



# BEA's Regional Program

**Ledia Guci**

BEA Advisory Committee Meeting

May 8, 2015

# Plan of Talk

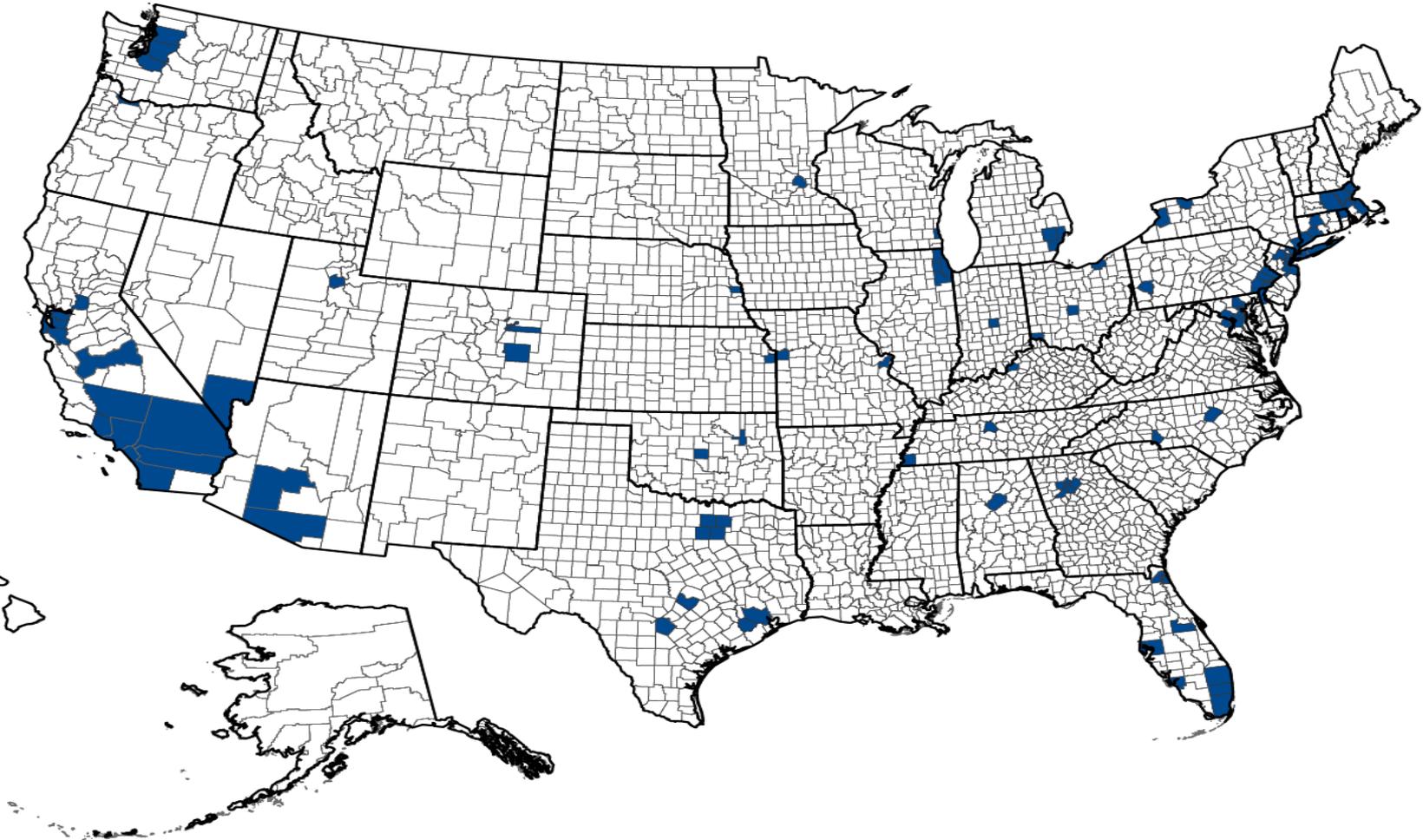
- Traditional products
  - What are they?
  - What's been restored?
- New products
- Use of regional statistics

# 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

# RIMS II

- 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
  - 2015 Release: 2007 I-O data, 2013 regional data
  
