taxes).

In a recent working paper, BEA economist Ann Dunbar detailed the practical and conceptual issues involved in producing estimates of metropolitan area personal current taxes, including source-data availability issues. She also proposed a methodology that would yield reasonable estimates of DPI for metropolitan areas.

In the paper, Dunbar calculated and presented annual DPI estimates for 361 metropolitan areas for 2001 and 2002, as well as presenting DPI estimates for the 179 BEA economic areas. This marks the first time such estimates have been offered by BEA.

BEA plans to expand this series as appropriate source data become available.

Two developments provided the impetus for this research. First, requests for such data from BEA’s regional data users increased. And second, the most recent comprehensive revision of the national income and product accounts made it feasible to estimate DPI for metropolitan areas by redefining personal current taxes to exclude personal non-taxes, for which no substate data were available.

Dunbar noted that regular production of metropolitan area DPI depends on access to Internal Revenue Service (IRS) data on tax liabilities by zip code or county. For the tax year 2003, the IRS was unable to produce tax estimates by zip code. The IRS has said it will produce zip code–based estimates for later years if there is sufficient demand.

The paper also identified an area for further research: Alternative techniques for estimating recent personal taxes. Currently, the lag on the availability of IRS data is 2 years.

Dunbar’s paper is available on the BEA Web site; from the home page, click on “BEA Papers and Working Papers” on the left side under “Publications.”

BEA Newsroom Now Available Online

Last month, BEA launched a new online service for journalists on its Web site: The BEA Newsroom. Its purpose is to help journalists quickly find relevant information published by BEA. The Newsroom provides easy access to frequently requested economic indicators, such as gross domestic product, gross state product, and international accounts.

The Newsroom also links to BEA’s popular “Overview of the Economy” feature, which provides summaries of many of BEA’s best known economic indicators, and the BEA Regional Facts (BEARFACTS) service. BEARFACTS provides computer-generated narratives for states, counties, metropolitan statistical areas, and BEA economic areas. These narratives describe an area’s personal income, using current estimates, growth rates, and a breakdown of the sources of personal income. Also, the “Fast Facts” feature provides ready-to-use, concise pieces of information.

With the site, journalists can find links to previous releases, a news release schedule, contact information, a detailed FAQ service, and information about arranging interviews with BEA staff. To access the Newsroom, visit the BEA Web site and click on “Newsroom” on the left side of the home page.