

# Annual Revision of the National Income and Product Accounts

## Annual Estimates, 2001–2003

### Quarterly Estimates, 2001:I–2004:I

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ON July 30, 2004, the Bureau of Economic Analysis (BEA) released revised estimates of the national income and product accounts (NIPAs) for 2001–2003 and for the first quarter of 2004.<sup>1</sup> As is usual in annual NIPA revisions, these estimates incorporate newly available source data that are more complete, more detailed, and otherwise more appropriate than those that were previously incorporated.

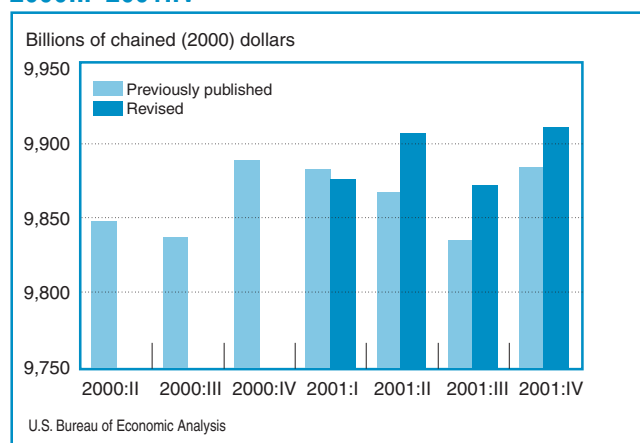
Both the revised estimates and the previously published estimates show similar year-to-year growth rates for gross domestic product (GDP) and its major aggregates. However, the revised estimates show changes in the quarter-to-quarter growth rates. Highlights of the revision are the following:

- From 2000 to 2003, real GDP grew at an average annual rate of 1.9 percent, the same as in the previously published estimates. The average annual rate of real GDP growth from the fourth quarter of 2000 to the first quarter of 2004 is also unchanged at 2.5 percent. Revisions to year-to-year growth rates are small, averaging 0.2 percentage point (without regard to sign); revisions to quarter-to-quarter growth rates were moderate, averaging 0.6 percentage point (without regard to sign).
- The 2001 downturn and the subsequent recovery are slightly milder than previously estimated; the differences between the revised estimates and the previously published estimates are small.
- From the fourth quarter of 2000 to the third quarter of 2001, the revised estimates show that real GDP decreased at an annual rate of 0.2 percent; the previously published estimates showed a decrease of 0.7 percent.
- From the third quarter of 2001 to the first quarter of 2004, the revised estimates show that real GDP

increased at an average annual rate of 3.3 percent; the previously published estimates showed an average increase of 3.4 percent.

- The quarterly path of the 2001 downturn is also changed (chart 1).
- In the previously published estimates, real GDP decreased in the third quarter of 2000, peaked in the fourth quarter of 2000, and then decreased in the next three quarters. From its high in the fourth quarter of 2000 to its low in the third quarter of 2001, real GDP declined 0.5 percent (not at an annual rate).
- In the revised estimates, real GDP decreased in the first quarter of 2001, peaked in the second quarter of 2001—to a level higher than that in the fourth quarter of 2000—and it then decreased in the next quarter. From its new high in the second quarter of 2001 to its low in the third quarter, real GDP declined 0.4 percent (not at an annual rate).
- From 2000 to 2003, the average annual rate of growth of real disposable personal income is revised down from 2.7 percent to 2.4 percent.

**Chart 1. Real Gross Domestic Product: 2000:II–2001:IV**



1. Information about the structure, definitions, presentation, and methodologies that underlie the NIPAs and that reflect the 2003 comprehensive NIPA revision is available on BEA's Web site; go to <[www.bea.gov](http://www.bea.gov)>, and click on "Methodologies."

This annual revision features one notable change in methodology: Contributions to the new Uniformed Services Retiree Health Care Fund on behalf of active-duty military personnel are being treated the same as pension-fund contributions and are included in Federal Government employee compensation. As a result, the price index for Federal Government compensation is raised.

In this article, the impact of the revisions on key NIPA measures of economic activity is discussed, and a summary of the revisions and the major source data underlying them are provided. In addition, two changes in the methodology that is used to prepare the estimates are described. Appendix A shows the revised annual estimates and the revisions for the seven summary accounts of the NIPAs in current dollars. An extensive set of tables presenting revised monthly, quarterly, and annual NIPA estimates and the “advance” estimates for the second quarter of 2004 are available in “National Income and Product Accounts Tables” in this issue. In addition, historical estimates are presented in “GDP and Other Major NIPA Series, 1929–2004:II.”

### Impact of the Revisions

According to the revised estimates, the average annual rate of growth of real GDP from the fourth quarter of

2000 to the first quarter of 2004 is unchanged at 2.5 percent (table 1). In the revised estimates, equipment and software, Federal Government spending, personal consumption expenditures (PCE) for services, PCE for nondurable goods, and exports of goods and services are weaker than in the previously published estimates; state and local government spending, PCE for durable goods, the change in private inventories, residential investment, imports of services, and nonresidential structures are stronger; imports of goods is little revised.<sup>2</sup>

In the revised estimates, the 2001 downturn is milder than previously estimated. In the previously published estimates, GDP declined in the first three quarters of 2001. In the revised estimates, for the five quarters beginning with the second quarter of 2000, GDP falls in the third quarter of 2000, increases in the fourth quarter, falls again in the first quarter of 2001, increases in the second quarter—to a level higher than in the fourth quarter of 2000—and then decreases again in the third quarter (the estimates for 2000 are not revised in this annual revision). As a result of the revision, the date of the cyclical peak for GDP has been changed from the fourth quarter of 2000 to the second

2. In this article, “government spending” is shorthand for the NIPA series “government consumption expenditures and gross investment.”

