

GLOSSARY: NATIONAL INCOME AND PRODUCT ACCOUNTS

(Updated: November 2019)

This glossary presents the definitions of terms that are associated with the U.S. national income and product accounts (NIPAs). The terms relate to the concepts, classifications, and accounting framework of the NIPAs, the general sources and methods used to prepare the NIPA estimates, and the line items that make up the seven summary NIPAs. For the most part, the NIPA definitions are consistent with those used in general economic accounting, such as the *System of National Accounts* (SNA); where appropriate, explanations of differences are provided. This glossary is intended to be a living reference that will be updated and expanded to reflect changes and additions as they are incorporated into the NIPA Handbook.

Term	Definition
Accrual accounting	Method of accounting that records the sale of goods or assets when ownership is transferred, the sale of services when they are provided, the generation of output when goods or services are produced, the consumption of intermediate goods and services when they are used, and the compensation of employees when it is earned.
Administrative data	Data tabulated as a byproduct of administering programs of the federal government and of state and local governments—such as processing corporate tax returns, regulating public utilities, issuing building permits, and handling unemployment insurance claims.
“Advance” quarterly estimates	First vintage of the three sets of current quarterly estimates of GDP and its components, the advance estimates are released near the end of the month that follows the end of the reference quarter. For most GDP components, the advance estimates are based on source data that cover 2 or 3 months of the quarter and that are subject to revision.
Annual industry accounts	Part of BEA’s industry economic accounts, these accounts consist of the annual input-output accounts and the GDP-by-industry accounts.
Annual input-output (I-O) accounts	Part of BEA’s annual industry accounts, these accounts consist of a set of I-O tables—make table, use table, and several supplementary tables—that provide a time series of consistent statistics on the flow of goods and services that make up the production process of industries and to final users in the economy. For each year, beginning with 1998, the accounts show how industries interact as they provide inputs to, and use outputs from, each other to produce GDP. These accounts, which are consistent with the GDP-by-industry accounts, incorporate less comprehensive source data than those used for the benchmark I-O accounts.

Annual NIPA revisions	See Annual NIPA updates.
Annual NIPA updates	Periodic updates of the NIPA estimates usually carried out each summer. These updates incorporate newly available source data that are based on more extensive annual surveys, on annual data from other sources, and on revisions to the monthly and quarterly source data that were not available for incorporation into the NIPA current quarterly estimates. The revisions cover at a minimum the 3 most recent calendar years, but BEA may extend the revision period to allow for the incorporation of improvements in methodologies when warranted. Also referred to as “annual revisions.”
Annual rates	Quarterly and monthly NIPA estimates in current and chained dollars are presented at annual rates, which show the value that would be registered if the level of activity measured for a quarter or for a month were maintained for a full year. Annual rates are used so that periods of different lengths—for example, quarters and years—may be easily compared. These annual rates are determined simply by multiplying the estimated level of activity by 4 (for quarterly data) or by 12 (for monthly data).
Annual rates of change	Percent changes in quarterly NIPA estimates are expressed at annual rates, which show the value that would be registered if the pace of activity measured for a quarter were maintained for a full year. Calculating these changes requires a variant of the compound interest formula.
Asset	Entity that functions as a store of value and over which ownership rights are enforced and from which economic benefits may be derived by the owner.
Asset boundary	In the U.S. national economic accounts, the asset boundary includes transactions involving financial assets and produced and nonproduced nonfinancial assets.
Average of GDP and GDI	A supplemental measure of economic activity that equally weights the measures of GDP and GDI.
Balance of payments	See “International transactions accounts.”
Balance on current	Net measure of transactions between the United States and the rest of the world in goods, services, income, and current transfers.
Balance sheet	A statement showing the value of assets owned and the financial claims (or liabilities) incurred by an economic unit or sector at a specified point in time.
Base period	In the derivation of quantity or price estimates, the period from which the weights are drawn for a fixed-weighted index.

Benchmark input-output (I-O) accounts	Part of BEA’s industry economic accounts, these accounts consist of a set of I-O tables—make table, use table, and several supplementary tables—that provide detailed statistics on the flow of goods and services from each industry to other industries and to final users in the economy. These accounts, which are prepared at about 5-year intervals, are based on comprehensive data from the Census Bureau’s quinquennial Economic Census. The benchmark I-O accounts are used to determine the structure and level of GDP for the comprehensive revisions of the NIPAs.
Benchmark NIPA revisions	See “Comprehensive NIPA updates.”
Best change	A procedure for incorporating newly available source data so that the estimates provide accurate measures of change across time periods, though the levels of the estimates may not be consistent with the newer source data. Because, in general, the levels of economic time series are only revised as part of an annual or a comprehensive update, newly available source data are frequently incorporated into the current quarterly estimates on a best-change basis in order to avoid discontinuities in the time series. In general, the best-change procedure is carried out by applying quarter-to-quarter growth rates from the source data to a previously published estimate for an earlier period.
Best level	A procedure for incorporating newly available source data so that the estimated levels of the time series are consistent with those of the source data. Incorporation of source data on a best-level basis is generally carried out as part of an annual or a comprehensive update.
Business current transfer payments (net)	Net payments by private businesses to persons, to government, and to the rest of the world for which no current services are performed, such as donations by business to charitable organizations. Does not include “capital transfers.”
Business sector	Consists of private business (all corporate and noncorporate private entities organized for profit and certain other entities that are treated as businesses in the NIPAs) and of government enterprises (federal government enterprises and state and local government enterprises). See “Private business” and “Government enterprises.”
Capital account	In economic accounting, an account that shows how saving is used to acquire nonfinancial assets, such as fixed assets and inventories. Also referred to as a “saving and investment account.”
Capital consumption	See “Consumption of fixed capital.”

Capital consumption adjustment (CCAdj)	The adjustment used to convert measures of depreciation that are based on historical-cost accounting—such as the capital consumption allowances reported on tax returns—to NIPA measures of private consumption of fixed capital that are based on current cost with consistent service lives and with empirically based depreciation schedules.
Capital consumption allowances (CCA)	Consists largely of tax-return-based depreciation charges for corporations and for nonfarm proprietorships and partnerships and of historical-cost depreciation charges (calculated by BEA) for farm proprietorships and partnerships, rental income of persons, and nonprofit institutions.
Capital formation	See “Gross domestic fixed investment” and “Gross fixed investment.”
Capital gains or losses	Gains or losses that accrue during an accounting period to the owners of assets and liabilities as a result of changes in their prices. Also referred to as “holding gains or losses.”
Capital services	The services derived from assets that are used in production. It can be measured either as the rental price charged for the use of the asset, or in the absence of a rental market, as the sum of consumption of fixed capital and the value of the return to capital (for government and for nonprofit institutions, the value of the return to capital is assumed to be zero).
Capital transfers	Cash or in-kind transactions in which the ownership of an asset is transferred from one economic unit to another, in which cash is transferred to enable the recipient to acquire another asset, or in which the funds realized by the disposal of another asset are transferred. Examples of capital transfers include capital grants made by the federal government to state and local government for construction of highways and estate or gift taxes.
Cash accounting	Method of accounting that records only cash payments and receipts and that records them at the time these payments or receipts occur.
Catastrophic losses	Unanticipated losses resulting from large scale, discrete, and recognizable events, such as hurricanes or earthquakes, that destroy assets. Such losses are not included in consumption of fixed capital but are instead classified as “other changes in the volume of assets” that are recorded as direct adjustments to the net capital stock and balance sheet.