- **Local Area Statistics**
  - Employment
  - Current personal transfer receipts
  - Farm income and expenses detail
  - Industry detail



# Real Personal Income

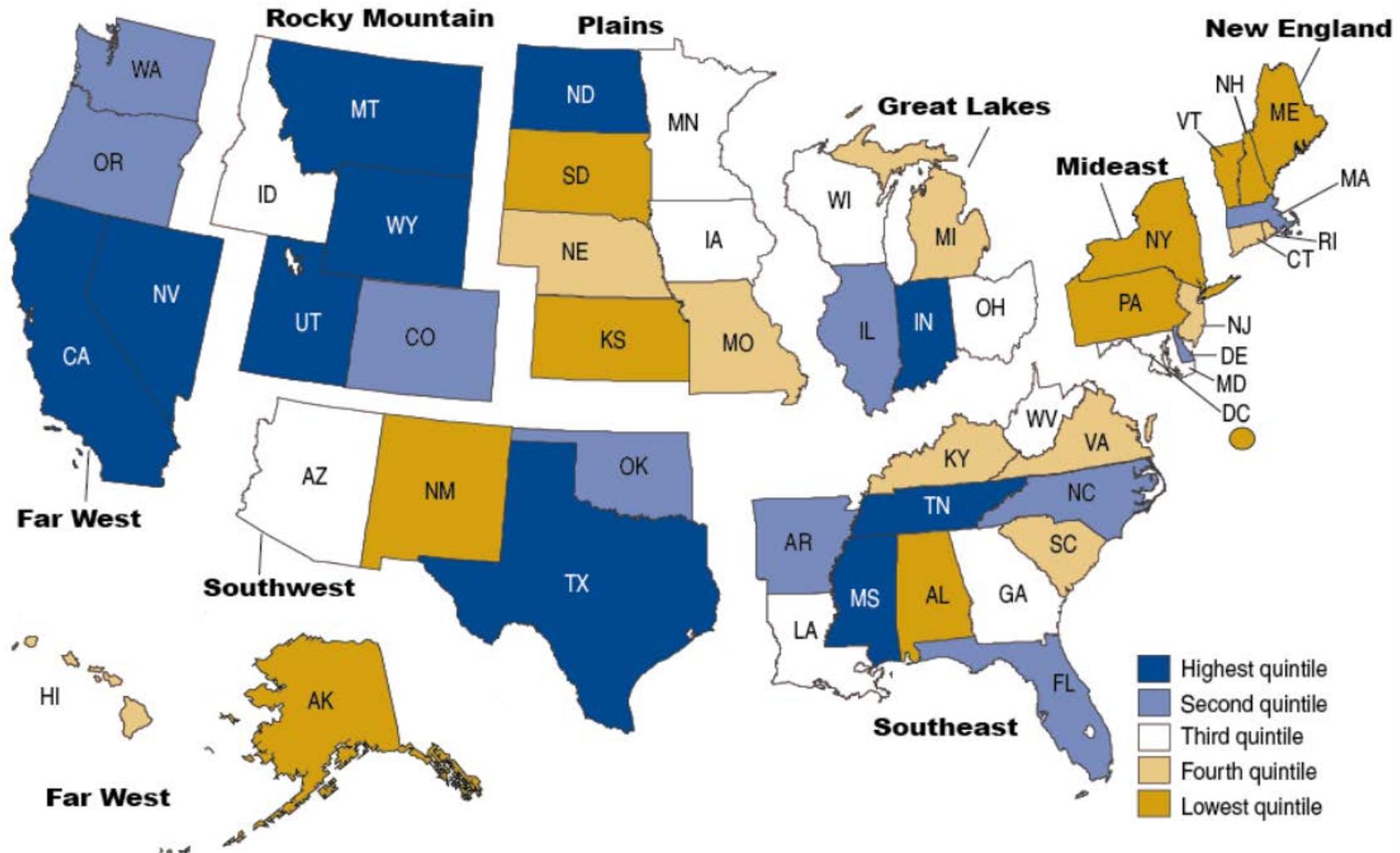
- Measure of price-adjusted income
- Based on regional price parities (RPPs)
  - Spatial price index
    - State and metropolitan areas
    - Goods, rents, other services
  - Average RPP across states is 100.0
- Used in conjunction with PCE price index