**Table 1. Real GDP and Its Major Components: Change From 2000:IV to 2004:I**

[Billions of chained (2000) dollars, seasonally adjusted annual rates]

	2000:IV	Previously published		Revised		Revision in change			
		2004:I	Change for 2000:IV–2004:I		2004:I	Change for 2000:IV–2004:I		Dollars	Percentage points
			Dollars	Percent (annual rate)		Dollars	Percent (annual rate)		
<b>Gross domestic product</b> .....	<b>9,887.7</b>	<b>10,702.1</b>	<b>814.4</b>	<b>2.5</b>	<b>10,697.5</b>	<b>809.8</b>	<b>2.5</b>	<b>-4.6</b>	<b>0.0</b>
<b>Personal consumption expenditures</b> .....	<b>6,825.0</b>	<b>7,555.8</b>	<b>730.8</b>	<b>3.2</b>	<b>7,543.0</b>	<b>718.0</b>	<b>3.1</b>	<b>-12.8</b>	<b>-0.1</b>
Durable goods .....	865.4	1,060.7	195.3	6.5	1,075.5	210.1	6.9	14.8	0.4
Nondurable goods .....	1,972.7	2,198.6	225.9	3.4	2,187.3	214.6	3.2	-11.3	-0.2
Services .....	3,986.8	4,307.2	320.4	2.4	4,291.7	304.9	2.3	-15.5	-0.1
<b>Gross private domestic investment</b> .....	<b>1,732.7</b>	<b>1,753.4</b>	<b>20.7</b>	<b>0.4</b>	<b>1,764.5</b>	<b>31.8</b>	<b>0.6</b>	<b>11.1</b>	<b>0.2</b>
Fixed investment .....	1,689.4	1,721.7	32.3	0.6	1,721.4	32.0	0.6	-0.3	0.0
Nonresidential .....	1,247.9	1,184.6	-63.3	-1.6	1,173.0	-74.9	-1.9	-11.6	-0.3
Structures .....	320.6	232.4	-88.2	-9.4	237.7	-82.9	-8.8	5.3	0.6
Equipment and software .....	927.3	960.7	33.4	1.1	943.7	16.4	0.5	-17.0	-0.6
Residential .....	441.6	532.5	90.9	5.9	542.5	100.9	6.5	10.0	0.6
Change in private inventories .....	43.5	25.5	-18.0	.....	40.0	-3.5	.....	14.5	.....
<b>Net exports of goods and services</b> .....	<b>-397.2</b>	<b>-535.6</b>	<b>-138.4</b>	<b>.....</b>	<b>-550.1</b>	<b>-152.9</b>	<b>.....</b>	<b>-14.5</b>	<b>.....</b>
Exports .....	1,112.3	1,102.8	-9.5	-0.3	1,095.4	-16.9	-0.5	-7.4	-0.2
Goods .....	798.9	770.8	-28.1	-1.1	767.2	-31.7	-1.2	-3.6	-0.1
Services .....	313.4	331.8	18.4	1.8	328.1	14.7	1.4	-3.7	-0.4
Imports .....	1,509.5	1,638.4	128.9	2.6	1,645.5	136	2.7	7.1	0.1
Goods .....	1,272.7	1,397.9	125.2	2.9	1,394.1	121.4	2.8	-3.8	-0.1
Services .....	236.8	242.7	5.9	0.8	252.4	15.6	2.0	9.7	1.2
<b>Government consumption expenditures and gross investment</b> .....	<b>1,727.1</b>	<b>1,924.7</b>	<b>197.6</b>	<b>3.4</b>	<b>1,935.8</b>	<b>208.7</b>	<b>3.6</b>	<b>11.1</b>	<b>0.2</b>
Federal .....	577.2	730.2	153.0	7.5	713.3	136.1	6.7	-16.9	-0.8
National defense .....	371.5	489.6	118.1	8.9	477.6	106.1	8.0	-12.0	-0.9
Nondefense .....	205.6	240.6	35.0	5.0	235.4	29.8	4.2	-5.2	-0.8
State and local .....	1,149.9	1,195.1	45.2	1.2	1,222.4	72.5	1.9	27.3	0.7
<b>Addenda:</b>									
Final sales of domestic product .....	9,844.3	10,671.2	826.9	2.5	10,655.8	811.5	2.5	-15.4	0.0
Gross domestic purchases .....	10,284.7	11,233.0	948.3	2.8	11,241.9	957.2	2.8	8.9	0.0
Gross national product .....	9,941.6	10,760.7	819.1	2.5	10,766.7	825.1	2.5	0.0	0.0
Gross domestic income .....	9,991.6	10,717.8	726.2	2.2	10,660.5	668.9	2.0	-57.3	-0.2

NOTE: Chained (2000) dollar series are calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type

quantity indexes uses the weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

quarter of 2001, and the interval from its peak to its trough is shortened to one quarter (from the second quarter of 2001 to the third quarter). However, for the four quarters leading up to the peak, from the second quarter of 2000 to the second quarter of 2001, GDP increases slowly at a rate of 0.6 percent.