Chained-dollar estimates	Inflation-adjusted estimates that are prepared to supplement the chain-type quantity indexes. In general, the chained-dollar estimates are calculated by multiplying the current-dollar value of an aggregate or component for the reference year by its corresponding chain-type quantity index and then dividing by 100. These estimates are denominated in units of the dollars of the reference year. The chained-dollar estimates may be used to calculate growth rates (which will be identical to those calculated using the quantity indexes), but because these estimates are not additive for periods other than the reference year, they should not be used to calculate component shares of an aggregate or to calculate component contributions to the growth of an aggregate.
Chain-type indexes	Quantity and price indexes that are based on the linking (chaining) of indexes for consecutive periods to form time series. In the NIPAs, annual changes in the quantities and prices calculated using a Fisher index formula that incorporates weights from 2 adjacent years are used to construct the chain-type indexes. These indexes eliminate the substitution bias found in indexes with unchanging (or “fixed”) weights, and their movements are not affected by the choice of the reference period.
Change in private inventories (CIPI)	The component of gross private domestic investment that measures the change in the physical volume of inventories—additions less withdrawals—owned by private business, valued in average prices of the period. Inventories may be in the form of goods ready for sale (finished goods), of goods undergoing production (work in process), or of goods acquired for use in the production process (materials and supplies). CIPI differs from the change in the book value of inventories reported by most businesses, which are valued using a variety of accounting methods and thus may include holding gains or losses resulting from price changes.
Command-basis gross domestic product	An alternative measure of real GDP that provides information on the real purchasing power of the income generated by the production of goods and services. It reflects the impact of changes in the prices of traded goods and services as well as changes in production. Command-basis GDP is calculated by deflating both exports and imports by the price index for gross domestic purchases. Thus, it reflects the prices of <i>purchased</i> goods and services, while real GDP reflects the prices of <i>produced</i> goods and services. In the SNA, the term for this measure is “real gross domestic income.”

Commodity-flow method	A method used by BEA to estimate various components of consumer spending, of investment in equipment and software, and of state and local government spending. The process begins with estimates of the domestic output or domestic sales or shipments of a commodity valued in producers' prices. Then, estimates of the domestic supply of that commodity—the amount that is available for domestic consumption— are prepared by adding imports and by subtracting exports and inventory change. Next, the domestic supply of the commodity is allocated among domestic purchasers—that is, persons, business, and government. Finally, the estimates are converted to purchasers' prices by adding transportation costs and trade margins.
Compensation of employees	The total remuneration, both monetary and in kind, payable by employers to employees in return for their work during the period. It consists of wages and salaries and of supplements to wages and salaries (employer contributions for employee pension and insurance funds and employer contributions for government social insurance). In the NIPAs, compensation is presented on an accrual basis—that is, it reflects compensation liabilities incurred by the employer in a given period regardless of when the compensation is actually received by the employee.
Comprehensive NIPA revisions	See Comprehensive NIPA updates.
Comprehensive NIPA updates	Extensive updates best available source data, including the benchmark input-output accounts; they provide the opportunity to make definitional, statistical, and presentational changes to the NIPAs; and they may affect estimates extending back for many years. Also referred to as “benchmark revisions” or “comprehensive revisions.”
Constant prices	See “Laspeyres index” and “Chained-dollar estimates.”
Consumer durable goods	Commodities, such as motor vehicles, that are purchased by consumers and are used repeatedly or continuously over a prolonged period. In the NIPAs, purchases of consumer durables are treated as personal consumption expenditures rather than as investment, but they are included in BEA's fixed assets and consumer durable goods accounts.
Consumption of fixed capital (CFC)	The NIPA measure of economic depreciation—that is, the decline in the value of the stock of fixed assets due to physical deterioration, normal obsolescence, and accidental damage except that caused by a catastrophic event. For nonprofit institutions serving households and for general government, CFC serves as a measure of the value of the capital services of the fixed assets owned and used by these entities.

Corporate business	In classification by legal form of organization in the NIPAs, corporate business comprises all entities required to file federal corporate tax returns, IRS Form 1120 series. It also includes mutual financial institutions and cooperatives subject to federal income tax, private noninsured pension funds, nonprofit organizations that primarily serve business, Federal Reserve banks, and federally sponsored credit agencies.
Command-basis gross national product (GNP)	An alternative measure of real GNP that provides information on the real purchasing power of the income generated by the production of goods and services. It reflects the impact of changes in the prices of traded goods and services as well as changes in production. Command-basis GNP is calculated by deflating both “exports plus income receipts” and “imports plus income payments” by the price index for gross domestic purchases. Thus, it reflects the prices of <i>purchased</i> goods and services, while real GNP reflects the prices of <i>produced</i> goods and services. In the SNA, the term for this measure is “real gross national income.”
Corporate profits with inventory valuation and capital consumption adjustments	The net income, before taxes, from current production of entities that are treated as corporations in the NIPAs. For corporate businesses, it is defined as gross output less the following expenses: intermediate inputs, compensation of employees, taxes on production and imports (less subsidies), consumption of fixed capital, net interest and miscellaneous payments, and business current transfer payments. The estimates are based on receipts less expenses from corporate income tax returns, with adjustments to account for differences between federal tax law and NIPA concepts. Among these differences are the following: receipts exclude net capital gains and dividends received; expenses exclude bad debt, depletion, and state and local taxes on corporate income; inventory withdrawals are valued at current cost; and depreciation is on a consistent accounting basis and valued at current-replacement cost.
Coverage adjustments	Adjustments that are made to source data in order to account for NIPA definitions and concepts or for information that is not contained in the source data, either because the data were not collected or because the data were incomplete.
Current-cost	The valuing of an asset at the prices prevailing at the time the valuation is made. It incorporates the effects of both depreciation and the changes in the market prices of that type of asset. For example, the 2010 current-cost estimate for an asset is based on the price that would have been paid to acquire that asset in 2010, and the 2011 current-cost estimate for that asset is based on the price that would have been paid to acquire that asset in 2011.

Current-dollar estimates	Estimates valued in the prices of the period when the transactions occurred—that is, at “market value.” Also referred to as “nominal estimates” or as “current-price estimates.”
Current production	Production that takes place during the current period—that is, during the period being measured. In measuring GDP, the final sales recorded for product-side components—such as personal consumption expenditures—in the current period may include goods that were produced in earlier periods, so the recording of changes in inventories provides a means to allocate production to the period in which it actually occurred.
Current quarterly estimates	Three sets of NIPA estimates that provide initial pictures of U.S. economic activity for a given quarter. These estimates are released successively in the 3 months following the end of the quarter: the “advance” estimates are released near the end of the first month, the “second” estimates are released near the end of the second month, and the “third” estimates are released near the end of the third month.
Current surplus of government enterprises	Current operating revenue and subsidies received from other levels of government less current expenses, such as intermediate purchases and employee compensation. In this calculation, no deduction is made for net interest paid, because the interest payments of government enterprises are not separately identified from other government interest in the government receipts and expenditures account.
Current transfer payments (net)	Cash or in-kind transactions in which one of the parties receives nothing directly in return, such as unemployment benefits paid by government to persons. Excludes payments that are associated with the acquisition or disposal of fixed assets, such as estate taxes or gift taxes (see “capital transfers”).
Defense	Portion of federal government consumption expenditures and gross investment that covers the military activities of the U.S. Department of Defense and the defense-related activities of other government agencies, such as certain atomic energy activities of the U.S. Department of Energy.
Deflation method	The most common method for preparing inflation-adjusted, or “quantity,” estimates for most detailed NIPA components. In this method, the quantity estimate for a NIPA component is derived by dividing its current-dollar value by the value of an appropriate price index—that is, one whose definition and coverage most closely match those of the series being deflated.
Depletion	The reduction in the value of deposits of subsoil assets (such as minerals and oil) as a result of the physical removal and using up of the assets, and the reduction in the value of uncultivated biological assets (such as natural forests and fish stocks in the open seas) beyond sustainable levels of extraction. In the NIPAs, natural resource discoveries are not considered to be capital formation, so reductions in these resources are not treated as charges against current production.