# 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

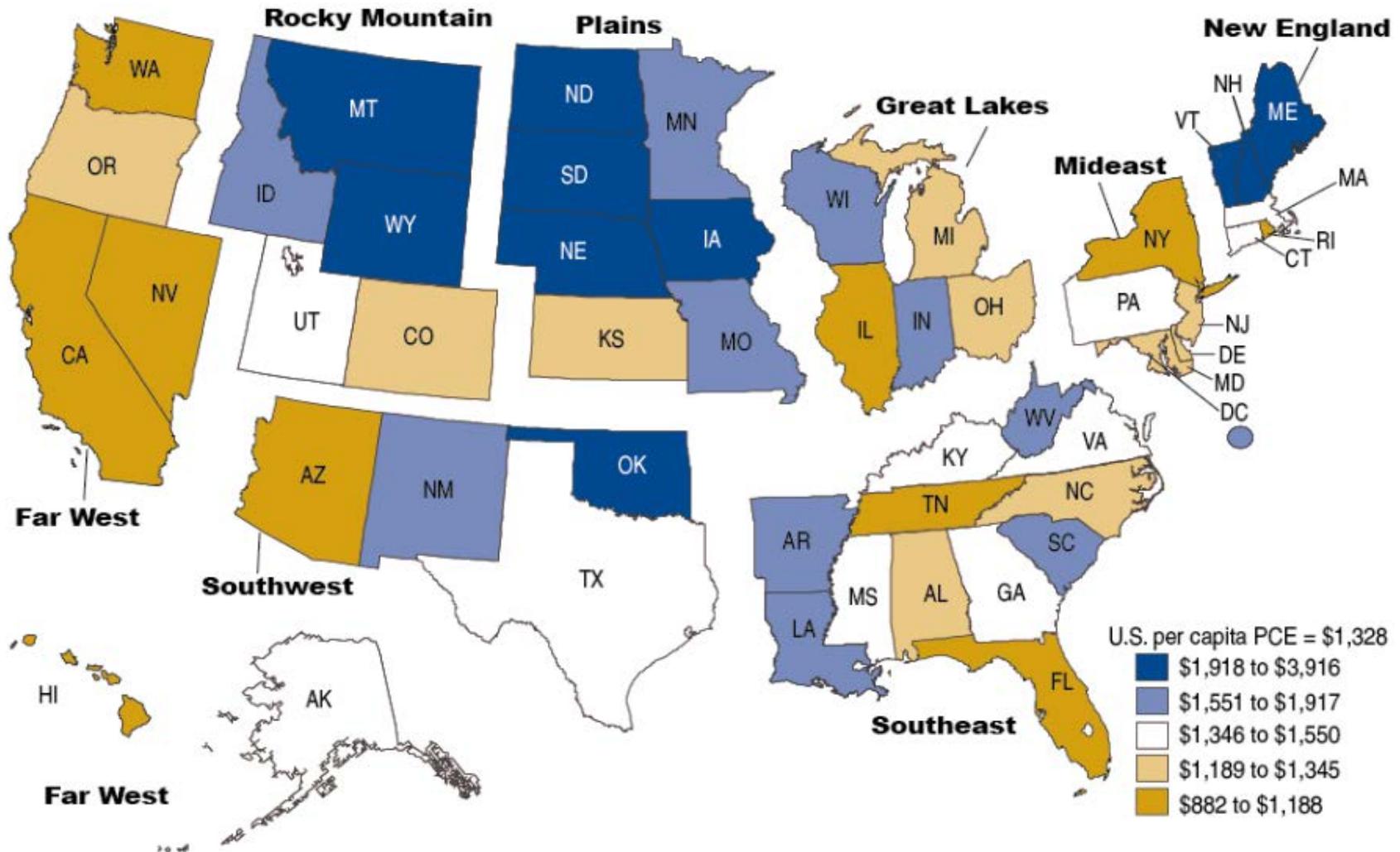
- Measure of household spending
- Includes
  - Out-of-pocket household spending
  - Spending on behalf of households
  - Imputations
    - Owner-occupied housing
    - Financial services without explicit payment
  - Net expenditures of non-profit institutions serving households

