



Government Statistics Users Conference

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BEA Strategic Plan: Priorities for National Accounts

- One of BEA's 4 main goals in its strategic plan:
Upgrade BEA's economic statistics by improving statistical methodologies and source data and by using new technologies.
- For national accounts priorities are:
 - Improving processing systems.
 - Addressing data gaps and other shortcomings.
 - Improving consistency and integration with other accounts.
 - Improving consistency with international standards.



2003 NIPA Comprehensive Revision

- The 2003 NIPA comprehensive revision advanced BEA's strategic priorities by introducing:
 - New measures of insurance and banking services.
 - A new concept and presentation of government production.
 - New concepts, such as taxes on production and imports, which are consistent with international standards.



Articles on Definitional Changes in the *Survey of Current Business*

Financial and insurance services:

- Fixler, Reinsdorf, and Smith, “Measuring the Services of Commercial Banks...,” September 2003.
- Chen and Fixler, “Measuring the Services of Property-Casualty Insurance...,” October 2003.

Government as a producer (and other topics):

- Moulton and Seskin, “Preview of the 2003 Comprehensive Revision...,” June 2003.



Rationale for Changes

Improvements introduced in the comprehensive revision:

- Implement BEA's strategic plan
- Bring the U.S. accounts into closer conformity with international norms:
 - *System of National Accounts*
 - *Balance of Payments Manual*



Government as a Producer of Services

- *Previously:* Government was shown as a consumer of goods and services.
- *Now:* Government is also recognized as a producer of services— services like education, police, and the provision of top-notch economic statistics.
- This new framework parallels the business sector.



Government as a Producer of Services

The gross output of government services is the sum of the costs incurred in their production:

- Compensation of employees
- Consumption of Fixed Capital (CFC)
- Intermediate goods and services purchased by governments

(BTW, compensation + CFC = net value added.)



Military Assistance In-Kind

The Federal Government purchases equipment and provides it to other nations as military assistance in-kind:

- *Previously:* Treated as consumption expenditures by the Federal Government
- *Now:* Treated as exports in GDP and as transfers to the rest of the world in GDI



Mass Transit Compensation In-Kind Payments

- Not a large item, but the new treatment improves the consistency of the accounts.
- *Previously:* Benefits provided by state and local governments and by private employers were included in NIPA compensation estimates; benefits provided by the Federal Government were ignored.
 - *Now:* Benefits provided by the Federal Government are also included.



Compensation Paid by Indian Tribal Governments

- *Previously:* Compensation paid by tribal governments was included in the private sector.
- *Now:* Compensation for administrative and public services is included in “noneducation” state and local compensation.
 - A “state and local casino gaming enterprise account” was established. Compensation paid by casinos (and captured in the BLS data) is recorded here.



Classification of Structures

A new classification system for structures was introduced.

- *Previously:* Classification was based on type of structure.
- *Now:* Classification is based on function of structure.
 - e.g., teaching facilities in hospitals are now classified in “educational” rather than in “health care.”



Revamped Presentation of Taxes

- *Previously*: “Indirect business taxes”
- *Remove*: Federal deposit insurance premiums, fines, rents and royalties, etc.
- *Now*: “Taxes on production and imports”

- *Previously*: “Personal tax and nontax payments”
- *Remove*: Donations, fees, fines
- *Now*: “Personal and current taxes”



“De-Netting”

- *Previously:* “Net interest payments”
- *Now:* “Interest payments” and “Interest receipts”

- *Previously:* “Subsidies less current surplus of government enterprises”
- *Now:* “Subsidies” and “Current surplus of government enterprises”



Article on Statistical Changes in the *Survey of Current Business*

- Moylan and Robinson, “Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: Statistical Changes,” September 2003.



Major Statistical Changes

- Medicare payments are now on an accrual basis rather than on a cash basis.
- Improved methods for estimating state and local taxes
- Improved estimates of Federal enterprises' investment in equipment



We're not through...

- We'll be telling you about more ideas we have for improving the government accounts.
- Please let us know what you think. Will they make your lives easier or harder?
- And let us know whether we have overlooked anything you think is important.



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