Depreciation	The decline in the value of fixed assets due to physical deterioration, normal obsolescence, or accidental damage. In business accounting, depreciation is generally measured at historical cost, whereas in the NIPAs, the economic measure of depreciation, “consumption of fixed capital,” is measured at current cost.
Direct investment	Investment in which a resident (in the legal sense, including a person or a company) of one country obtains a lasting interest in, and a significant degree of influence over, the management of a business enterprise in another country. In the United States and in the international statistical guidelines, the criterion used to define direct investment is ownership of at least 10 percent of the voting securities of an incorporated business enterprise or the equivalent interest in an unincorporated business enterprise.
Direct valuation method	Method for preparing inflation-adjusted, or “quantity,” estimates for some detailed NIPA components, such as military aircraft. In this method, the quantity estimate for a NIPA component is derived by multiplying actual quantity data for the period being measured by the price of the component in the reference year.
Disposable personal income	The income available to persons for spending or saving. It is equal to personal income less personal current taxes.
Dividend income	A form of property income received by shareholders in return for their investment in the equity of a corporation.
Domestic capital account	Account 6 of the summary NIPAs. This account shows the relationship between saving and investment for the U.S. economy.
Domestic income and product account	Account 1 of the summary NIPAs. This account shows the production of all sectors of the U.S. economy. The right (product) side of the account shows GDP as the sum of final expenditures, and the left (income) side of the account shows GDP as the sum of the incomes earned and the costs incurred in that production.
“Domestic” measures	NIPA measures of economic activities that take place in the United States. For example, gross <i>domestic</i> product measures the value of final goods and services produced by labor and property in the United States.
Domestic supply	The amount of a commodity, valued at producers’ prices, that is available for domestic consumption or fixed investment. It is calculated as domestic production plus imports less exports and less change in inventories.
Durable goods	Consists primarily of tangible products that can be stored or inventoried and that can be used repeatedly or continuously over a prolonged period. Also includes certain intangible products, such as software. See also “Consumer durable goods” and “Equipment.”

Economic asset	See “Asset.”
Economic Census	Mandatory census of economic activity that is conducted every 5 years by the Census Bureau. The basic statistics cover nearly all of the U.S. economy except agriculture and government, and those sectors are covered by concurrent censuses.
Employer contributions for employee pension and insurance funds	Consists of employer payments (including payments in kind) to private pension and profit-sharing plans, government employee retirement plans, private group health and life insurance plans, privately administered workers’ compensation plans, and supplemental unemployment benefit plans.
Employer contributions for government social insurance	Consists of employer payments under the following federal government and state and local government programs: old-age, survivors, and disability insurance; hospital insurance; unemployment insurance; railroad retirement; pension benefit guaranty; veterans life insurance; publicly administered workers’ compensation; military medical insurance; and temporary disability insurance.
Enterprise	A business, service, or membership organization consisting of one or more establishments under common, direct or indirect, ownership or control in its capacity as a producer of goods and services. An enterprise may vary in composition from a single-establishment company to a complex family of parent and subsidiary companies (or firms).
Equipment	Tangible fixed assets (such as new machinery, furniture, and vehicles)—whether purchased or produced for own use—that are used repeatedly, or continuously, in the processes of production for at least a year.
Establishment	An economic unit—business or industrial—at a single physical location where business is conducted or where services or industrial operations are performed. Examples include a factory, store, hotel, mine, farm, bank, railroad depot, sales office, warehouse, and central administrative office. A single establishment may be comprised of subunits, departments, or divisions, and one or more establishments make up an enterprise or a company.
Expenditures approach	The measure of GDP as the sum of goods and services purchased by final users—that is, personal consumption expenditures plus gross private domestic investment plus government consumption expenditures and gross investment plus exports of goods and services less imports of goods and services.
Exports of goods and services	Goods and services that are sold, given away, or otherwise transferred by U.S. residents to foreign residents.
Extrapolation	A method of extending the estimate for a NIPA component series from a given period forward (or backward) in time to other periods by using the movements of an indicator series or by using other statistical techniques to approximate the movements of the component series.

Final demand	The goods and services that are acquired by final users—persons, private businesses, governments, and foreigners.
Final expenditures components	The categories of expenditures by the final users of GDP: personal consumption expenditures, gross private domestic investment, government consumption expenditures and gross investment, and net exports (exports of goods and services less imports of goods and services).
Final product	The value of goods and services that are produced for final use. For the nation, total gross output less total intermediate product is equal to total final product (or GDP).
Final sales of domestic product	GDP less change in private inventories. It is also equal to the sum of personal consumption expenditures, gross private fixed investment, government consumption expenditures and gross investment, and net exports of goods and services.
Final sales to domestic purchasers	Gross domestic purchases less change in private inventories. It is also equal to the sum of personal consumption expenditures, gross private fixed investment, and government consumption expenditures and gross investment.
Final sales to private domestic purchasers	Final sales to domestic purchasers less government consumption expenditures and gross investment. It is also equal to the sum of personal consumption expenditures and gross private fixed investment.
Final users	The ultimate consumers of the final products (goods and services) that are produced by the economy. The final users consist of persons (personal consumption expenditures), private businesses (gross private domestic investment), governments (federal and state and local consumption expenditures and gross investment), and foreigners (net exports of goods and services).
Financial accounts of the United States	Part of the U.S. system of national economic accounts. The financial accounts of the United States, prepared by the U.S. Board of Governors of the Federal Reserve System, record the acquisition of assets throughout the U.S. economy, document the sources of the funds used to acquire those assets, and measure the value of total assets and liabilities. Formerly known as the “flow of funds accounts.”
Financial assets	Consists of all financial claims, shares, and other equity in corporations plus gold bullion held by monetary authorities as a reserve asset.
Financial industries	NIPA industry classification that consists of the North American Industry Classification System (NAICS) industry “finance and insurance” and of bank and other holding companies in the NAICS industry “management of companies and enterprises.”

Fisher index	Quantity or price index for an aggregate that is computed as the geometric mean of the corresponding Laspeyres and Paasche quantity or price indexes for that aggregate. One characteristic of these indexes is that the Fisher quantity index for an aggregate multiplied by the Fisher price index for that aggregate equals the relative change in current-dollar expenditures—that is, the ratio of the expenditures of the current period to the expenditures of the previous period. In the NIPAs, percent changes in quantities and prices are computed from chain-type indexes that are calculated using a Fisher formula.
Fixed assets	Produced assets that are used repeatedly, or continuously, in the process of production for more than 1 year. They consist of structures, equipment, and intellectual property products that are owned by private businesses, by nonprofit institutions, by households, and by governments.
Fixed assets and consumer durable goods accounts	Economic accounts prepared by BEA that present estimates (1) of the net stock of fixed assets owned by private businesses and by governments and of the net stock of consumer durable goods owned by households, (2) of the depreciation of those assets, and (3) of the investment flows associated with those assets.
Fixed-weighted index	An index in which the base-period weights are taken from a designated base period and do not change over time. See “Laspeyres index” and “Paasche index.”
Flow of funds accounts	See “Financial accounts of the United States.”
Foreign direct investment in the United States	Represents the ownership or control, directly or indirectly, by one foreign resident of at least 10 percent of a U.S. business enterprise (see also “Direct investment”).

Foreign residents	Comprises (1) individuals residing permanently outside of the United States, (2) business enterprises and nonprofit organizations established under the laws of foreign nations; (3) foreign governments, together with their subdivisions, and (4) international organizations located in the United States. Includes individuals who reside or expect to reside abroad for 1 year or more. Exceptions are made for U.S. students who study abroad, for U.S. residents who travel abroad for medical treatment, and for foreign nationals working at international organizations in the United States, all of which are considered U.S. residents regardless of their length of stay. Similarly, foreign government employees (and their families) stationed in the United States—such as diplomats, consular officials, and members of the armed forces—are considered foreign residents regardless of their length of stay. Affiliates of multinational corporations are considered residents of the country in which they are located, not residents of the country of their parent; thus, foreign affiliates of U.S. corporations are considered foreign residents. In the NIPAs, the “ <i>rest of the world</i> ” sector consists of foreign residents who are transactors with U.S. residents. The NIPA definition is consistent with the definition of foreign residents in the international transactions accounts (ITAs), but in the NIPAs, residents of the U.S. territories, Puerto Rico, the Northern Mariana Islands are treated as foreign residents while in the ITAs, they are treated as U.S. residents (see “Territorial adjustment”). Also referred to as “Nonresidents.”
Foreign transactions capital account	Account 7 of the summary NIPAs. This account presents information on transactions with foreigners involving the acquisition or disposition of nonproduced nonfinancial assets and on capital transfers.
Foreign transactions current account	Account 5 of the summary NIPAs. This account presents information on exports and imports associated with foreign trade, income receipts and payments, and current taxes and other transfer payments. This account does not include transactions involving the acquisition or disposition of nonproduced nonfinancial assets nor capital transfers, which are shown in the foreign transactions capital account, nor does it include transactions in financial assets and liabilities.
Frequency	The time unit covered by an economic statistic. For example, <i>monthly</i> surveys of retail trade, <i>quarterly</i> estimates of GDP, or <i>annual</i> input-output accounts.
General government sector	Comprises all federal government and state and local government agencies except government enterprises. Economic activities of general government agencies include the production of nonmarket services (such as public safety and national defense), the collection of revenues, and the provision or distribution of social benefits, as well as general legislation and regulation.