# PCE by State

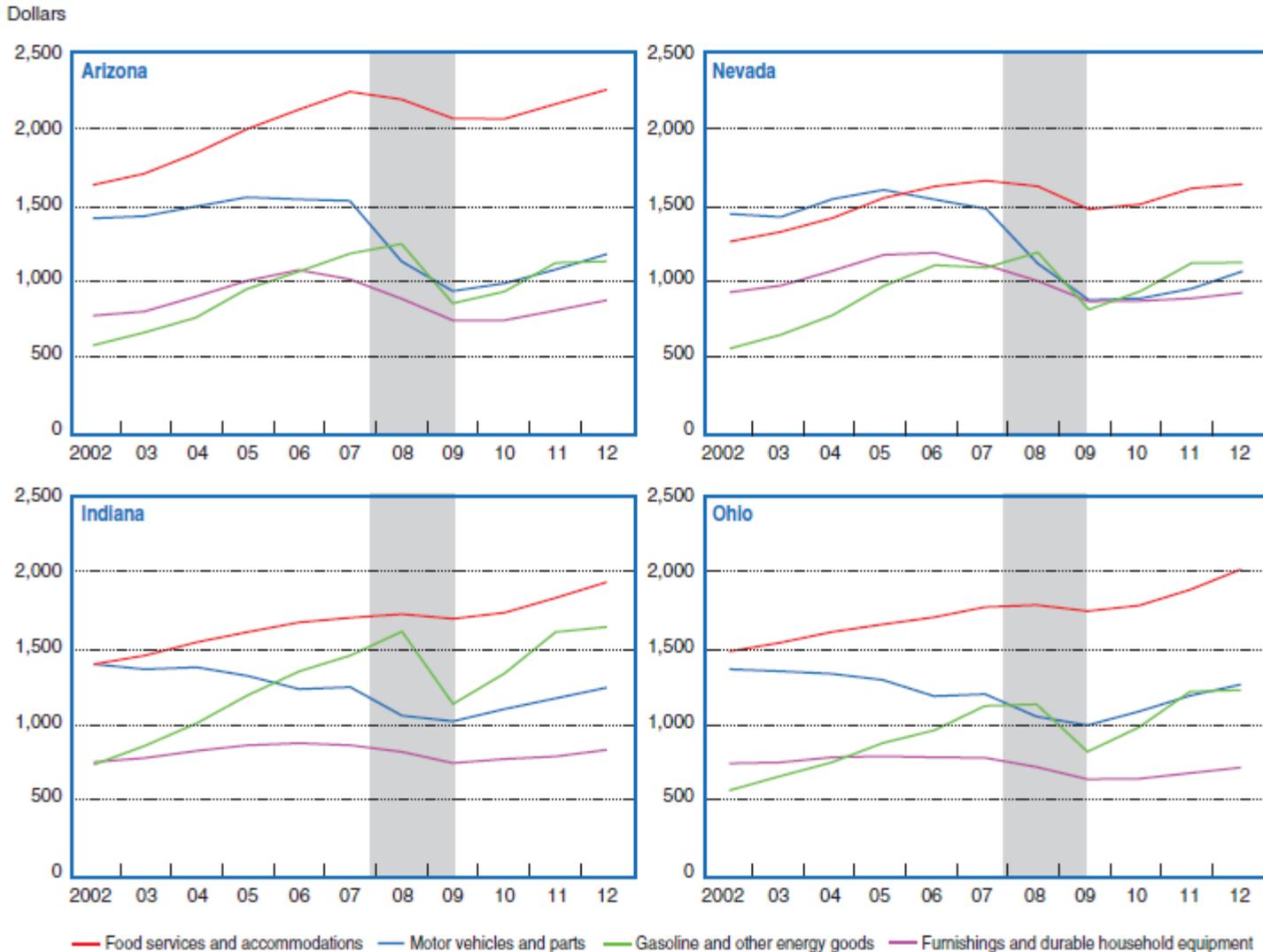
- Availability
  - First official release: December 1, 2015
    - Annual statistics 1997-2014
    - 16 spending categories
- Value
  - Identify consumer markets
  - Examine spending trends over time
  - Per capita measures an indicator of economic well-being

