

Update on BEA Activities

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BEA Advisory Committee Meeting
November 3, 2006

Measuring the Nation's Economy.



Current Events

- GDP revisions
 - Annual Revision 2006 - Lower growth - 3.8 to 3.6 percent, 2002:IV - 2006:I
 - Slightly higher inflation - 3.0 to 3.1 percent, 2002:IV - 2006:I
 - Pattern of downward revisions post 1995-but not large in magnitude

	Mean Growth Rates for period				
	<u>March 03</u>	<u>March 04</u>	<u>March 05</u>	<u>March 05</u>	<u>July 06</u>
1995-2002	3.11	3.14	3.10	3.05	3.05
1995-2003		3.27	3.25	3.16	3.12
1995-2004			3.30	3.22	3.15
1995-2005				3.22	3.15

Current Events

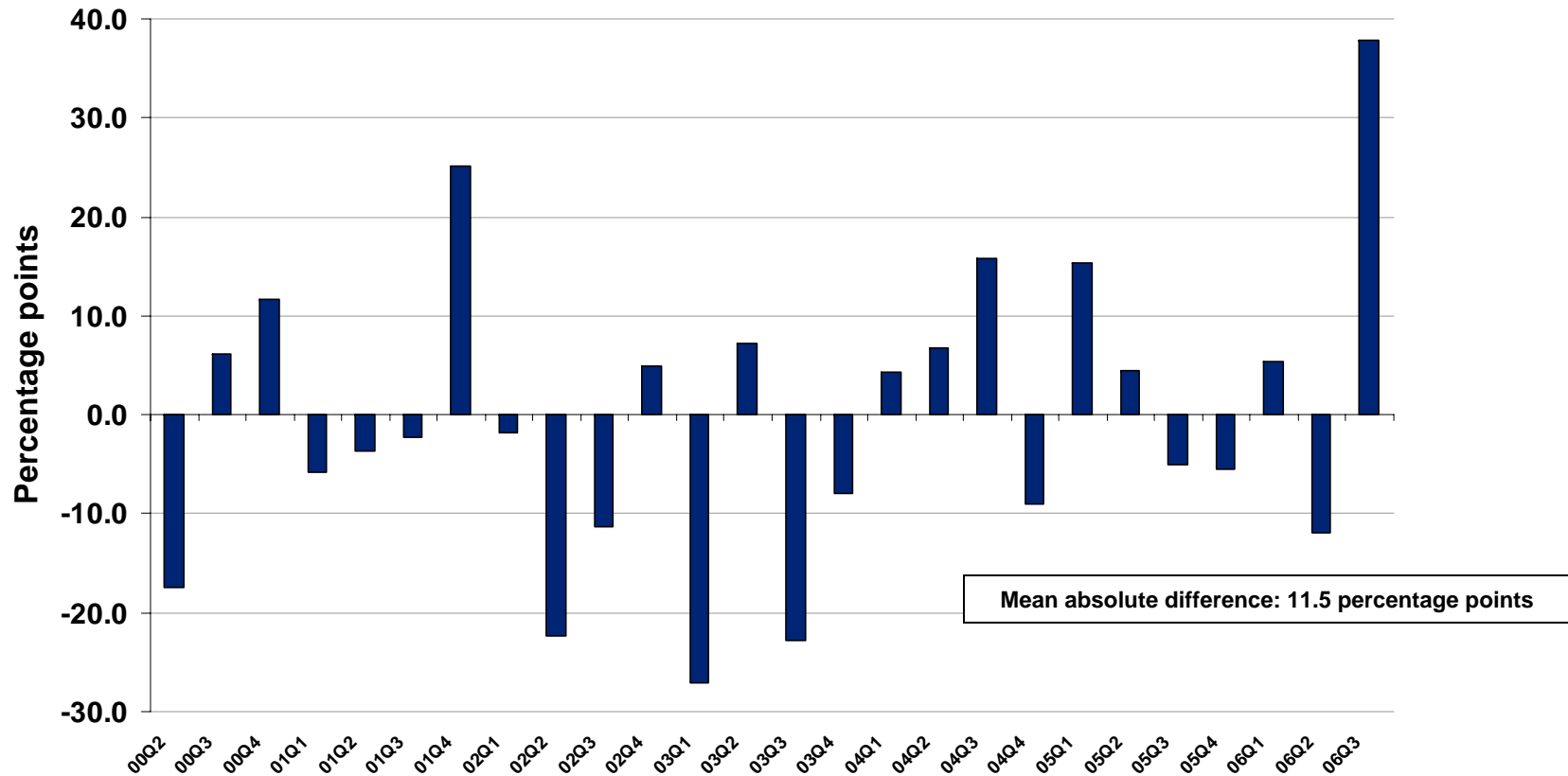
- BEA's measure of motor vehicle output
 - In question: 2006Q3 increase in real motor vehicle - in contrast to an decrease in physical units
 - GDP measure broader than physical unit production
 - Includes value added from the retail and wholesale margins (including sales taxes) for new, used and imported vehicles
 - Production data counts all vehicles equally, motor vehicle output - reflects mix of vehicle, weighted by price