The decline in real GDP from its peak in the second quarter of 2001 to its trough in the third quarter is 0.4 percent (*not* at an annual rate). In the previously published estimates, the total decline from its old peak in the fourth quarter of 2000 to the trough in the third quarter of 2001 was 0.5 percent (*not* at an annual rate). (In the revised estimates, the total decline in real GDP from the fourth quarter of 2000 to the third quarter of 2001 is 0.2 percent, *not* at an annual rate).

In the revised estimates, the cyclical recovery since 2001 is also slightly milder than previously estimated. From the third quarter of 2001 to the first quarter of 2004, the revised estimates show that real GDP increases at an average annual rate of 3.3 percent; the previously published estimates showed an average increase of 3.4 percent.

For 2001, the percent change in real GDP from the preceding year is revised up from 0.5 percent to 0.8 percent (chart 2). For 2002, the percent change is revised down from 2.2 percent to 1.9 percent. For 2003, the percent change is revised down from 3.1 percent to 3.0 percent.

From fourth quarter to fourth quarter, the percent change in real GDP is revised up from 0.0 percent to

0.2 percent for 2001, is revised down from 2.8 percent to 2.3 percent for 2002, and is revised up from 4.3 percent to 4.4 percent for 2003.

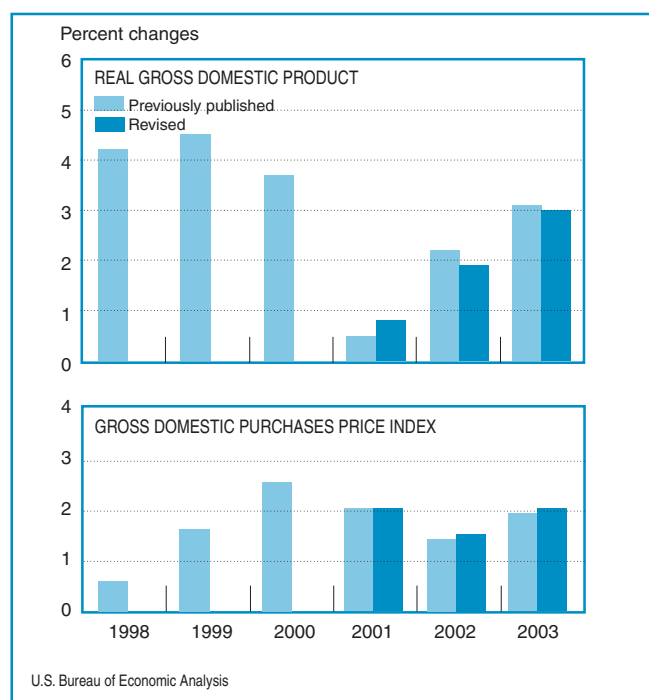
The revised estimates of prices show about the same rate of increase as that shown by the previously published estimates. From the fourth quarter of 2000 to the first quarter of 2004, the average annual rate of increase in the price index for gross domestic purchases is revised up 0.1 percentage point to 1.9 percent, and the average annual rate of increase in the GDP price index is revised up 0.1 percentage point to 2.0 percent (table 2). The percent change from the preceding year for the price index for gross domestic purchases is unrevised at 2.0 percent for 2001, is revised up 0.1 percentage point to 1.5 percent for 2002, and is revised up 0.1 percentage point to 2.0 percent for 2003 (chart 2).

### Summary of the Revisions

In general, the annual revisions to real GDP reflect four factors: (1) Revisions to the current-dollar components of GDP for which chained-dollar estimates are prepared by deflation, (2) revisions to the prices used in deflation, (3) revisions to the quantities used to estimate components of real GDP by extrapolation or direct valuation, and (4) revisions resulting from the use of revised and updated weights in the calculation of real GDP.<sup>3</sup> In this year's annual revision, the first factor accounted for most of the revisions.

3. For the GDP components for which chained-dollar estimates are prepared by extrapolation or direct valuation, the current-dollar and chained-dollar estimates are based on independent source data; consequently, the corresponding revisions are unrelated. For a list of these components, see table 2 in "Updated Summary NIPA Methodologies," SURVEY OF CURRENT BUSINESS 82 (October 2002): 34–38.

**Chart 2. Revisions to Annual Percent Changes in Featured Measures**



**Table 2. Chain-Type Price Indexes: Change From 2000:IV to 2004:I**

	Percent change for 2000:IV–2004:I (annual rate)		Revision in change (percentage points)
	Previously published	Revised	
<b>Gross domestic product</b> .....	<b>1.9</b>	<b>2.0</b>	<b>0.1</b>
Less: Exports of goods and services.....	1.0	1.0	0.0
Plus: Imports of goods and services.....	0.6	0.4	-0.2
<b>Equals: Gross domestic purchases</b> .....	<b>1.8</b>	<b>1.9</b>	<b>0.1</b>
<b>Personal consumption expenditures</b> .....	<b>1.8</b>	<b>1.8</b>	<b>0.0</b>
Durable goods.....	-3.0	-2.8	0.2
Nondurable goods.....	1.5	1.5	0.0
Services.....	2.9	3.0	0.1
<b>Gross private domestic investment</b> .....	<b>1.0</b>	<b>0.9</b>	<b>-0.1</b>
Fixed investment.....	1.1	1.0	-0.1
Nonresidential.....	-0.3	-0.4	-0.1
Structures.....	3.0	3.0	0.0
Equipment and software.....	-1.3	-1.6	-0.3
Residential.....	4.1	4.0	-0.1
Change in private inventories.....			
<b>Government consumption expenditures and gross investment</b> .....	<b>2.6</b>	<b>2.8</b>	<b>0.2</b>
Federal.....	2.6	3.1	0.5
National defense.....	2.6	3.3	0.7
Nondefense.....	2.6	2.6	0.0
State and local.....	2.6	2.6	0.0
<b>Addenda:</b>			
Final sales of domestic product.....	1.9	2.0	0.1
Gross national product.....	1.9	2.0	0.1