# PCE by State

Per Capita PCE by State, Gasoline and Other Energy Goods, 2012



# PCE by State



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

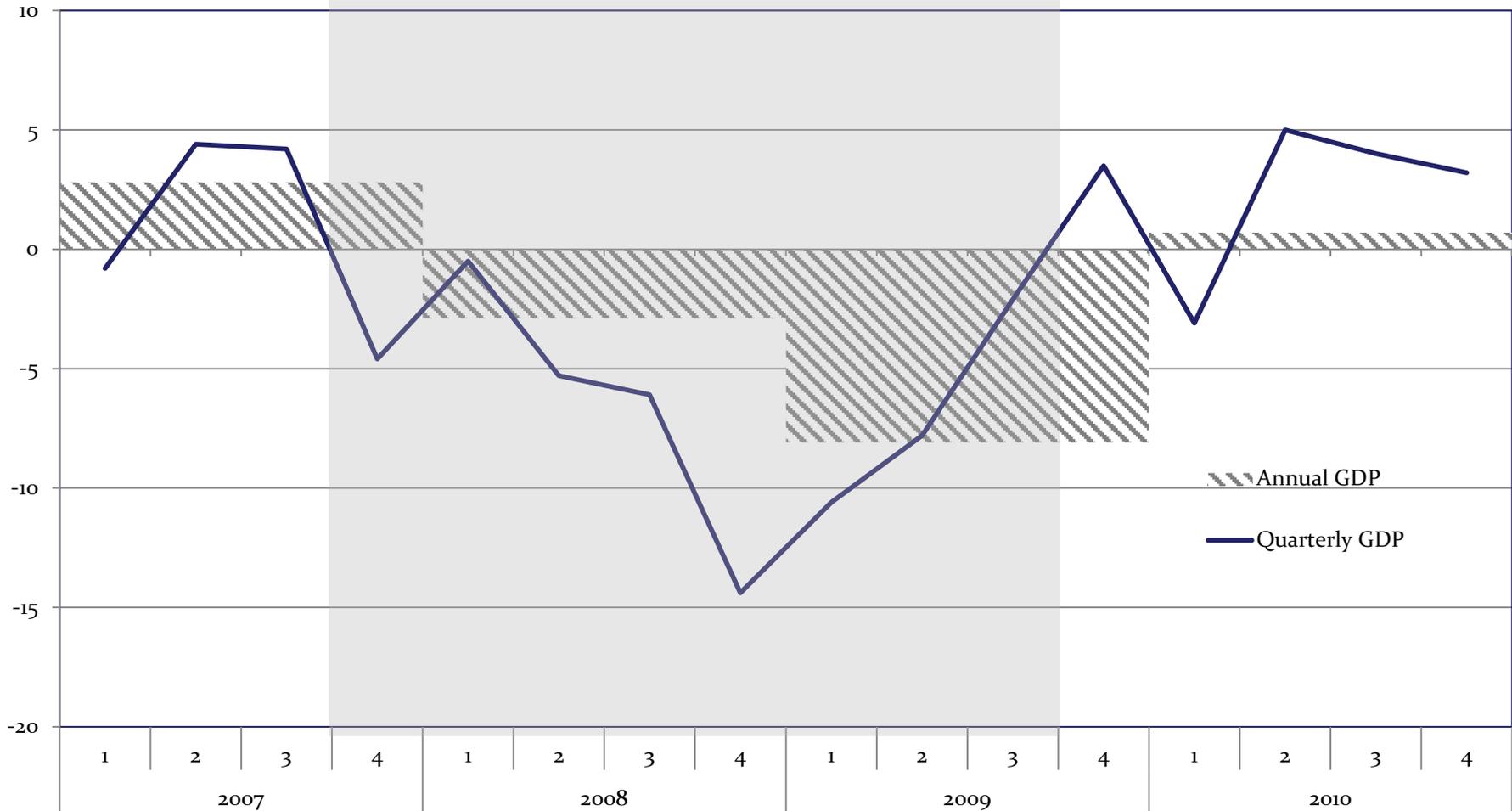
- More timely and frequent measure of state-level GDP
- Interpolation of quarterly estimates
  - Annual GDP by state
  - Quarterly GDP by industry (new product)
  - State quarterly earnings