Goods	Consists primarily of tangible products that can be stored or inventoried. Also includes certain intangible assets (software, research and development, and entertainment, literary, and artistic originals), which are classified as intellectual property products.
Goods-producing industries	NIPA classification that consists of the following NAICS sectors: agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.
Government consumption expenditures and gross investment	The government component of final demand in the NIPAs. It comprises two components: (1) government consumption expenditures, which consists of spending by general government to produce and provide services to the public; and (2) government gross investment, which consists of spending by both general government and government enterprises for fixed assets that benefit the public or that are used by government agencies in their production activities. It excludes government spending for social benefits, grants, and subsidies.
Government enterprises	Government agencies that cover a substantial proportion of their operating costs by selling goods and services to the public and that maintain their own separate accounts. Examples are the U.S. Postal Service and public water and sewage agencies.
Government receipts and expenditures	Account 4 of the summary NIPAs. This account summarizes the combined transactions of federal, state, and local governments.
Gross capital formation	See “Gross domestic investment.”
Gross domestic income (GDI)	The value of the incomes earned and costs incurred in the production of goods, services, and structures in the nation’s economy. GDI is equal to the sum of compensation of employees, taxes on production and imports less subsidies, net operating surplus, and consumption of fixed capital. In theory GDI should equal GDP, but in practice, they differ because their components are estimated using largely independent and less-than-perfect source data; this difference is termed the “statistical discrepancy.”
Gross domestic fixed investment	Gross private fixed investment plus gross government fixed investment.
Gross domestic investment	Gross private domestic investment plus gross government fixed investment. Also equal to gross domestic fixed investment plus change in private inventories.
Gross domestic product (GDP)	BEA’s featured measure of U.S. production. GDP is the market value of the goods, services, and structures produced by the nation’s economy in a particular period less the value of the goods and services used up in production. GDP is calculated as the sum of personal consumption expenditures, gross private domestic investment, net exports of goods and services, and government consumption expenditures and gross investment. GDP is also equal to the sum of value added by industry across all industries.

Gross domestic product (GDP) by industry	GDP by industry measures the contribution of each private industry and of government to the nation's output, or GDP. An industry's GDP, or its "value added," is equal to its gross output minus its intermediate inputs.
Gross domestic product (GDP) by industry accounts	Part of BEA's annual industry accounts. The GDP-by-industry accounts, prepared by BEA, provide estimates of value added—gross output minus intermediate inputs—and the composition of value added for private industry and for government.
Gross domestic product (GDP) by metropolitan area	Part of BEA's regional economic accounts, these estimates are the local area counterpart of the nation's GDP. The estimates are computed by applying the state ratio of GDP to earnings by place of work to local estimates of earnings by place of work.
Gross domestic product (GDP) by state	Part of BEA's regional economic accounts, these estimates are the state counterpart of the nation's GDP. For each state, an estimate of value added is calculated for each industry as the sum of the incomes earned by labor and capital and the costs incurred in the production of goods and services.
Gross domestic product (GDP) price index	NIPA index that measures the prices of final goods and services produced by the U.S. economy. It is derived from the prices of personal consumption expenditures, gross private domestic investment, net exports, and government consumption expenditures and gross investment. It differs from the gross domestic purchases price index in that it excludes the prices of goods and services that were produced abroad and sold in the United States (imports), and it includes the prices of goods and services that were produced in the United States and sold abroad (exports).
Gross domestic purchases	The market value of final goods and services purchased by U.S. residents, regardless of where those goods and services were produced. Gross domestic purchases is equal to GDP less net exports of goods and services. It is also equal to the sum of personal consumption expenditures, gross private domestic investment, and government consumption expenditures and gross investment.
Gross domestic purchases price index	BEA's featured measure of price change in the U.S. economy is the percent change in this index. This index measures the prices of final goods and services purchased by U.S. residents. It is derived from the prices of personal consumption expenditures, gross private domestic investment, and government consumption expenditures and gross investment. It differs from the GDP price index in that it excludes the prices of exports of goods and services, and it includes the prices of imports of goods and services.
Gross fixed capital	See "Gross domestic fixed investment."

Gross national income (GNI)	The sum of incomes earned and costs incurred in production by labor and property supplied by U.S. residents. It is equal to gross domestic income plus income receipts from the rest of the world less income payments to the rest of the world. It is also equal to gross national product less the statistical discrepancy.
Gross national product (GNP)	The market value of the goods, services, and structures produced by labor and property supplied by U.S. residents. GNP is equal to GDP plus income receipts from the rest of the world less income payments to the rest of the world, and it is conceptually equivalent to gross national income (though it is estimated using different source data).
Gross operating surplus	A profits-like measure that shows gross private and government enterprise income after subtracting compensation of employees and “taxes on production and imports less subsidies” from gross value added, but before subtracting consumption of fixed capital, financing costs (such as net interest), and other payments (such as business current transfer payments). It is equal to net operating surplus plus consumption of fixed capital.
Gross output	The value of goods and services produced by the nation’s economy, principally measured using industry sales or receipts, including sales to final users (GDP) and sales to other industries (intermediate inputs).
Gross private domestic investment	The private-investment component of final demand in the NIPAs. It comprises gross private fixed investment and change in private inventories.
Gross private fixed investment	Component of gross private domestic investment that measures additions and replacements to the stock of private fixed assets without deducting depreciation. It consists of two components: nonresidential fixed investment and residential fixed investment.
Gross saving	A measure of the saving that is available to support the nation’s stock of fixed assets. It is equal to the sum of personal saving, undistributed corporate profits with inventory valuation and capital consumption adjustments, net government saving, and consumption of fixed capital. It is also equal to gross national income less the sum of personal consumption expenditures, government consumption expenditures, and current taxes and transfer payments to the rest of the world.
Historical cost	The valuing of an asset at the prices prevailing at the time when it was acquired.
Holding gains or losses	See “Capital gains or losses.”

Households and institutions sector	Consists of households (families and unrelated individuals) and of nonprofit institutions that primarily serve households. The economic activities of households that are included in this sector are the services of owner-occupied housing and the compensation of domestic workers. Other market-oriented household activities, such as sole proprietorships and rental of tenant-occupied housing, are treated in the NIPAs as noncorporate business in the business sector.
Implicit price deflator (IPD)	A NIPA price measure that is derived by dividing the current-dollar value of an aggregate or component by its corresponding chained-dollar value, and then multiplying by 100. For all periods, the values of the IPD are very close to the values of the corresponding chain-type price index.
Imports of goods and services	Goods and services that are sold, given away, or otherwise transferred by foreign residents to U.S. residents.
Imputation	An estimation of the dollar value of certain economic transactions where market prices do not fully reflect the value of the transaction or where the service is provided without a monetary exchange. In the NIPAs, the largest imputations are for the rental value of owner-occupied housing, where the provision for housing services to the occupant does not involve an exchange between transactors, and for services provided by banks and other financial institutions without an explicit charge.
Income and outlay account	An economic account that records the sources of income for an economy, sector, or other economic entity, its current outlays, and its saving.
Income approach	The measurement of GDP as the sum of income payments and other costs incurred in the production of final goods and services—that is, compensation of employees plus “taxes on production and imports less subsidies” plus net operating surplus plus consumption of fixed capital.
Income payments on assets	In the private enterprise income account, payments to the owners of assets for their use by others—that is, interest and miscellaneous payments, dividend payments to the rest of the world, and reinvested earnings on foreign direct investment in the United States.
Income payments to the rest of the world	In the foreign transactions current account, consists of wage and salary payments and of income payments on assets (the sum of interest and miscellaneous payments, dividend payments, and reinvested earnings on foreign direct investment in the United States).
Income receipts from the rest of the world	In the foreign transactions current account, consists of wage and salary receipts and of income receipts on assets (the sum of interest and miscellaneous receipts, dividend receipts, and reinvested earnings on U.S. direct investment abroad).