### Annual estimates of real GDP

The annual percent change in real GDP is revised up from 0.5 percent to 0.8 percent for 2001, is revised down from 2.2 percent to 1.9 percent for 2002, and is revised down from 3.1 percent to 3.0 percent for 2003 (table 3).

For 2001, the largest contributor to the upward revision to real GDP growth is state and local government spending, but most of the other components also contributed. For 2002, the largest contributors to the downward revision to real GDP are fixed investment in equipment and software, PCE for services, and PCE for

nondurable goods; the contributions of these components are partly offset by an upward revision to state and local government spending. For 2003, the slight downward revision to real GDP is attributable to generally small and mostly offsetting revisions to many components.

**Revisions to the components of real GDP.** The annual percent change in real PCE is unrevised at 2.5 percent for 2001, is revised down 0.3 percentage point to 3.1 percent for 2002, and is revised up 0.2 percentage point to 3.3 percent for 2003 (table 4). For 2002, the revision reflects downward revisions to PCE for ser-

**Table 3. Revisions to Contributions to Percent Change in Real GDP**

	2000	2001			2002			2003		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
<b>Percent change at annual rate:</b>										
<b>Gross domestic product</b> .....	<b>3.7</b>	<b>0.5</b>	<b>0.8</b>	<b>0.3</b>	<b>2.2</b>	<b>1.9</b>	<b>-0.3</b>	<b>3.1</b>	<b>3.0</b>	<b>-0.1</b>
<b>Percentage points at annual rates:</b>										
<b>Personal consumption expenditures</b> .....	<b>3.17</b>	<b>1.68</b>	<b>1.74</b>	<b>0.06</b>	<b>2.38</b>	<b>2.14</b>	<b>-0.24</b>	<b>2.22</b>	<b>2.29</b>	<b>0.07</b>
Durable goods .....	0.63	0.36	0.37	0.01	0.55	0.56	0.01	0.61	0.63	0.02
Nondurable goods .....	0.74	0.37	0.40	0.03	0.60	0.51	-0.09	0.76	0.73	-0.03
Services .....	1.80	0.96	0.97	0.01	1.23	1.08	-0.15	0.85	0.93	0.08
<b>Gross private domestic investment</b> .....	<b>0.99</b>	<b>-1.47</b>	<b>-1.39</b>	<b>0.08</b>	<b>-0.18</b>	<b>-0.37</b>	<b>-0.19</b>	<b>0.64</b>	<b>0.66</b>	<b>0.02</b>
Fixed investment .....	1.09	-0.54	-0.50	0.04	-0.60	-0.80	-0.20	0.67	0.76	0.09
Nonresidential .....	1.06	-0.56	-0.52	0.04	-0.82	-1.02	-0.20	0.30	0.33	0.03
Structures .....	0.21	-0.08	-0.07	0.01	-0.59	-0.57	0.02	-0.12	-0.15	-0.03
Equipment and software .....	0.85	-0.47	-0.44	0.03	-0.23	-0.45	-0.22	0.42	0.48	0.06
Residential .....	0.03	0.02	0.02	0.00	0.23	0.22	-0.01	0.36	0.43	0.07
Change in private inventories .....	-0.10	-0.93	-0.88	0.05	0.41	0.42	0.01	-0.03	-0.10	-0.07
<b>Net exports of goods and services</b> .....	<b>-0.86</b>	<b>-0.19</b>	<b>-0.20</b>	<b>-0.01</b>	<b>-0.70</b>	<b>-0.70</b>	<b>0.00</b>	<b>-0.35</b>	<b>-0.43</b>	<b>-0.08</b>
Exports .....	0.93	-0.58	-0.60	-0.02	-0.24	-0.24	0.00	0.20	0.18	-0.02
Goods .....	0.84	-0.48	-0.48	0.00	-0.29	-0.29	0.00	0.13	0.14	0.01
Services .....	0.09	-0.10	-0.12	-0.02	0.04	0.05	0.01	0.07	0.04	-0.03
Imports .....	-1.79	0.39	0.40	0.01	-0.45	-0.46	-0.01	-0.55	-0.61	-0.06
Goods .....	-1.55	0.39	0.39	0.00	-0.42	-0.42	0.00	-0.55	-0.54	0.01
Services .....	-0.25	-0.01	0.01	0.02	-0.03	-0.04	-0.01	0.00	-0.07	-0.07
<b>Government consumption expenditures and gross investment</b> .....	<b>0.36</b>	<b>0.48</b>	<b>0.60</b>	<b>0.12</b>	<b>0.69</b>	<b>0.79</b>	<b>0.10</b>	<b>0.62</b>	<b>0.52</b>	<b>-0.10</b>
Federal .....	0.05	0.22	0.23	0.01	0.48	0.46	-0.02	0.56	0.43	-0.13
National defense .....	-0.02	0.15	0.15	0.00	0.35	0.30	-0.05	0.44	0.38	-0.06
Nondefense .....	0.07	0.07	0.08	0.01	0.14	0.16	0.02	0.12	0.06	-0.06
State and local .....	0.31	0.26	0.37	0.11	0.21	0.33	0.12	0.06	0.09	0.03