Unit Production Indicator vs. BEA's GDP Measure of MV output

Percent Change Difference ¹

Motor Vehicle Output Comparison



1. Equals percent change of BEA motor vehicle output less the percent change in Federal Reserve Board's Industrial Production Index for motor vehicles



National Accounts

- Flow of Funds/BEA integration
 - SCB article due out December 2006
 - Integrated Macroeconomic Accounts tables now available on BEA website:
http://www.bea.gov/bea/dn/nipaweb/Ni_FedBeaSna/Index.asp
 - Updated quarterly with new FFA and NIPA data as they become available
 - New accounts expanding on currently available NIPA/FFA Savings rate comparison:
<http://www.bea.gov/bea/dn/nipaweb/Nipa-Frb.asp>



National Accounts

- OECD workshop- Nonmarket Output of Education and Health services held October 2006
 - Quantity/Activity indicators - general agreement on direct volume measures but significant cross national differences on methods and data sources
 - BEA research underway:
 - Consideration of “market-transaction-equivalent price” approach to measuring real output
 - Education and human capital estimates
 - AEA Session on Health Accounts
- Incorporated new/real-time data to improve accuracy of consumer spending and investment in GDP



SNA Update

- Substantive changes reached by Advisory group - to be presented to UN Statistical Commission in March 2007
- Several key end-of-process concerns
- Despite rumblings from various countries, we hope that update remains on schedule for completion and approval in March 2008



International Accounts

- New surveys of trade in services - 2007
 - Collect affiliated and unaffiliated trade at exactly the same level of detail by type of service
- Improvements to sample frame
 - For services: questions added to Census Company Organization Survey
 - For direct investment: working to obtain expanded access to IRS data (IRS regulation change)
- Expanded geographical detail: quarterly balance of payments accounts to 37 countries/regions including China and India (previously 10)
- Feasibility study by BEA for ITA to measure exports of services by State



International Accounts Measurement Standards

- New standards for international accounts:
 - Balance of Payments Manual - BOP Committee reviewing selected chapters; final in 2008
 - Benchmark Definition of Foreign Direct Investment - core manual largely complete; final in 2008
 - Compilation Guide for Remittances - Luxembourg Group formed



Regional Accounts

- Article on Inter-area prices- published Sept. 2006-
Monthly Labor Review
 - Presents inter-area prices for 2003 and 2004 for 38 metropolitan areas
 - Short cut approach cutting down on number of hedonic regressions required
- Acceleration estimates: Released 2005 metropolitan area personal in Sept.06 (7 month acceleration)
- Newly available detail: State earnings for NAICS industries for 1990 - 2000



Industry Accounts

- External Integration efforts - BEA-BLS
 - Identifying industries for analysis: selected 10 industries for further analysis of differences in real growth rates of output based on magnitude of difference and importance of industry
 - Related article available on IARIW website:
<http://www.iariw.org/papers/2006/powers.pdf>
 - Back-casting estimates: Gross output on NAICS basis back to 1972 underway, BLS currently developing NAICS based detailed manufacturing sector data for production accounts back to 1987
 - Released NAICS based employment estimates back to 1948



Industry Accounts

- Internal Integration efforts
 - Moving forward with applying Generalized Least Square (GLS) reconciliation method to strengthen estimates of value added for 2002 benchmark I-O accounts
 - Continued “NIPA feedback” reconciliation efforts: larger discrepancies identified in this years annual revisions of industry and national accounts, investigation will start early next year



Chief Statistician

- Health Account Funding
 - Planning a CNSTAT spring workshop on improving measures of health expenditures in the national accounts
- Data Sharing
 - In July, IRS published a regulation change that allows BEA expanded access to tax data
 - BEA and BLS entered into a data sharing agreement to assist off-shoring study by NAPA and work by each agency's researchers.



Chief Information Officer

- Further development of systems
 - Production Side GDP system (STATS): Ran first successful Annual Revision in 2006
 - Upgraded with several performance improvements - significant increase in processing speed
 - Interactive archival data for Industry data - all program areas now have historical data accessible through website



Customer

- Further improvements in electronic data collection
 - RIMS: Web-based redesign provides faster delivery of multipliers to customers - online ordering and paying for RIMS products through PAY.GOV
 - Online in November 2006
 - ASTAR: Upgrades to reduce respondent burden, user friendly screens, validity checks, and easier password management for reports
 - 38% received by ASTAR

Customer

In addition to customer driven data initiatives:

- Digital Library
 - Important documents related to the history of the U.S. national economic accounts made available online to the public.
- Newsroom
 - Portal to BEA Web site designed specifically for media
- Website Preview
 - Proposed redesign of BEA Web site available, with improved usability, consistency, and navigation.
- Expanded Outreach



Management

- PART: Scored 92 out of 100 - ranks BEA among top 5 percent of federal programs assessed by OMB; review of goals suggest that BEA is on target for another good rating
- OPM-OAS: BEA scored higher on every aspect than other Federal agencies and private sector
- PMA: Achieved green on 4 of PMA scorecards: human capital, budget and performance integration, financial performance, competitive scoring
 - Green on progress on e-commerce; and awaiting IG report
- GPRA: Successfully met all six measures- releases on schedule/on time, customer satisfaction, surpassing expectations on accuracy of initial GDP estimates, cost of dissemination, cost of collection
- Personnel Changes
- Budget Challenges