Importance of Data Sharing to BEA

J. Steven Landefeld *Director* Dennis Fixler *Chief Statistician*

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 Measuring the Nation's Economy.

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Why Data Sharing Matters

- Government budget forecasts
 - Federal
 - GDI grew 0.4 percentage points faster than GDP (1995-2001)
 - FY 2006 CBO sensitivity research
 1.0 percent understatement of GDP growth = ~\$530 billion
 - State
 - \$1.2 billion difference in growth of NY wages ('01-'02) between Census and BLS
 - Represents ~\$185 million in projected income tax
- Allocation of federal funds
 - Nearly \$200 billion in Federal funds allocated by state personal income
- Monetary and other economic policy





Sources of GDP Estimates

[Billions of dollars]

Income side			Expenditure side			
	Primary					
	data source	2004		data source	2004	
Labor compensation	BLS	\$6,693.4	Personal consumption expenditures	Census	\$8,214.3	
Corporate profits & gov't enterprises	Census, <mark>SO</mark>	973.6	Gross private domestic investment	Census	1,928.1	
Proprietors' income and rental income	Census, <mark>SO</mark>	1023.8	Gov't consumption exp. & gross invest.	Gov't, Census	2,215.9	
Interest on assets, taxes, & misc. payments	s <mark>SOI, FRB</mark>	1,531.3	Net exports of goods and services	Census, BEA	-624.0	
Depreciation	Census	1,435.3				
GROSS DOMESTIC INCOME		\$11,657.5				
Statistical discrepancy		76.8				
GROSS DOMESTIC PRODUCT		\$11,734.3	GROSS DOMESTIC PRODUCT		\$11,734.3	



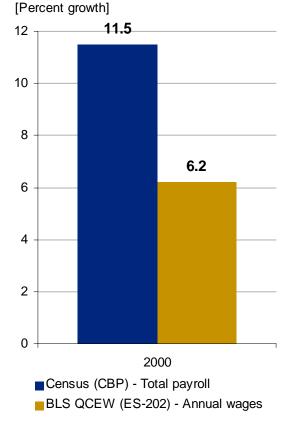
GDI & GDP and Differences in Wage Data

GDI vs. GDP

Wage & Salaries

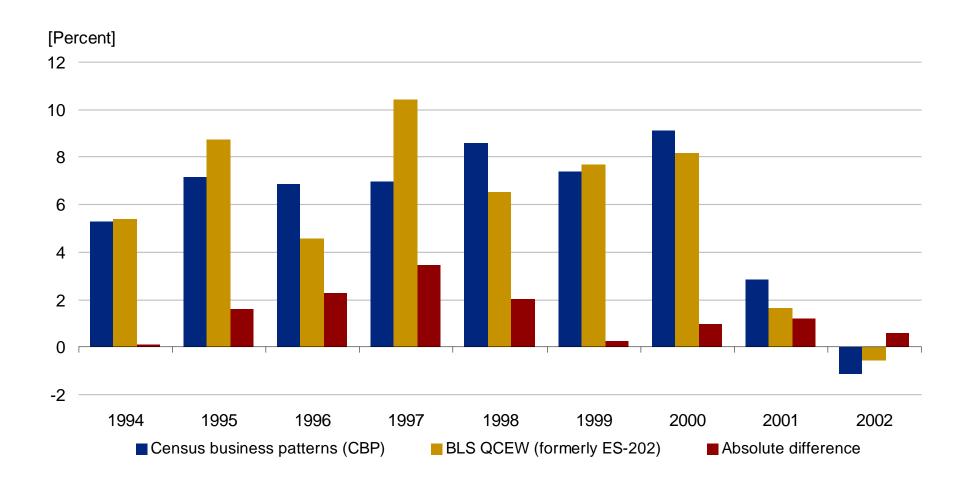
[Percent growth] [Percent growth] 8 8 12 6.9 6.5 10 5.8 6 6 5.4 8 6 4 4 4 2 2 2 C 0 0 1995-2001 1995-2001 Census (CBP) - Total payroll GDP GDI BLS QCEW (ES-202) - Annual wages