**Table 4. Revisions to Percent Change in Real GDP**

[Percent change from preceding year]

	2000	2001			2002			2003		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
<b>Gross domestic product</b> .....	<b>3.7</b>	<b>0.5</b>	<b>0.8</b>	<b>0.3</b>	<b>2.2</b>	<b>1.9</b>	<b>-0.3</b>	<b>3.1</b>	<b>3.0</b>	<b>-0.1</b>
<b>Personal consumption expenditures</b> .....	<b>4.7</b>	<b>2.5</b>	<b>2.5</b>	<b>0.0</b>	<b>3.4</b>	<b>3.1</b>	<b>-0.3</b>	<b>3.1</b>	<b>3.3</b>	<b>0.2</b>
Durable goods .....	7.3	4.1	4.3	0.2	6.5	6.5	0.0	7.4	7.4	0.0
Nondurable goods .....	3.8	1.9	2.0	0.1	3.0	2.6	-0.4	3.8	3.7	-0.1
Services .....	4.5	2.4	2.4	0.0	3.0	2.6	-0.4	2.0	2.2	0.2
<b>Gross private domestic fixed investment</b> .....	<b>6.5</b>	<b>-3.2</b>	<b>-3.0</b>	<b>0.2</b>	<b>-3.7</b>	<b>-4.9</b>	<b>-1.2</b>	<b>4.4</b>	<b>5.1</b>	<b>0.7</b>
Nonresidential .....	8.7	-4.5	-4.2	0.3	-7.2	-8.9	-1.7	3.0	3.3	0.3
Structures .....	6.8	-2.5	-2.3	0.2	-18.4	-17.8	0.6	-4.6	-5.6	-1.0
Equipment and software .....	9.4	-5.2	-4.9	0.3	-2.8	-5.5	-2.7	5.5	6.4	0.9
Residential .....	0.8	0.4	0.4	0.0	4.9	4.8	-0.1	7.5	8.8	1.3
<b>Change in private inventories</b> .....										
<b>Net exports of goods and services</b> .....										
Exports .....	8.7	-5.2	-5.4	-0.2	-2.4	-2.3	0.1	2.0	1.9	-0.1
Goods .....	11.2	-6.1	-6.1	0.0	-4.0	-4.1	-0.1	1.9	2.2	0.3
Services .....	2.9	-3.1	-3.7	-0.6	1.4	1.8	0.4	2.3	1.4	-0.9
Imports .....	13.1	-2.6	-2.7	-0.1	3.3	3.4	0.1	4.0	4.4	0.4
Goods .....	13.5	-3.2	-3.2	0.0	3.7	3.7	0.0	4.8	4.7	-0.1
Services .....	11.1	0.4	-0.3	-0.7	1.4	1.9	0.5	-0.1	3.1	3.2
<b>Government consumption expenditures and gross investment</b> .....	<b>2.1</b>	<b>2.8</b>	<b>3.4</b>	<b>0.6</b>	<b>3.8</b>	<b>4.4</b>	<b>0.6</b>	<b>3.3</b>	<b>2.8</b>	<b>-0.5</b>
Federal .....	0.9	3.7	3.9	0.2	7.9	7.5	-0.4	8.7	6.6	-2.1
National defense .....	-0.5	3.9	3.9	0.0	8.9	7.7	-1.2	10.6	9.0	-1.6
Nondefense .....	3.5	3.5	3.9	0.4	6.2	7.1	0.9	5.3	2.4	-2.9
State and local .....	2.7	2.2	3.2	1.0	1.8	2.8	1.0	0.5	0.7	0.2

vices (mainly to PCE for “other” services) and to PCE for nondurable goods (reflecting widespread downward revisions among the subcomponents of nondurable goods). For 2003, the revision primarily reflects an upward revision to PCE for services (which is more than accounted for by PCE for “other” services).

The change in nonresidential fixed investment is revised up 0.3 percentage point to -4.2 percent for 2001, is revised down 1.7 percentage points to 8.9 percent for 2002, and is revised up 0.3 percentage point to 3.3 percent for 2003. For 2001, the revision is mostly accounted for by an upward revision to equipment and software (mainly to software). For 2002, the revision to nonresidential fixed investment is more than accounted for by a downward revision to equipment and software (mainly to information processing equipment

and software). For 2003, the revision reflects an upward revision to equipment and software that is partly offset by a downward revision to nonresidential structures. Within equipment and software, upward revisions to transportation equipment and industrial equipment are partly offset by a downward revision to information processing equipment and software. Within nonresidential structures, the downward revision is more than accounted for by power and communication structures.

The change in residential fixed investment is unrevised at 0.4 percent for 2001, is revised down 0.1 percentage point to 4.8 percent for 2002, and is revised up 1.3 percentage points to 8.8 percent for 2003. For 2003, the revision is mostly accounted for by single-family structures.

The change in private inventories is revised up \$4.3 billion (in chained 2000 dollars) for 2001, is revised up \$6.0 billion for 2002, and is revised down \$0.1 billion for 2003. Nonfarm inventory investment more than accounted for the revision for 2001, and it accounted for most of the revision for 2002.

