Update on BEA Activities

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Director

BEA Advisory Committee Meeting
November 4, 2005
Revisions:

- Annual — Lower growth — 3.3 to 3.1 percent, 2001:IV-2005:I
  - Higher inflation — 2.2 to 2.5 percent, 2001:IV-2005:I
  - Little change in quarterly pattern
  - Reduced volatility in banking prices
- Press perspective — WSJ / New York Times

Negative personal saving rate: Integration, next steps with FRB
National Accounts

- Hurricane:
  - Source data
  - Communications

- Customer outreach: *BEA State and Local Data Symposium* (Government), May 18

- Prices:
  - Medical care
  - Hedonics
  - Residential structures
Update on Progress of SNA Revision

- Proposals accepted at July meeting of Advisory Expert Group:
  - *Capital services* was accepted as an organizing principle and for presentation by countries with adequate capital data
  - *Research & development* to be capitalized
- On agenda of next meeting (Jan/Feb)
  - Accrual treatment of *pension liabilities*
    - OECD working group recommended accrual basis
  - Net return to government assets
International Accounts

- Annual revision
  - Large revisions to positions and income
    - Improved measures of portfolio capital flows positions and incomes
  - Estimates using new BEA quarterly services surveys
- Survey enhancements:
  - Electronic surveys, phase II
  - Sampling and cognitive research
- Offshoring — GAO, NAPA, NAS, & Brookings
Update of Progress of BPM Revision

- Change in loan valuation principles. Loans will be valued at nominal (not at market) values
- Changes in how the accounts are displayed
  - More reporting of gross rather than net flows
- A large number of relatively small changes affecting goods versus services, migrants’ transfers, etc.
Regional Accounts

- Revisions and pensions:
  - Michigan and Medicaid
  - Change in law
  - Accrual

- Accelerated estimates:
  - Total GSP (12 months)
  - GSP by industry (8 months)
  - Compensation (more detail and more timely)
Regional Accounts

- Interarea prices
- Extensive outreach
  - RIMS training
  - Regional user group meetings and training
  - Understanding Regional Economic Data for Policy and Planning, Baltimore, October 31
  - Calibrating the Northwest Economy: Data and Tools for Measuring the Performance of Out State and Local Economies, Olympia & Seattle, WA, November 15 & 17
Industry Accounts

- Annual Revision, 1998-2004 - December
- Accelerated estimates:
  - 2002 benchmark gross output by industry and commodity
- NAICS Time Series, 1947-87
- NAICS-Based KLEMS estimates
  - Measuring Outsourcing (CRIW)
Chief Economist

- **R&D:**
  - NSF R&D I: Data Sharing (International)
  - NSF R&D II: (Joint leadership with Industry)
  - Frascati-SNA, industry-based framework, and estimates of rates of return
- Household production: Time use conference, December
- Education: Forthcoming survey article
- Health: HHS/CMS/BEA
- Depreciation: Used asset prices

www.bea.gov
Chief Statistician

- NAICS and NAPCS:
  - 1-page status report
- Revision studies
- Source data coordination
- Methodological work
- Review of BEA’s surveys
- Release and revision guidelines
- Data sharing
Data Sharing — Real Value Added Growth

Selected Industries

Published vs. Simulated (Absolute Difference), 2002

[Percentage points]

- Computer and electronic product manufacturing
- Petroleum and coal products manufacturing
- Apparel manufacturing
- Motor vehicle, body, trailer, and parts manufacturing
- Food product manufacturing
- Chemical manufacturing
- Primary metal manufacturing
- Textile and textile product mills
- Other transportation equipment manufacturing
- Nonmetallic mineral product manufacturing
- ICT-producing industries 1

1. Consists of computer and electronic products; publishing industries (includes software); information and data processing services; and computer systems design and related services.
Introduction of new systems:
- NIPA system
- ASTAR electronic reporting system II
- Interactive archival data for NIPAs and Multinationals

Infrastructure accomplishments
- Upgrade to Windows XP upgrade
- Switch to Outlook e-mail
- Successful departmental security review
Management and Communications

- Accomplished all FY 2005 Strategic Plan, President’s management agenda, and departmental goals accomplished
  - Goal is to retain government-wide top-tier ratings from OMB and OPM in FY 2006
- Expanded outreach
  - Chamber of Commerce
  - Regional and state meetings
  - National Association for Business Economics
- Improved electronic and printed communications
  - Survey, logo, displays, and other materials
  - Working papers:  www.bea.gov/bea/working_papers.htm
Other Activities

- Provided technical assistance to:
  - China and Japan
  - Singapore, Hong Kong, Korea, and Thailand
  - Russia and Macedonia
  - Brazil

- Successful work on a wide range of research contracts
  - International services
  - Use of tax data in NIPAs
  - I-O reports for utilities and hospitals
Continuing resolution — expires Nov. 18
- House at $4 million over base
- Senate at $5 million over base
Future budgets expected to be tight
Strategic planning has helped ensure adequate resources for continuing efforts