Taking Account...

**New chapters of NIPA handbook now available**

The Bureau of Economic Analysis (BEA) has made available two more chapters of its national income and product accounts (NIPAs) handbook, which is being released in stages on the BEA Web site.

The NIPAs are a critical piece of the broad U.S. national economic accounts, displaying the value and composition of national output and the distribution of incomes generated in its production. The NIPA handbook describes the fundamental concepts, definitions, classifications, and accounting framework that underlie the accounts and the source data and methodologies used to calculate the estimates.

The two newly available chapters focus on exports and imports (chapter 8) and on government consumption expenditures and gross investment (chapter 9). This *Taking Account* will discuss the latter. Last month’s item focused on the former.

Chapter 9 covers essential information about government consumption expenditures and gross investment—definitions and concepts as well as how government transactions are recorded in the NIPAs—and provides an overview of source data and estimating methods, annual estimates, current quarterly estimates, and price and quantity indexes.

Government consumption expenditures and gross investment measures the portion of gross domestic product, or final expenditures, that is accounted for by the government sector. Government consumption expenditures consists of spending by government to produce and provide services to the public, such as public school education. Gross investment consists of spending by government for fixed assets that directly benefit the public, such as highway construction, or that assist government agencies in their production activities, such as purchases of military hardware.

BEA prepares estimates of government consumption expenditures and gross investment for the federal government sector and for the state and local government sector. Estimates of government spending by function—such as defense, health, and education—provide information on how governments allocate their funds.

The estimates of government consumption expenditures and gross investment are an integral part of the NIPAs, a set of accounts that provides a logical and consistent framework for presenting statistics on U.S. economic activity (see “Chapter 2: Fundamental Concepts”). In addition, the estimates of gross investment by government in structures, equipment, and software provide the building blocks for the estimates of government-owned fixed assets in BEA’s fixed assets and consumer durable goods accounts.

The first nine chapters of the handbook are accessible at www.bea.gov/methodologies/index.htm#national_meth.

For a primer on the BEA government accounts, please see the March 2008 issue of the *Survey of Current Business*.


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