The change in exports of goods and services is revised down 0.2 percentage point to -5.4 percent for 2001, is revised up 0.1 percentage point to -2.3 percent for 2002, and is revised down 0.1 percentage point to 1.9 percent for 2003. For 2001, the downward revision reflects a downward revision to exports of services. For 2002, an upward revision to exports of services is partly offset by a downward revision to exports of goods. For 2003, a downward revision to exports of services is partly offset by an upward revision to exports of goods.

The change in imports of goods and services is revised down 0.1 percentage point to -2.7 percent for 2001, is revised up 0.1 percentage point to 3.4 percent for 2002, and is revised up 0.4 percentage point to 4.4 percent for 2003. For 2001, the downward revision is more than accounted for by a downward revision to imports of services. For 2002, the upward revision reflects an upward revision to imports of services that is partly offset by a downward revision to imports of goods. For 2003, the upward revision is more than accounted for by an upward revision to imports of services.

The change in government spending is revised up 0.6 percentage point to 3.4 percent for 2001, is revised up 0.6 percentage point to 4.4 percent for 2002, and is revised down 0.5 percentage point to 2.8 percent for 2003. For 2001, an upward revision to state and local government spending accounted for most of the revision. For 2002, an upward revision to state and local government spending was partly offset by a downward

### Data Availability

An extensive set of estimates are presented in “National Income and Product Accounts” in this issue. These estimates and annual estimates for 1929 forward and quarterly estimates for 1946 forward are available on BEA’s Web site at <[www.bea.gov](http://www.bea.gov)>. Later this year, the NIPA estimates will be available on a CD-ROM; its availability will be announced in the SURVEY OF CURRENT BUSINESS and on BEA’s Web site.

Selected revised NIPA estimates and related estimates will be published in upcoming issues of the SURVEY. The September SURVEY will present NIPA table 5.9 (which shows changes in the net stock of produced assets) and NIPA table 7.19 (which shows the relationship between personal income in the NIPAs and adjusted gross income from the IRS); it will also present new estimates of fixed assets and consumer durable goods for 2003 and revised estimates for 2001 and 2002.

The October SURVEY will present the following NIPA tables: Table 2.9 (personal income by households and by nonprofits institutions serving households), tables 3.15–3.17 (government spending by function), tables 3.18–3.19 (government sector reconciliation tables), table 7.20 (nonprofit reconciliation table), and tables 8.1–8.6 (seasonally unadjusted estimates). It will also feature the “Updated Summary NIPA Methodologies,” which lists the principal source data and estimating methods that are used in preparing the current-dollar and real estimates of GDP, and revised real inventories, sales, and inventory-sales ratios for manufacturing and trade for 2001:I–2004:I. In addition, the revised estimates of state personal income that incorporate the results of this annual revision of the NIPAs will be presented.

Revised and updated estimates of GDP by industry will be available in the late fall of 2004.

revision to Federal defense consumption expenditures. For 2003, downward revisions to Federal defense and nondefense consumption expenditures accounted for most of the downward revision.

### Quarterly estimates

The revisions to the quarterly (and monthly) NIPA estimates reflect the revisions to the annual estimates that result from the incorporation of newly available annual source data, the incorporation of new and revised monthly and quarterly source data (including the updating of the seasonal factors that are used to indicate quarterly patterns), and the introduction of changes in methodology (see “Changes in Methodology”).

For real GDP, the revisions to the 13 quarterly percent changes (at annual rates) average 0.6 percentage point (without regard to sign). (In the annual NIPA revisions since 1979, the revisions to the quarterly estimates have averaged 0.7 percentage point.)

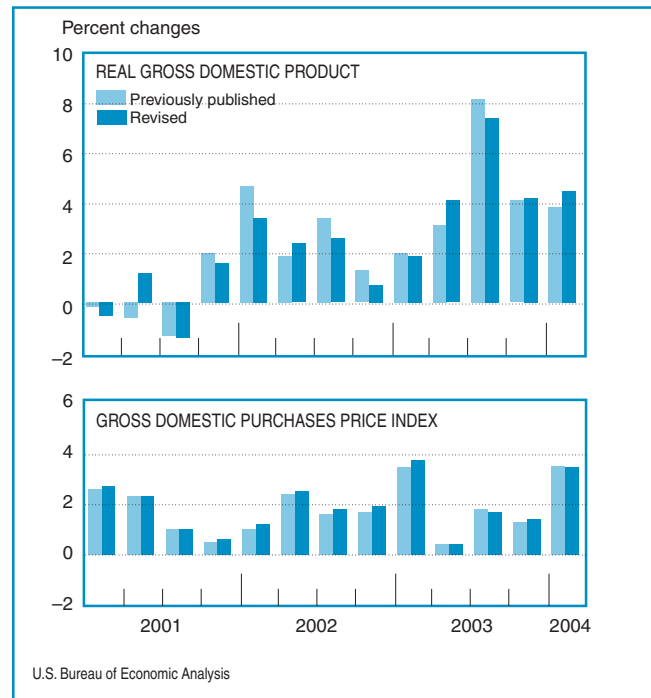
The largest upward revision to the percent changes in real GDP is 1.8 percentage points, from -0.6 percent to +1.2 percent, for the second quarter of 2001 (table 5 and chart 3). The largest contributors to the upward revision are change in nonfarm private inventories and imports of goods.