# 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

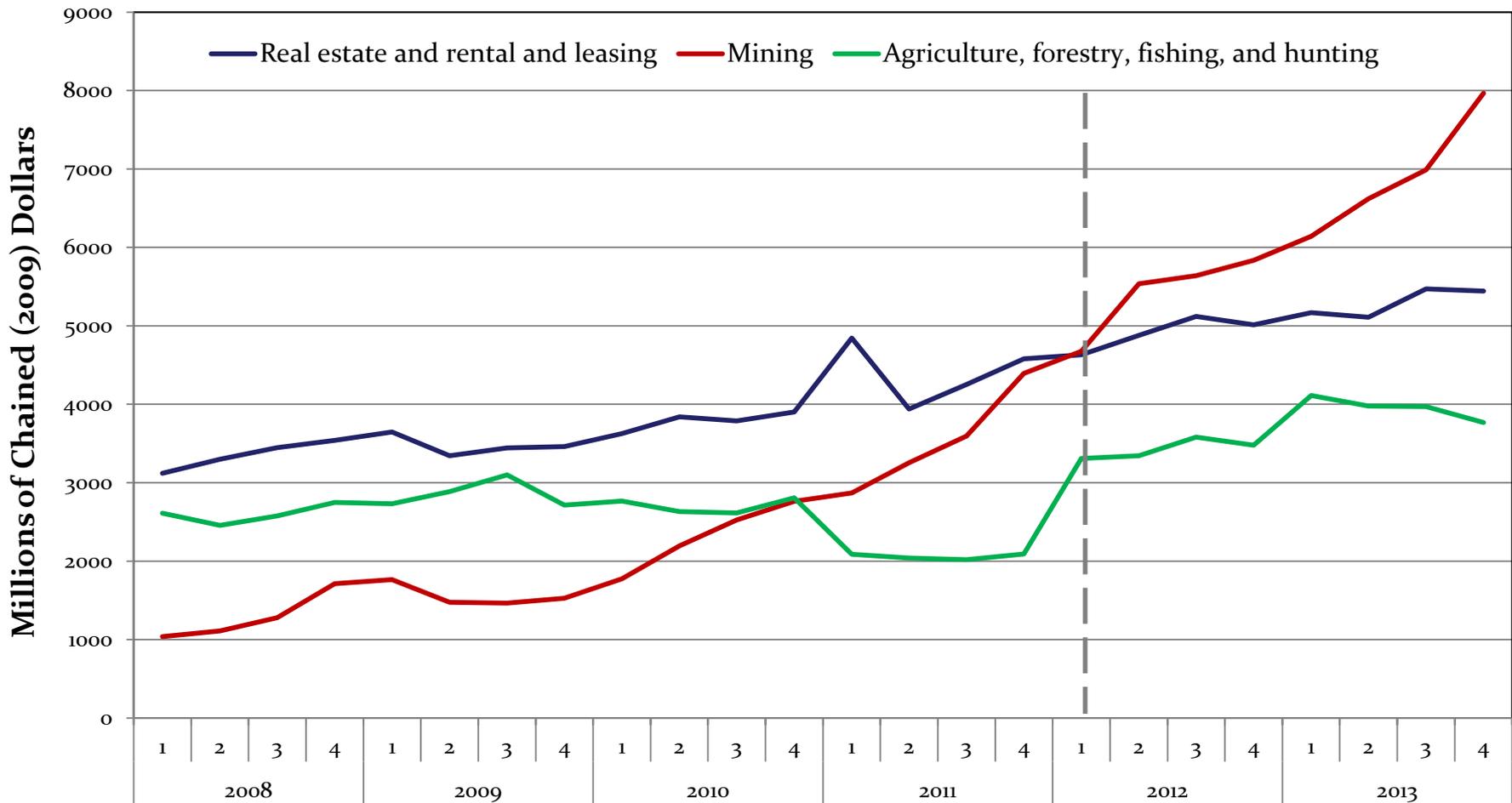
# Quarterly GDP by State

## Percent Changes in Real GDP: Arizona



# Quarterly GDP by State

## Real GDP: