

June 19, 2013

Impact of Sequestration Reductions on the Availability and Quality of Data from the Bureau of Economic Analysis

BEA understands that all of its analytical products and statistical programs are of high value to public and private sector decision-makers, and thus very careful consideration was given to program reductions in an effort to minimize the impact on data users. Given the reduced funding level, BEA must reduce certain statistical series, but will continue to produce statistics that feed into the estimation of gross domestic product (GDP), statistics required by law, and statistics required for the administration of federal programs. The resulting programmatic reductions are:

Regional Input-Output Modeling System (RIMS) - BEA will eliminate its RIMS II product, which currently generates products on demand as events warrant. The RIMS II program will continue to accept and process orders, which are fulfilled on a cost-recovery basis, through the end of the fiscal year. BEA will not build and develop the data needed to update the data set and fulfill orders in future years. RIMS II provides modeled estimates to the private sector and Federal, state, and local governments on the impact of a change in economic activity on a specific region's economies. For example, RIMS II was used to estimate the economic impacts of Hurricane Katrina and the Deepwater Horizon Event.

Local Area Personal Income Statistics (LAPI) - BEA will eliminate the publication of detailed statistics within its LAPI program, which are currently updated annually. LAPI constitutes the only source for county and metropolitan area personal income statistics and are building blocks for other regional economic statistics. Specific reductions include: 1) local area employment by industry; 2) the production of data for "BEA Economic Areas"; 3) detailed statistics on transfer payments; 4) detailed data on farm income and expenses; and 5) industry detail on compensation and earnings.

Foreign Direct Investment Analytical Products – BEA's work on foreign direct investment data (FDI) occurs at two levels: 1) data collection/publication and 2) analysis of that data to assess and explain direct investment's economic impact. The data that BEA collects and publishes on direct investment flows and on the finance and operations of multinational firms are not affected by this reduction. The statutory requirements for annual reporting on direct investment flows will also not be impacted by these changes. However, BEA will eliminate analytical activities related to FDI and the operations of multinational companies (MNCs), which will affect some annual publications as well as occasional topical papers. BEA will also eliminate the publication of analytical products that provide insight into offshoring, the impact of MNCs on the domestic economy, and the impact of global value chains for measuring economic activity.