The largest downward revision to the percent changes in real GDP is 1.3 percentage points, from 4.7 percent to 3.4 percent, for the first quarter of 2002. The largest contributors to the downward revision are PCE for durable goods, equipment and software investment, PCE for nondurable goods, and imports of goods.

In general, the quarter-to-quarter pattern of changes in the revised estimates of gross domestic purchases

prices is not markedly different from that of the previously published estimates. The revisions to the 13 quarterly percent changes (at annual rates) average 0.1 percentage point (without regard to sign). The largest upward revision is 0.3 percentage point, to 3.7 percent, for the first quarter of 2003; prices of PCE for services accounted for most of the revision. The largest downward revisions are 0.1 percentage point for the third quarter of 2003 and for the first quarter of 2004.

**Chart 3. Revisions to Quarterly Percent Changes in Featured Measures**



**Table 5. GDP, Real GDP, the GDP Price Index, and the Gross Domestic Purchases Price Index: Revisions to Percent Change From Preceding Quarter**

[Percent change at annual rates; based on seasonally adjusted annual rates]

	GDP			Real GDP			GDP price index			Gross domestic purchases price index		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
2000:IV .....	3.8			2.1			1.8			1.8		
2001:I .....	2.9	2.8	-0.1	-0.2	-0.5	-0.3	3.2	3.3	0.1	2.6	2.7	0.1
II .....	2.6	4.4	1.8	-0.6	1.2	1.8	3.2	3.1	-0.1	2.3	2.3	0.0
III .....	0.3	0.2	-0.1	-1.3	-1.4	-0.1	1.6	1.6	0.0	1.0	1.0	0.0
IV .....	3.9	3.6	-0.3	2.0	1.6	-0.4	1.6	1.7	0.1	0.5	0.6	0.1
2002:I .....	5.4	4.5	-0.9	4.7	3.4	-1.3	1.1	1.4	0.3	1.0	1.2	0.2
II .....	3.9	4.2	0.3	1.9	2.4	0.5	1.5	1.5	0.0	2.4	2.5	0.1
III .....	4.4	3.9	-0.5	3.4	2.6	-0.8	1.5	1.7	0.2	1.6	1.8	0.2
IV .....	3.1	2.7	-0.4	1.3	0.7	-0.6	1.7	2.0	0.3	1.7	1.9	0.2
2003:I .....	4.3	4.9	0.6	2.0	1.9	-0.1	2.3	2.7	0.4	3.4	3.7	0.3
II .....	4.2	5.3	1.1	3.1	4.1	1.0	1.1	1.1	0.0	0.4	0.4	0.0
III .....	10.0	8.8	-1.2	8.2	7.4	-0.8	1.6	1.4	-0.2	1.8	1.7	-0.1
IV .....	5.7	5.7	0.0	4.1	4.2	0.1	1.5	1.6	0.1	1.3	1.4	0.1
2004:I .....	6.9	7.4	0.5	3.9	4.5	0.6	2.8	2.8	0.0	3.5	3.4	-0.1

### Annual current-dollar estimates

Table 6 summarizes the current-dollar revisions to major NIPA components. It shows the subcomponent series for which revisions were \$4.0 billion or more (absolute value) for any of the years covered by this annual revision, and it lists the major source data that underlie the revised estimates. Note that the incorporation of new and revised source data for a year usually results in a revision to the level of an estimate not only for that year but also for subsequent years.

The annual revision incorporated data from the following Federal statistical sources: Preliminary results from the 2002 Economic Census; Census Bureau annual surveys of merchant wholesale trade and of retail trade for 2002 and revised monthly indicators of merchant wholesale trade and of retail trade for

2001–2003; Census Bureau annual surveys of services for 2002 (revised) and 2003 (preliminary) and annual surveys of state and local governments for 2001 (revised) and 2002 (preliminary); Census Bureau monthly surveys of construction put in place for 2001–2003 (revised); Federal Government budget data for fiscal years 2003 and 2004; Internal Revenue Service tabulations of tax returns for corporations for 2001 (revised) and 2002 (preliminary) and for sole proprietorships and partnerships for 2002; Bureau of Labor Statistics quarterly census of employment and wages for 2003 (revised); Department of Agriculture farm statistics for 2001–2003; and BEA's international transactions accounts for 2001–2003 (revised).

Details about the sources of the major revisions to the NIPA components follow on page 18.

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Table 6. NIPA Revisions: Selected Components Detail and Major Source Data