Income receipts on assets	In the private enterprise income account, receipts by the owners of assets for their use by others—that is, interest and miscellaneous receipts, dividend receipts from the rest of the world, and reinvested earnings on U.S. direct investment abroad.
Indicator series	A series whose movements are used to approximate the movements of a given NIPA component series. In general, an indicator series is available sooner or more frequently than the component series but is based on less comprehensive source data.
Industry	A group of establishments or companies that are engaged in the same or similar types of economic activity. In the U.S. statistical system, establishments are classified into industries based on the North American Industry Classification System.
Industry economic accounts	Part of the U.S. system of national economic accounts. The industry accounts, prepared by BEA, include the annual industry accounts, the benchmark input-output accounts, and the travel and tourism satellite accounts for the United States.
Input-output (I-O) tables	A set of make, use, and supplementary tables that trace the flow of goods and services among industries in the production process, show the value added by each industry, and provide the detailed commodity composition of national output. See also “Annual I-O accounts” and “Benchmark I-O accounts.”
Institutional unit	An economic entity (such as a business, household, or local government) that is capable, in its own right, of owning assets, incurring liabilities, and in engaging in economic activities and in transactions with other entities.
Intellectual property products	Intangible fixed assets—whether purchased or produced for own use—that are used repeatedly, or continuously, in the processes of production for at least a year. In the NIPAs, these products consist of software, of research and development, and of entertainment, literary, and artistic originals. (For practical reasons, the NIPAs include mineral exploration within its estimates of nonresidential structures, even though the output of mineral exploration can be considered to be an intellectual property product.)
Interest income	A form of property income received by the owners of certain kinds of financial assets (such as deposits, debt securities, and loans) in return for their investment in those assets.

Intermediate inputs	Goods and services—such as energy, materials, and purchased services—that are used for the production of other goods and services rather than for final consumption. Intermediate inputs do not include the inputs from the primary factors of production (capital and labor) that are components of value added. Also referred to as “Intermediate products.”
Intermediate products	See “Intermediate inputs.”
International economic accounts	Prepared by BEA, these accounts include the international transactions accounts and the international investment position accounts.
International investment position accounts (IIPs)	Part of BEA’s international economic accounts, the IIP accounts summarize the value of accumulated stocks of U.S.-owned assets abroad and of foreign-owned assets in the United States. The difference between the assets and liabilities is the net IIP of the United States. Separate statistics are available for the value of accumulated stocks of official assets, of U.S. government assets other than official reserve assets, of direct, portfolio, and other investment, and of financial derivatives.
International transactions accounts (ITAs)	Part of BEA’s international economic accounts, the ITAs summarize transactions between U.S. residents and foreign residents. The ITAs consist of three accounts: the current account records trade in goods and services, receipts and payments of income, and current transfers; the capital account records capital transfers, such as debt forgiveness and the acquisition or disposition of nonproduced nonfinancial assets; and the financial account records transactions for official assets, for U.S. government assets other than official reserve assets, for direct, portfolio, and other investment, and on a net basis, transactions for financial derivatives. Also referred to as “Balance of payments accounts.”
Interpolation	A method of filling in estimates for a NIPA component series between two time periods by using the movements of an indicator series or by using other statistical techniques to approximate the movements of the component series. For example, an annual survey, (such as the Census Bureau annual retail trade survey) may be used to derive the annual estimate for a component series, and a monthly survey (such as the Census Bureau monthly retail trade survey) is used to derive the intervening monthly and quarterly estimates while maintaining consistency with the more accurate annual source data.
Inventories	Stocks of goods held by a firm. Inventories consist of (1) materials and supplies held for use in the production of goods for sale or in the provision of a service, (2) “work-in-progress” products that are partly processed and that require further processing prior to sale, (3) finished goods held for sale, and (4) products purchased for resale, generally held by wholesalers and retailers.

Inventory valuation adjustment (IVA)	An adjustment that is made to the NIPA estimates of change in private inventories and of corporate profits and proprietors' income so that they are valued consistently in current prices. The IVA accounts for the difference between the acquisition and the withdrawal value of inventories in certain methods of business accounting, which may arise when the price of a good changes while the good is held in inventory. A negative (positive) IVA represents gains (losses) to the business that are attributable to holding inventories rather than to current production. A corresponding adjustment is made to the estimates of corporate profits and of proprietors' income so that these incomes are associated with current production.
Kind of business (KB)	Term used by the Census Bureau to describe the industry classification of an establishment on the basis of its major activity.
Laspeyres index	A quantity or price index for an aggregate in which the formula weights are taken from a designated base period and do not change over time. For example, in computing a Laspeyres quantity index, the quantities in each time period are multiplied by the base-period prices. Laspeyres indexes are relatively easy to compute and analyze, but they do not capture substitutions between items over time, and their movements are highly dependent on the choice of the base period.
Legal form of organization	System that is used to classify the NIPA measures of national income and its components by the type of income recipient. This system is largely based on the criteria used by the Internal Revenue Service to determine the tax-filing requirements for corporate business and for noncorporate business. (See also "corporate business" and "noncorporate business.")
Local area personal income	Part of BEA's regional economic accounts, these estimates measure the income received by, or on the behalf of, the residents of a county, metropolitan statistical area, micropolitan statistical area, combined statistical area, metropolitan division, or BEA economic area. Estimates are prepared by place of work and by place of residence.
Manufacturers' sales branches (MSBs)	One of several types of wholesalers, MSBs hold inventories and primarily sell products manufactured or mined in the United States by their parent companies.
Manufacturers' sales offices (MSOs)	One of several types of wholesalers, MSOs do not hold inventories and primarily act as agents to sell products manufactured or mined in the United States by their parent companies.

Margin	The value added by wholesalers and retailers in the chain of distribution of a commodity from the producer to the final purchaser. Sometimes referred to as “markup” or “trade markup.”
Market-based personal consumption expenditures (PCE) price index	A supplemental PCE price measure that is based on household expenditures for which there are observable price measures (primarily consumer price indexes and producer price indexes). It excludes most implicit prices (for example, financial services furnished without payment) and the final consumption expenditures of nonprofit institutions serving households.
Market production	Production of goods and services that are produced for sale at prices that are “economically significant”—that is, at prices that have a significant influence on the amounts that producers are willing to supply and that purchasers are willing to buy.
Merchant wholesalers	Wholesalers that sell goods on their own account—that is, they buy the goods, usually maintain them in warehouses, and then resell them. Under the North American Industry Classification System, merchant wholesalers include sales offices and sales branches that are maintained by manufacturing, refining, or mining enterprises apart from their factories or mines for the purpose of marketing their products.
Misreporting adjustment	See “Tax misreporting adjustment.”
National economic accounts	A system of accounts that organizes economic information in a way that describes the economic activities of a nation. The U.S. national economic accounts consist of the NIPAs and the industry economic accounts, both of which are prepared by BEA, and the financial accounts of the United States, which are prepared by the Federal Reserve Board. The accounting concepts and principles are generally based on international guidelines set forth in the SNA. Related accounts include BEA’s international economic accounts and regional economic accounts.
National income	The sum of all net incomes (net of consumption of fixed capital) earned in current production. It is equal to gross national income less consumption of fixed capital, to net national product less the statistical discrepancy, and to net domestic income plus income receipts from the rest of the world less income payments to the rest of the world. National income comprises compensation of employees, proprietors’ income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, corporate profits with IVA and CCAdj, net interest and miscellaneous payments on assets, taxes on production and imports less subsidies, business current transfer payments (net), and current surplus of government enterprises. National income may also be referred to as “net national income.”

