

Update on BEA Activities

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Director

BEA Advisory Committee Meeting
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Measuring the Nation's Economy.



National Accounts

- Revisions:
 - Annual – Lower growth – 3.3 to 3.1 percent, 2001:IV-2005:I
 - Higher inflation – 2.2 to 2.5 percent, 2001:IV-2005:I
 - Little change in quarterly pattern
 - Reduced volatility in banking prices
 - Press perspective – WSJ / New York Times
- Negative personal saving rate: Integration, next steps with FRB

National Accounts

- Hurricane:
 - Source data
 - Communications
- Customer outreach: *BEA State and Local Data Symposium* (Government), May 18
- Prices:
 - Medical care
 - Hedonics
 - Residential structures



Update on Progress of SNA Revision

- Proposals accepted at July meeting of Advisory Expert Group:
 - *Capital services* was accepted as an organizing principle and for presentation by countries with adequate capital data
 - *Research & development* to be capitalized
- On agenda of next meeting (Jan/Feb)
 - Accrual treatment of *pension liabilities*
 - OECD working group recommended accrual basis
 - Net return to government assets



International Accounts

- Annual revision
 - Large revisions to positions and income
 - Improved measures of portfolio capital flows positions and incomes
 - Estimates using new BEA quarterly services surveys
- Survey enhancements:
 - Electronic surveys, phase II
 - Sampling and cognitive research
- Offshoring – GAO, NAPA, NAS, & Brookings



Update of Progress of BPM Revision

- Change in loan valuation principles. Loans will be valued at nominal (not at market) values
- Changes in how the accounts are displayed
 - More reporting of gross rather than net flows
- A large number of relatively small changes affecting goods versus services, migrants' transfers, etc.



Regional Accounts

- Revisions and pensions:
 - Michigan and Medicaid
 - Change in law
 - Accrual
- Accelerated estimates:
 - Total GSP (12 months)
 - GSP by industry (8 months)
 - Compensation (more detail and more timely)



Regional Accounts

- Interarea prices
- Extensive outreach
 - RIMS training
 - Regional user group meetings and training
 - *Understanding Regional Economic Data for Policy and Planning*, Baltimore, October 31
 - *Calibrating the Northwest Economy: Data and Tools for Measuring the Performance of Out State and Local Economies*, Olympia & Seattle, WA, November 15 & 17



Industry Accounts

- Annual Revision, 1998-2004 - December
- Accelerated estimates:
 - 2002 benchmark gross output by industry and commodity
- NAICS Time Series, 1947-87
- NAICS-Based KLEMS estimates
 - Measuring Outsourcing (CRIW)



Chief Economist

- R&D:
 - NSF R&D I: Data Sharing (International)
 - NSF R&D II: (Joint leadership with Industry)
 - Frascati-SNA, industry-based framework, and estimates of rates of return
- Household production: Time use conference, December
- Education: Forthcoming survey article
- Health: HHS/CMS/BEA
- Depreciation: Used asset prices

Chief Statistician

- NAICS and NAPCS:
 - 1-page status report
- Revision studies
- Source data coordination
- Methodological work
- Review of BEA's surveys
- Release and revision guidelines
- Data sharing