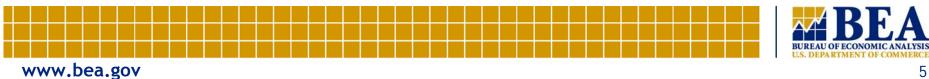
Wage & Salaries WA State





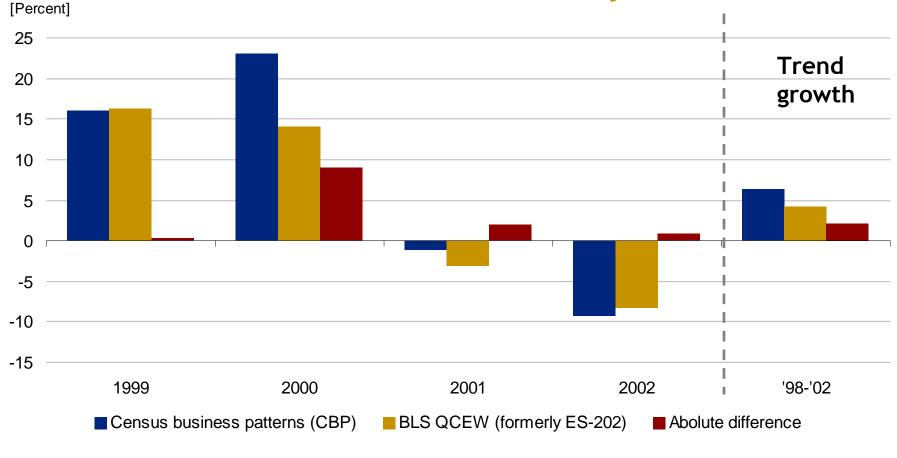
Private Payroll Growth





Private Payroll Growth – Industry

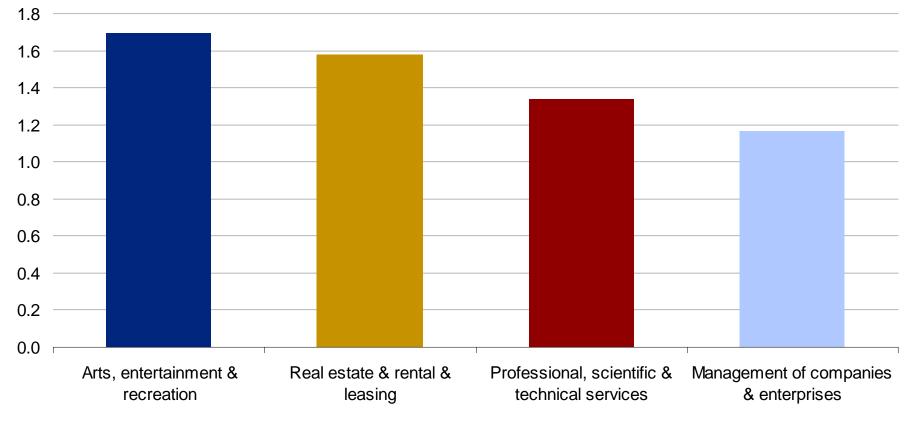
Information Industry





Private Payroll Growth – Industry

Absolute Difference in Trend Growth (1998-2002)





Real Value Added Growth

Selected Industries

Published vs. Simulated (Absolute Difference), 2002

[Percentage points] Computer and electronic product manufacturing Petroleum and coal products manufacturing Apparel manufacturing Motor vehicle, body, trailer, and parts manufacturing Food product manufacturing Chemical manufacturing Primary metal manufacturing Textile and textile product mills Other transportation equipment manufacturing Nonmetallic mineral product manufacturing ICT-producing industries 1 3 9 0 2 5 8 6

1. Consists of computer and electronic products; publishing industries (includes software); information and data processing services; and computer systems design and related services.

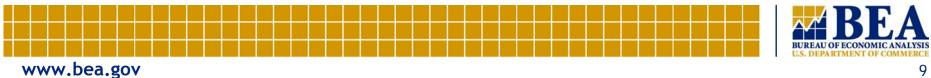


Gross Output Per Worker

Selected Industries

[Dollars]

2002 NAICS		2002 (per em	Percent	
Code	Industry	Census	BLS	diff.
211	Oil and gas extraction	991,595	853,547	-13.9
324	Petroleum and coal products	2,062,617	1,798,598	-12.8
486	Pipeline transportation	761,076	660,673	-13.2
515-517	Broadcasting and telecommunications	296,694	342,739	15.5
52-535	Finance, insurance, real estate, rental, & leasing	392,955	434,753	10.6



R&D Expenditures – NSF Vs. BEA

	2001			
Industry	NSF All U.S.	BEA U.S. parent	% parent/ all U.S.	
Manufacturing	120,705	115,118	95	
Food	1,819	914	50	
Beverage and tobacco products	152	469	309	
Chemicals	17,892	31,927	178	
Nonmetallic mineral products	990	339	34	
Primary metals	485	484	100	
Fabricated metal products	1,599	554	35	
Machinery	6,404	8,561	134	
Computer and electronic products	47,079	38,356	81	
Electrical equip., appliances, & components	4,980	2,008	40	
Transportation equipment	25,965	25,147	97	
Furniture and related products	301	128	43	
Miscellaneous manufacturing	6,606	2,570	39	

Note: The industries Textiles, apparel, and leather; Wood products; Paper, printing and support activities; Petroleum and coal products; and Plastics and rubber products were excluded because a direct comparison was not available due to suppressed data.



Income Tax Revenue Forecasts

Selected States

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[Millions of dollars]

	Effective tax BLS to Census difference ¹				Effective tax BLS to Census difference ¹		
State	2001	2002	2003	State	2001	2002	2003
Alabama	-11	3	-9	Minnesota	-123	-79	-101
Arizona	76	52	38	Montana	9	13	16
Arkansas	-15	2	-23	New York	-709	-536	-468
California	-211	-139	25	Ohio	-175	-37	-54
Colorado	2	44	44	Pennsylvania	-115	-10	-49
Connecticut	-34	-77	-79	Utah	-9	-20	-29
Georgia	16	48	3	Vermont	9	5	3
Idaho	31	18	7	Virginia	38	32	13
Iowa	-16	-11	-17	West Virginia	30	22	7

1) Estimates are based on multiplying the difference between BLS and Census estimates of private wages and salaries by the estimated effective state and local tax. The effective state and local tax is estimated from BEA estimates of state personal income and state and local income tax.



How Data Sharing Could Help: System-wide

- More consistent and improved sample frames
- More consistent classification by industry and region
- More accurate reporting by respondents from resolving anomalies
- More detailed and more consistent data with <u>no</u> increase in respondent burden
- Answers to policy and analytical questions through data matching while protecting confidentiality (FDI and offshoring)



How Data Sharing Could Help: BEA

- Aid in resolving the statistical discrepancy, income estimates, and difference across industries and regions
- Improve BEA early estimates that are based on preliminary survey results
- Improve BEA estimates during periods of economic change such as change in accounting rules and business practice
- Manage periods of data source disruptions such as Hurricane Katrina
- Improve BEA sample frame for international services, R&D, offshoring, etc.