National income and product accounts (NIPAs)	Part of the U.S. system of national economic accounts. The NIPAs, prepared by BEA, display the value and composition of U.S. production, the distribution of incomes generated in producing it, and the sources of saving, which provides for investment in future production.
“National” measures	NIPA measures of economic income earned and activities that are attributable to labor and capital supplied by U.S. residents, wherever the activity is located. For example, gross <i>national</i> product measures the value of final goods and services produced by labor and property supplied by U.S. residents and gross <i>national</i> income measures the income earned by U.S. residents from those activities.
Net domestic income (NDI)	The sum of net incomes earned and costs incurred in the production of net domestic product. It is equal to gross domestic income less consumption of fixed capital, and it is also equal to net domestic product less the statistical discrepancy. NDI comprises compensation of employees, taxes on production and imports less subsidies, and net operating surplus.
Net domestic product (NDP)	The market value of the final goods and services produced by labor and capital in the United States, less consumption of fixed capital. NDP is equal to GDP less consumption of fixed capital. It may be viewed as an estimate of sustainable product, which is a rough measure of the level of consumption that can be maintained while leaving capital assets intact.
Net exports of goods and services	The net foreign component of final demand in the NIPAs. It is calculated as exports of goods and services less imports of goods and services.
Net interest	Interest paid by private enterprises less interest received by private enterprises, plus interest paid by the rest of the world less interest received by the rest of the world.
Net lending or net borrowing, NIPAs	The NIPA balance on current account less net capital transfers to the rest of the world. It may be viewed as an indirect measure of the net acquisition of foreign assets by U.S. residents less the net acquisition of U.S. assets by foreign residents. Net lending or net borrowing is also calculated for each of the major sectors (private domestic business, households and institutions, federal government, and state and local government), where it represents the funds available for the acquisition of financial assets or the borrowing needs of that sector.
Net national income (NNI)	See “National income.”
Net national product (NNP)	The market value of final goods and services produced by labor and property supplied by U.S. residents, less consumption of fixed capital. NNP is equal to gross national product less consumption of fixed capital. It is also equal to net domestic product plus income receipts from the rest of the world less income payments to the rest of the world.

Net operating surplus	A profits-like measure of the surplus accruing to private and government enterprises from the processes of production before deduction any explicit or implicit interest charges, rent, or other property incomes payable on financial assets, land, or other natural resources required to carry out production. It is equal to gross operating surplus less consumption of fixed capital.
Net saving	A measure of the saving that is available for adding to the nation's net stock of fixed assets or for lending to the rest of the world. It is equal to the sum of personal saving, undistributed corporate profits with inventory valuation and capital consumption adjustments, and net government saving.
Nominal estimates	See "Current-dollar estimates."
Noncorporate business	In classification by legal form of organization in the NIPAs, noncorporate business comprises sole proprietorships and partnerships, "other" private business, and government enterprises.
Nondefense	Portion of federal government consumption expenditures and gross investment that covers activities other than the military activities of the U.S. Department of Defense and the defense-related activities of other government agencies.
Nondurable goods	Tangible products that can be stored or inventoried and that are usable over a relatively short period.
Nonfinancial industries	NIPA industry classification that consists of all private industries except those that are classified in the North American Industry Classification System (NAICS) as "financial industries," which consists of the NAICS industry "finance and insurance" and of bank and other holding companies in the NAICS industry "management of companies and enterprises."
Nonmarket production	In national economic accounting, production of goods and services that are provided free of charge or for prices that do not significantly influence the amounts that producers supply or that purchasers demand. In the NIPAs, most of the production of nonprofit institutions and of government agencies is nonmarket production. In addition, the term "nonmarket production" is sometimes used to refer to production activities that are outside the scope of the national economic accounts, such as unpaid household work and volunteer labor (see "Production boundary").
Nonproduced assets	Nonfinancial assets that are used for production but were not themselves produced. They include naturally occurring assets, such as land and mineral deposits.

Nonprofit institutions serving households (NPISHs)	Private organizations with tax-exempt status that primarily provide services to households in one of the following categories: religious and welfare (including social services, grant-making foundations, political organizations, museums and libraries, and some civic and fraternal organizations); medical care; education and research; recreation (including cultural, athletic, and some civic and fraternal organizations); and personal business (including labor unions, legal aid, and professional associations). Does not include nonprofit institutions that primarily serve business.
Nonresidential equipment	Component of nonresidential fixed investment that consists of tangible products other than structures—such as new machinery, furniture, and vehicles—whether purchased or produced for own use. Also includes dealers’ margins on sales of used equipment and net purchases of used equipment between sectors of the economy.
Nonresidential fixed investment	Component of gross private fixed investment that measures investment by businesses and nonprofit institutions in nonresidential structures, equipment, and intellectual property products.
Nonresidential intellectual property products	Component of nonresidential fixed investment that consists of intangible products—whether purchased or produced for own use. In the NIPAs, these products consist of software, of research and development, and of entertainment, literary, and artistic originals.
Nonresidential structures	Component of nonresidential fixed investment that measures new construction (including own-account investment), improvements to existing structures, expenditures on new nonresidential mobile structures, brokers’ commissions on sale of structures, mineral exploration, and net purchases of used structures by private business and by nonprofit institutions from government agencies. Also includes equipment that is considered to be an integral part of a structure, such as plumbing, HVAC, and electrical systems.
Nonresidents	See “Foreign residents.”
North American Industry Classification System (NAICS)	A comprehensive, industrial classification system—developed and used by the United States, Canada, and Mexico—that groups establishments according to the similarity of their production processes. NAICS is the primary industrial classification used for the NIPA estimates of private inventories beginning in 1998 and for the NIPA estimates of income by industry beginning in 2001. Estimates for the earlier periods are based on the Standard Industrial Classification (SIC) system (see “Standard Industrial Classification System”).
North American Product Classification System (NAPCS)	A comprehensive, demand-oriented product classification system that is being developed by the United States, Canada, and Mexico as a complement to NAICS.

Not seasonally adjusted	Time series that have not been adjusted to remove the effects of seasonality. The NIPAs provide estimates of GDP, GDI, and their major components that are not seasonally adjusted. See “residual seasonality,” and “seasonal adjustment,” and “seasonality.”
“Other” private business	In classification by legal form of organization in the NIPAs, “other” private business comprises tax-exempt cooperatives and all entities that are (or would be) required to report rental and royalty income on IRS Schedule E (Supplemental Income and Loss) of the individual income tax return.
Own-account investment	A form of production in which establishments produce fixed assets for themselves rather than purchasing them from another establishment. For example, a business engages in own-account investment if it develops or improves its own software rather than purchasing custom-made software from a software-development company. Formerly termed “force- account” investment.
Owner-occupied housing	A NIPA imputation that approximates the value of housing services provided to occupants who own their homes. This imputation is made so that the treatment of owner-occupied housing is comparable to that for tenant-occupied housing (which is valued by rent paid).
Paasche index	A quantity or price index for an aggregate in which the formula weights are taken from the current or more recent time period. Thus, in computing a Paasche quantity index, the quantities in each time period are multiplied by the current-period prices.
Partnerships	In classification by legal form of organization in the NIPAs, partnerships comprises all entities that are required to file federal partnership income tax returns, IRS Form 1065 (U.S. Return of Partnership Income).
Perpetual-inventory method	A method used by BEA to prepare estimates of the net stock of fixed assets, which, in turn, are used in deriving the NIPA estimates of consumption of fixed capital. For each type of asset, the net stock in each year is calculated as the cumulative value of gross investment through that year less the cumulative value of depreciation through that year. A variation of this method that omits depreciation is used to derive the stocks of private inventories.
Personal consumption expenditures (PCE)	Primary measure of consumer spending in the U.S. economy. It is the NIPA final-demand component that measures the value of the goods and services purchased by, or on the behalf of, “persons” who reside in the United States.
Personal consumption expenditures (PCE) price index	NIPA index that measures the prices paid for the goods and services purchased by, or on the behalf of, “persons.”

Personal current taxes	Tax payments (net of refunds) by persons that are not chargeable to business expense and certain other payments that are made by persons to government agencies other than government enterprises. These taxes primarily consist of taxes on income, including realized capital gains, and on personal property. They do not include personal contributions for government social insurance.
Personal current transfer receipts	Payments by business and government to persons for which no current services are performed. Business current transfer payments include liability payments for personal injury and corporate gifts to nonprofit institutions. Government current transfer payments include social security benefits, medical benefits, veterans' benefits, and unemployment insurance benefits.
Personal income	The income that persons receive in return for their provision of labor, land, and capital used in current production, plus current transfer receipts less contributions for government social insurance (domestic). Personal income arising from current production consists of compensation of employees, proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, and personal income receipts on assets (personal interest income and personal dividend income).
Personal income and outlay	Account 3 of the summary NIPAs. This account shows the sources and uses of income received by persons.
Personal outlays	The sum of personal consumption expenditures, personal interest payments (excluding mortgage interest payments), and personal current transfer payments to government (including donations, fees, and fines) and to the rest of the world (net remittances in cash and in kind).
Personal saving	Personal income less personal outlays and personal current taxes.
Principal economic indicators	Certain major federal statistical series that are so designated by the U.S. Office of Management and Budget (OMB) and that are subject to the procedures established in OMB Statistical Policy Directive No. 3, which establishes rules governing the release of data, pre-release access to the data, public announcement of changes in methodology, and periodic evaluation of data accuracy. BEA's estimates of GDP, personal income and outlays, corporate profits, international transactions, and international trade in goods and services (jointly with the Census Bureau) are among the principal economic indicators.