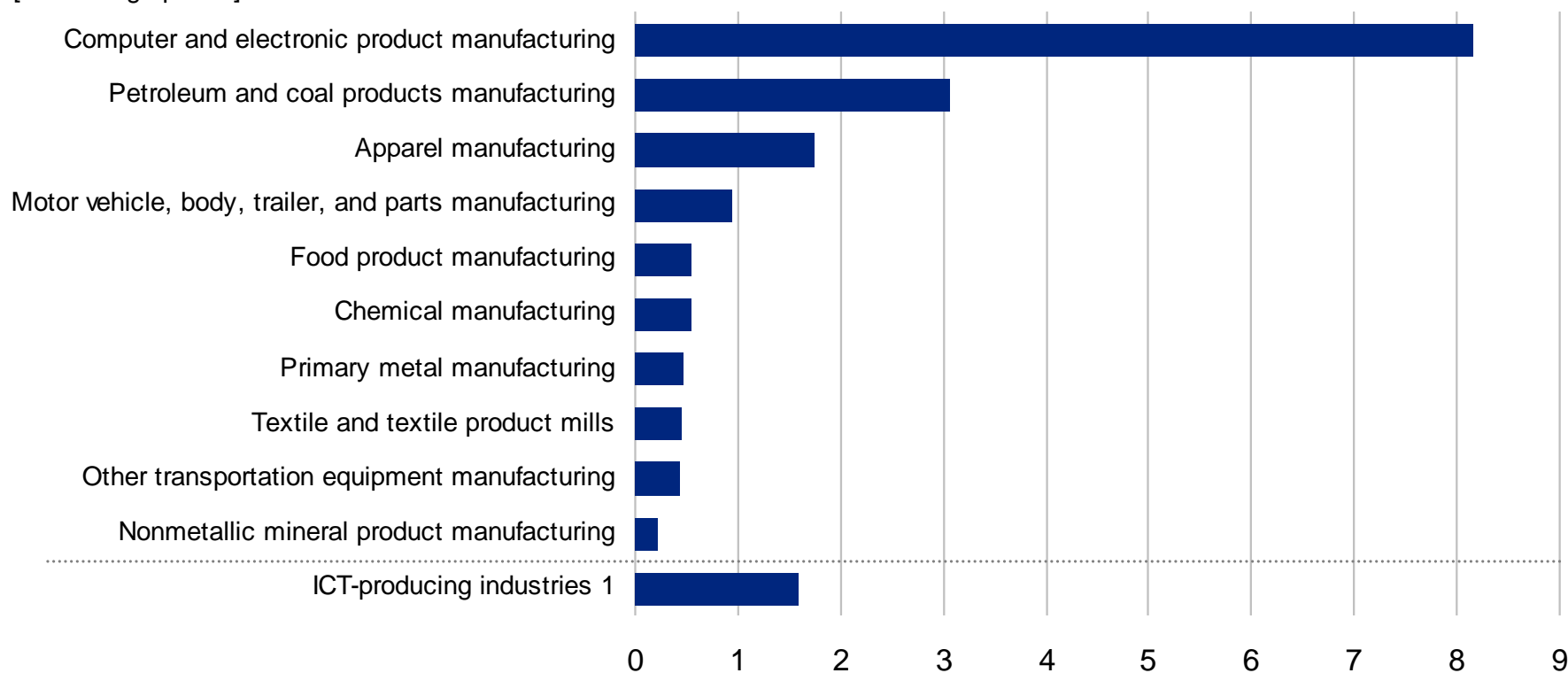


Data Sharing – Real Value Added Growth

Selected Industries

Published vs. Simulated (Absolute Difference), 2002

[Percentage points]



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

Chief Information Officer

- Introduction of new systems:
 - NIPA system
 - ASTAR electronic reporting system II
 - Interactive archival data for NIPAs and Multinationals
- Infrastructure accomplishments
 - Upgrade to Windows XP upgrade
 - Switch to Outlook e-mail
 - Successful departmental security review



Management and Communications

- Accomplished all FY 2005 Strategic Plan, President's management agenda, and departmental goals accomplished
 - Goal is to retain government-wide top-tier ratings from OMB and OPM in FY 2006
- Expanded outreach
 - Chamber of Commerce
 - Regional and state meetings
 - National Association for Business Economics
- Improved electronic and printed communications
 - Survey, logo, displays, and other materials
 - Working papers: www.bea.gov/bea/working_papers.htm

Other Activities

- Provided technical assistance to:
 - China and Japan
 - Singapore, Hong Kong, Korea, and Thailand
 - Russia and Macedonia
 - Brazil
- Successful work on a wide range of research contracts
 - International services
 - Use of tax data in NIPAs
 - I-O reports for utilities and hospitals

Budget – FY 2006 & Beyond

- Continuing resolution – expires Nov. 18
 - House at \$4 million over base
 - Senate at \$5 million over base
- Future budgets expected to be tight
- Strategic planning has helped ensure adequate resources for continuing efforts