North Dakota



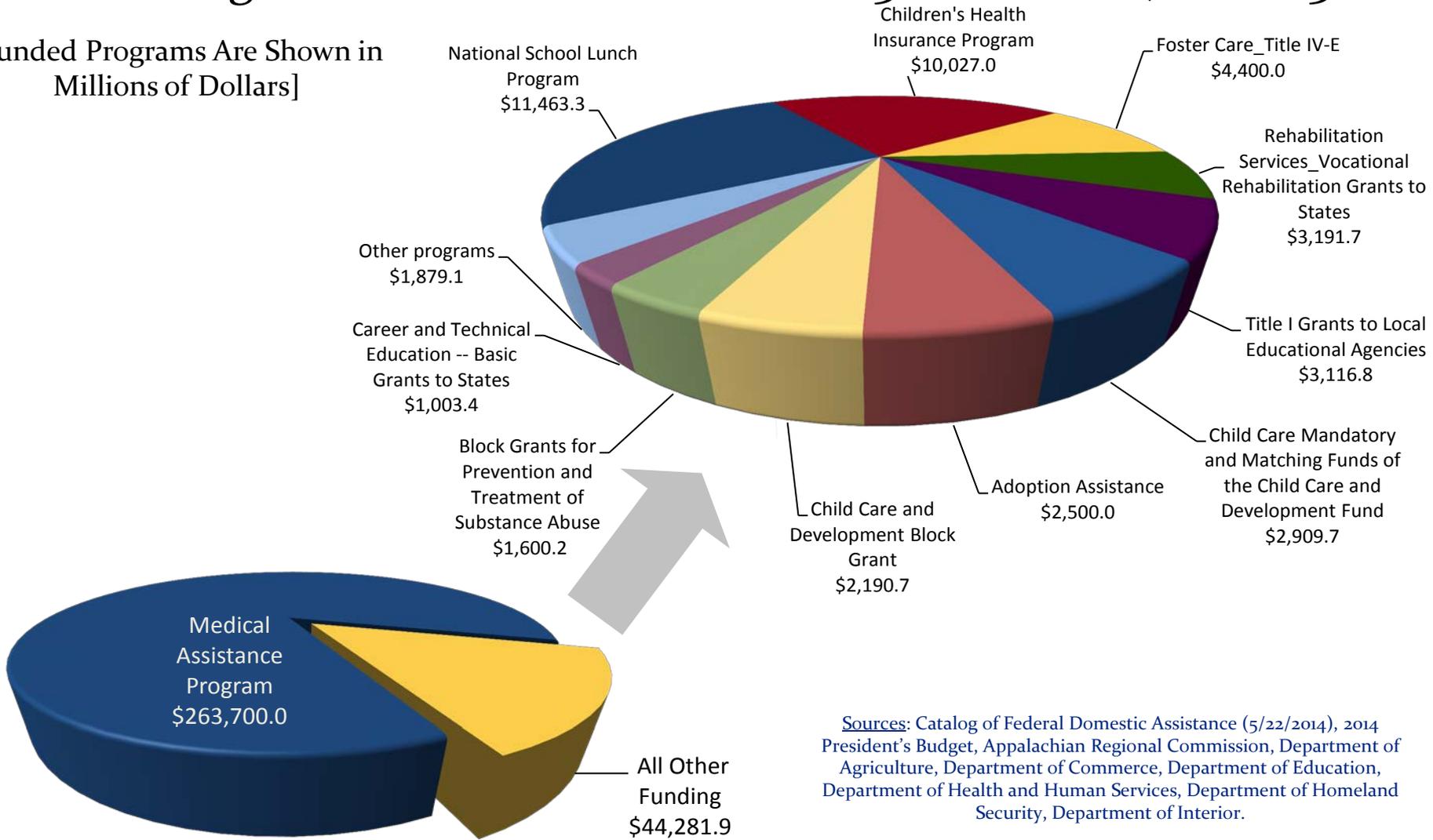
# Uses of Regional Statistics

- 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

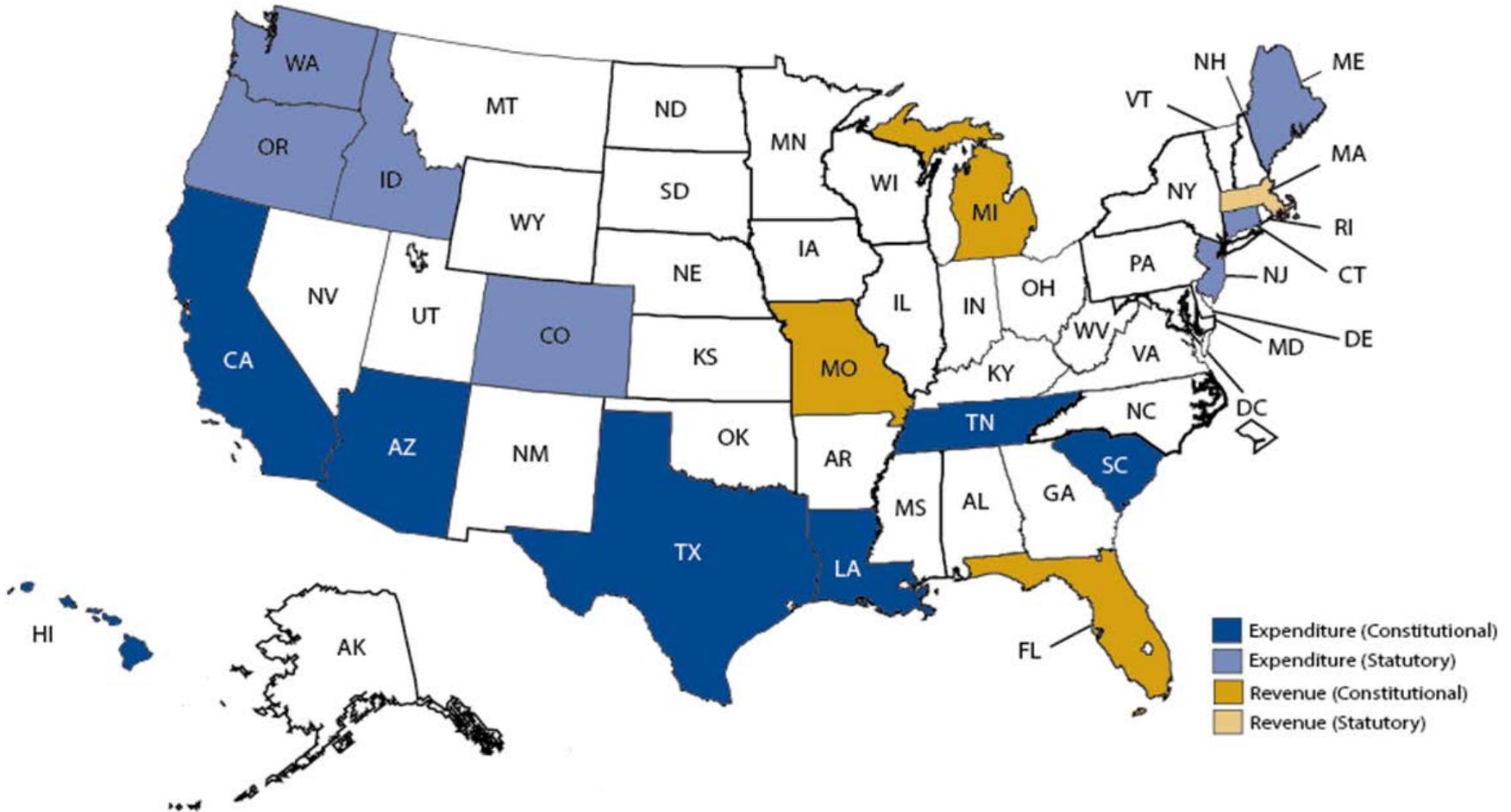
[Funded Programs Are Shown in Millions of Dollars]



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



Source: State Tax and Expenditure Limits – National Conference of State Legislatures, 2012. State Constitutions or Statutes.