Private business	Comprises all corporate and noncorporate private entities organized for profit, other entities that produce goods and services for sale at a price that is based on the costs of production, and certain other entities that are treated as businesses in the NIPAs. Other entities include mutual financial institutions, private noninsured pension plans, cooperatives, nonprofit organizations that primarily serve business, federal reserve banks, and federally sponsored credit agencies.
Private enterprise	Consists of private business, the activities of households and institutions that are included within the production boundary of the NIPAs (primarily the services of owner-occupied housing), and, for the purpose of estimating monetary and imputed interest payments and receipts, nonprofit institutions serving households.
Private enterprise income account	Account 2 of the summary NIPAs. This account provides information on the sources and uses of the income of private businesses and other private enterprises.
Produced assets	Nonfinancial assets that have come into existence as a result of a production process that is included in the production boundary. The NIPAs recognize two types of produced assets: fixed assets and inventories. The SNA includes a third type, valuables that are held as stores of value (such as precious metals), which are not treated as assets in the NIPAs.
Producers' prices	The prices received by producers for the goods and services that they sell. These prices include sales and excise taxes but exclude domestic transportation costs and trade margins.
Production account	Economic account that records the value of production, or value added, by the economy, sector, or other economic entity and the uses of the income arising from that production.
Production boundary	Boundary that defines what is considered to be production in an accounting system. In the NIPAs, the boundary includes the production of most goods and services for the market, the production of goods or fixed assets by producers for their own final use as consumption or as fixed investment, and certain nonmarket activities, such as the provision of most goods and services by government agencies and by nonprofit institutions, and the production of housing services by owner-occupied housing. It excludes other nonmarket activities such as unpaid household work, volunteer work, and the natural growth of forests.
Product line	Term used by the Census Bureau to identify the types of products that are produced or sold. Beginning with the 2002 Economic Census, this term replaced "merchandise line" for retail sales, "commodity line" for wholesale sales, and "revenue line" for services.
Property income	See "Income receipts on assets" and "Income payments on assets."

Proprietors' income with IVA and CCA _{adj}	The current-production income (including income in kind) of sole proprietorships and partnerships and of tax-exempt cooperatives. It excludes dividends and monetary interest received by nonfinancial proprietorships and partnerships (which is considered received by persons) and rental income of persons not primarily engaged in the real estate business. In the NIPAs, estimates are prepared separately for farm and nonfarm proprietors.
Public corporations	See "Government enterprises."
Purchasers' prices	The prices paid by intermediate and final purchasers for the goods and services that they buy. These prices are equal to producers' prices plus domestic transportation costs and trade margins.
Quantity estimates	Inflation-adjusted estimates—that is, estimates that exclude the effects of price changes. For individual goods and services, quantity estimates are derived using the deflation method, the quantity extrapolation method, or the direct valuation method. For aggregate series, quantity estimates are based on chain-type quantity indexes, which are also be presented as chained-dollar estimates (see "Chain-type indexes" and "Chained-dollar estimates"). Also referred to as "real" estimates.
Quantity extrapolation method	Method for preparing inflation-adjusted, or "quantity," estimates for some detailed NIPA components, such as, for example, compensation of state and local government employees. In this method, the quantity estimate for a NIPA component is derived by multiplying the base-year value of the component by a quantity indicator series that is set equal to 1 in the reference year.
Quantity index	A weighted average of the proportionate changes in the quantities of a set of goods or services between two periods of time. Quantity indexes for adjacent pairs of periods can be "chained" (multiplied) together to form chain-type quantity indexes (see "Chain-type indexes).
Real disposable personal income	Inflation-adjusted measure of disposable personal income that is calculated by deflation using the personal consumption expenditure price index as the deflator.
Real estimates	See "Quantity estimates."
Real gross domestic income (Real GDI)	A NIPA alternative measure of changes in U.S. production relative to the reference year, adjusted for inflation. It is calculated by deflating gross domestic income (the sum of incomes earned and costs incurred in the production of GDP) using the GDP price index as the deflator, and thus it is conceptually equivalent to real GDP. In contrast, in the SNA, real GDI is a measure of the purchasing power of the total incomes generated by domestic production, adjusting for changes in the terms of trade; in the NIPAs, this measure is termed "command-basis GDP."

Real gross domestic product (Real GDP)	BEA's featured measure of domestic production. It measures U.S. production relative to the reference year, adjusted for inflation. It is calculated as a chain-type quantity index and is also presented in chained dollars.
Reference period	In the derivation of quantity or price estimates, the period (usually a year) for which an index is set equal to 100, and a real value is set equal to the current-dollar value.
Regional economic accounts	Prepared by BEA, these accounts consist of the estimates of GDP by state and by metropolitan area and of personal income by state and by local area.
Rental income of persons with capital consumption adjustment	The net income of persons (except those primarily engaged in the real estate business) from the rental of real property, the imputed net rental income of owner occupants of dwellings, and the royalties received by persons from patents, copyrights, and rights to natural resources.
Residential equipment	Component of residential fixed investment that consists of equipment (such as furniture and household appliances) that is purchased by landlords and included in the rental to tenants.
Residential fixed	Component of gross private fixed investment that covers all private residential structures and residential equipment.
Residential structures	Component of residential fixed investment that consists of new construction of permanent-site single-family and multifamily units (excluding land), improvements (additions, alterations, and major structural replacements) to housing units, expenditures on manufactured homes, ownership transfer costs (including brokers' commissions on the sale of residential property), and net purchases of used structures from government agencies. Residential structures also includes some types of equipment that are built into the structure (such as heating and air conditioning equipment).
Residual seasonality	Seasonality in a time series that exists even after the series has been adjusted to remove seasonal effects. See "seasonality" and "seasonal adjustment." Residual seasonality can be caused by inconsistencies arising from (1) the way monthly source data are utilized in the compilation of quarterly estimates, (2) revision policies and practices that prevent the most recent seasonal adjustments from being applied to historical time series, and (3) transformations of the adjusted series—such as aggregation, interpolation, or deflation—that are necessary to derive the NIPA estimates.
Rest-of-the-world sector	Consists of foreign residents who conduct transactions with U.S. residents.

Retail control method	<p>A method used by BEA to prepare nonbenchmark-year and quarterly estimates for most components of personal consumption expenditures (PCE) for goods. The retail control method provides the indicator series that are used in interpolating and extrapolating the estimates for most PCE goods components, and it provides the aggregate indicator of the period-to-period change for this group of components. In this method, data on sales by kind of business from annual and monthly retail trade surveys are allocated among these PCE categories (known as the PCE control group) based on product-line data from the economic census.</p> <p>The detailed component estimates are then scaled so that they aggregate to the PCE control group's period-to-period change.</p>
Retail margin	The value added by retailers in the chain of distribution of a commodity from the producer to the final purchaser. Sometimes referred to as "retail markup."
Satellite accounts	Supplemental accounts that expand the analytical capacity of the main system of accounts by focusing on a particular aspect of economic activity. Satellite accounts are linked to the main accounts but have greater flexibility in providing more detailed information or in using alternative definitions, concepts, and accounting conventions. For example, BEA's travel and tourism satellite account provides detailed information on output, supply, demand, and employment for those industries.
Saving and investment account	See "Capital account."
Seasonality	Variation in a time series that occurs at about the same time and in about the same magnitude within each year as a result of recurring circumstances, such as weather or holidays. See "residual seasonality" and "seasonal adjustment."
Seasonal adjustment	Statistical adjustment of a time series that removes the average effect of variations that normally occur at about the same time and in about the same magnitude within each year—for example, the effects of weather or of holidays. After seasonal adjustment, trends, business cycles, and other movements in the time series stand out more clearly. See "seasonality" and "residual seasonality."
"Second" quarterly estimates	This vintage of the current quarterly NIPA estimates is released near the end of the second month that follows the end of the reference quarter. For most GDP components, the second estimate is based on source data for all 3 months of the quarter, some of which may have been revised since the "advance" estimate and some of which may still be subject to further revision.

Sector	<p>Refers to a major subdivision of units in the economy. In the NIPAs, the term is used both (1) in the classification of institutional units and (2) in the classification of economic activities.</p> <p>(1) A group of institutional units that are similar in function, behavior, and objectives and whose accounts are consolidated to facilitate analysis. In the NIPAs, the three principal sectors for domestic production are business, households and institutions, and general government.</p> <p>(2) In the North American Industry Classification System (NAICS), one of 20 major areas of economic activity; the sectors are generally at the two-digit NAICS level (though manufacturing, retail, and transportation and warehousing span several two-digit codes).</p>
Services	<p>Products, such as medical care and transportation, that cannot be stored and that generally are consumed at the place and time of their purchase.</p>
Services-producing industries	<p>BEA classification that consists of the following North American Industry Classification System sectors: utilities; wholesale trade; retail trade; transportation and warehousing; information; finance and insurance; real estate and rental and leasing; professional, scientific, and technical services; management of companies and enterprises; administrative and waste management services; educational services; health care and social assistance; arts, entertainment, and recreation; accommodation and food services; and other services (except government).</p>
Sole proprietorships	<p>In classification by legal form of organization in the NIPAs, sole proprietorships comprises all entities that are required to file IRS Schedule C (Profit or Loss from Business) or Schedule F (Profit or Loss From Farming) or would be if the proprietor met the filing requirements.</p>
Standard Industrial Classification (SIC)	<p>Former U.S. system of industrial classification that groups establishments according to the similarity of their primary activity—that is, the principal product or group of products produced or distributed, or the principal services rendered. The SIC is the primary industrial classification used for the NIPA estimates of private inventories before 1998 and of income by industry before 2001. The North American Industry Classification System replaced the SIC as the primary industry classification system for the more recent period estimates (see “North American Industry Classification System”).</p>
State personal income	<p>Part of BEA’s regional economic accounts, these estimates measure the income received by, or on the behalf of, the residents of a state. Estimates are prepared by place of work and by place of residence.</p>

Statistical discrepancy	The difference between the NIPA measure of production that is derived as the sum of final expenditures (GDP) and its counterpart measure that is derived as the sum of the costs incurred and the incomes earned in production (gross domestic income). The statistical discrepancy arises from the independent estimation of the two measures using different source data and methods. It is recorded in the NIPAs as an “income” component that reconciles the income side with the product side of the accounts.
Structures	Fixed assets, such as commercial buildings and highways, that are usually constructed at the location where they will be used and that typically have long economic lives.
Subsidies	Payments from government agencies to private business (for example, federal subsidies to farmers) and to government enterprises (for example, federal subsidies to state and local public housing authorities) to support their current operations. In contrast, payments associated with the acquisition or disposal of assets are classified as capital transfers.
Supplements to wages and salaries	Consists of employer contributions for employee pension and insurance funds and of employer contributions for government social insurance.
<i>Survey of Current Business</i>	BEA’s monthly journal of record. Articles in the <i>Survey</i> present the latest national, international, regional, and industry estimates; describe the methodologies used to prepare the estimates; provide information about revisions; and discuss on-going research.
<i>System of National Accounts</i> (SNA)	An international set of guidelines for a system of economic accounts, published by the Commission for the European Communities, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the United Nations, and the World Bank. The SNA organizes information about the flows and stocks that describe an economy within a comprehensive, integrated framework. The SNA provides the general accounting framework for the national economic accounts for the United States and other countries. The most recent edition of the SNA was published in 2008.
Taxes on production and imports	Taxes payable on products when they are produced, delivered, sold, transferred, or otherwise disposed of by their producers (such as federal excise taxes, custom duties, and state and local sales taxes). Also includes other taxes on production, such as taxes on ownership of assets used in production (for example, local real estate taxes, motor vehicle licenses, severance taxes, and special assessments). Does not include personal and corporate income taxes and personal property taxes.
Tax-exempt cooperative	A nonprofit business organization that is collectively owned by its members. In the NIPAs, these organizations are classified in the “other” private business sector, and their income is classified as proprietors’ income.

Tax misreporting	An adjustment made by BEA to IRS tax-return data in order to account for underreported income or for illegal nonfiling of tax returns.
Terms of trade	A measure of the relationship between the prices that are received by U.S. producers for exports of goods and services and the prices that are paid by U.S. purchasers for imports of goods and services. It is calculated as the ratio of the price index for exports of goods and services to the price index for imports of goods and services. Ratios for the terms of trade in goods and in nonpetroleum goods are also prepared.
“Third” quarterly estimates	This vintage of the current quarterly NIPA estimates is released near the end of the third month that follows the end of the reference quarter. These estimates incorporate any revisions to the monthly source data since the “second” quarterly estimate and newly available quarterly source data. With the exception of wages and salaries and income aggregates related to it, these estimates will not be revised again until the next annual or comprehensive update of the NIPAs.
Territorial adjustment	An adjustment that is made to the international transactions accounts (ITAs) to make the geographical coverage consistent with that of the NIPAs. The adjustments are made to transactions between the United States and its territories, Puerto Rico, and the Northern Mariana Islands, which are treated as part of the United States in the ITAs but are included in the rest of the world in the NIPAs.
Transfer	A transaction in which one party provides a good, service, or asset to another party without receiving anything directly in return.
U.S. direct investment abroad	Represents the ownership or control, directly or indirectly, by one U.S. resident of at least 10 percent of a foreign business enterprise (see also “Direct investment”).

U.S. residents	Comprises (1) individuals residing permanently in the United States, (2) business enterprises and nonprofit organizations established under U.S. laws, including corporations, partnerships, and proprietorships; and (3) U.S. federal, state, and local governments, together with their subdivisions. Includes individuals who reside or expect to reside in the United States for 1 year or more. Exceptions are made for foreign students who study in the United States and for foreigners who travel to the United States for medical treatment, both of which are considered foreign residents regardless of their length of stay. Similarly, U.S. government employees stationed abroad (and their families)—such as diplomats, consular officials, and members of the armed forces—are also considered U.S. residents regardless of their length of stay. Affiliates of multinational corporations are considered residents of the country in which they are located, not residents of the country of the parent; thus, U.S. affiliates of foreign corporations are considered U.S. residents. The NIPA definition is consistent with the definition of U.S. residents in the international transactions accounts (ITAs), but in the NIPAs, residents of the U.S. territories, Puerto Rico, and the Northern Mariana Islands are treated as foreign residents while in the ITAs, they are treated as U.S. residents (see “Territorial adjustment”).
U.S. Travel and Tourism Satellite Accounts (TTSAs)	Annual accounts that provide a detailed picture of travel and tourism activity and its role in the U.S. economy. The TTSAs present estimates of expenditures by tourists or other visitors on 24 types of goods and services. The accounts also present estimates of the income generated by travel and tourism and estimates of the output and the employment generated by industries associated with travel and tourism.
Value added	For the nation, total value added (or GDP) is the value of all the goods and services produced by the economy (gross output) less the value of those goods and services that are used in the production process (total intermediate inputs). Value added consists of compensation of employees, taxes on production and imports less subsidies, and gross operating surplus. For an individual industry, value added is equal to gross output (sales or receipts plus other operating income and inventory change) less intermediate inputs (consumption of goods and services purchased from other industries or imported).
Value-added approach	The measurement of GDP as the sum of the value added by each industry at each stage of production.

Wages and salaries	The total remuneration, in cash and in kind, of employees, including the compensation of corporate officers; commissions, tips, and bonuses; voluntary employee contributions to certain deferred compensation 401(k) plans; employee gains from nonqualified stock options; receipts- in-kind; and miscellaneous compensation of employees, such as judicial fees to jurors and to witnesses.
Wholesale margin	The value added by wholesalers in the chain of distribution of a commodity from the producer to the final purchaser. Sometimes referred to as “wholesale markup.”

GDP Gross domestic product

NIPAs National income and product accounts

SNA *System of National Accounts*