NIPA component	Billions of dollars				Major source data incorporated <sup>1</sup>
	Revision in level			Revised 2003 level	
	2001	2002	2003		
<b>Gross domestic product</b> .....	<b>27.2</b>	<b>6.2</b>	<b>16.1</b>	<b>11,004.0</b>	
<b>Personal consumption expenditures</b> .....	<b>9.6</b>	<b>-9.2</b>	<b>3.5</b>	<b>7,760.9</b>	
Goods .....	5.3	-1.0	-0.5	3,150.8	
Motor vehicles and parts .....	1.0	8.0	16.1	440.1	
<i>Of which:</i>					
Net purchases of used autos and used light trucks.....	0.9	6.3	14.6	107.4	Revised Census Bureau annual retail trade survey (ARTS) data on sales and gross margin rates for 2001; new ARTS data for 2002; new trade source data on unit sales and prices for 2003.
Goods other than motor vehicles and parts	4.3	-9.0	-16.6	2,710.7	
<i>Of which:</i>					
Furniture and household equipment .....	0.1	-3.8	-6.2	328.0	Revised Census Bureau annual retail trade survey (ARTS) sales data for 2001; new ARTS data for 2002; revised Census Bureau monthly sales data for 2003.
Food .....	3.3	0.2	0.4	1,064.5	Revised Census Bureau annual retail trade survey (ARTS) sales data for 2001; new ARTS data for 2002; revised Census Bureau monthly sales data for 2003.
Clothing and shoes.....	0.2	-2.3	-4.0	307.2	Revised Census Bureau annual retail trade survey (ARTS) sales data for 2001; new ARTS data for 2002; revised Census Bureau monthly sales data for 2003.
Other nondurable goods.....	1.3	-0.9	-4.0	620.1	Revised Census Bureau annual retail trade survey (ARTS) sales data for 2001; new ARTS data for 2002; revised Census Bureau monthly sales data for 2003.
Services.....	4.5	-8.2	3.9	4,610.1	
<i>Of which:</i>					
Housing .....	0.0	0.2	-10.1	1,188.4	
<i>Of which:</i>					
Tenant-occupied nonfarm dwellings--rent.....	-0.4	-0.3	-9.7	262.3	New Department of Energy residential energy consumption survey data for 2001; new Census Bureau current population survey/housing vacancy survey data for 2003.
Household operation .....	1.6	0.8	5.4	431.3	
<i>Of which:</i>					
Gas.....	-0.3	-0.2	3.2	51.2	Revised Energy Information Administration (EIA) data on residential natural gas consumption for 2001 and 2002; new EIA data for 2003.
Water and other sanitary services.....	0.6	1.8	3.5	58.2	New Census Bureau <i>Government Finances</i> revenue data on state and local government water and sanitary services for FY 2002.
Transportation.....	-1.2	-4.8	0.4	294.0	
<i>Of which:</i>					
Repair, greasing, washing, parking, storage, rental, and leasing.....	0.0	-1.1	3.3	186.2	New BLS consumer expenditure survey data for 2002; revised Census Bureau service annual survey (SAS) data for 2002; new Census Bureau SAS data for 2003.
Airline.....	-0.7	-2.4	-0.8	30.3	Revised Department of Transportation (DOT) data on air passenger revenue for 2002; new DOT data for 2003.
Medical care .....	3.9	7.6	-1.3	1,301.1	
<i>Of which:</i>					
Hospitals and nursing homes.....	3.6	6.0	0.0	616.8	FY 2002 trade source data on expenses for 2001 and 2002; new Census Bureau service annual survey data for 2003; revised Census Bureau <i>Government Finances (GF)</i> data on state and local government sales of hospital services for FY 2001; new <i>GF</i> data for FY 2002.
Other services .....	-0.2	-8.2	11.6	1,078.1	
<i>Of which:</i>					
Personal business .....	-2.5	-11.9	0.7	577.7	
<i>Of which:</i>					
Expense of handling life insurance and pension plans .....	-2.7	-9.8	-3.6	91.5	Revised IRS statistics of income (SOI) data on profits for stock life insurance companies for 2001; revised Census Bureau state and local government employee-retirement system survey data for FY 2001; new SOI data for 2002; new Census Bureau state and local government employee-retirement system survey data for 2002; new trade source data for 2003.
Legal services .....	0.0	0.6	5.6	77.3	Revised Census Bureau service annual survey (SAS) data for 2002; new SAS data for 2003.
Net foreign travel by U.S. residents .....	0.0	0.1	5.8	-7.5	Revised BEA international transactions accounts estimates for 2002 and 2003.
<b>Gross private domestic investment</b> .....	<b>7.1</b>	<b>-10.0</b>	<b>-4.8</b>	<b>1,665.8</b>	
Fixed investment.....	2.7	-15.9	-6.0	1,667.0	
Nonresidential .....	2.7	-16.3	-15.9	1,094.7	
Structures.....	0.5	5.3	2.4	261.6	
<i>Of which:</i>					
Commercial and health care.....	0.9	1.7	3.2	111.6	Revised Census Bureau value of construction put in place data for 2002 and 2003.
Power and communication.....	0.0	-0.7	-8.7	40.3	
<i>Of which:</i>					
Electric .....	0.0	-1.4	-4.8	19.7	Revised Census Bureau value of construction put in place data for 2002 and 2003.
Communication .....	0.0	0.0	-3.7	12.4	Revised Census Bureau value of construction put in place data for 2002 and 2003.
Mining exploration, shafts, and wells	0.0	3.5	6.1	35.6	
<i>Of which:</i>					
Petroleum and natural gas .....	0.0	3.2	5.7	34.0	Trade source data on drilling costs for 2002; revised trade source data on footage drilled for 2002 and 2003.
Equipment and software... ..	2.2	-21.5	-18.2	833.1	
<i>Of which:</i>					
Information processing equipment and software	0.6	-20.8	-32.6	431.2	
<i>Of which:</i>					
Software .....	1.3	-6.2	-15.3	165.8	New Census Bureau service annual survey (SAS) detailed product receipts data for 2002 and 2003; new BLS employment data for 2002 and 2003.
Communication equipment .....	-0.8	-7.8	-11.3	89.7	New preliminary Census Bureau economic census "Advance Summary Statistics" shipments data for 2002.
Industrial equipment.....	0.5	1.1	6.2	139.8	
Transportation equipment	0.4	-2.0	5.3	126.6	
<i>Of which:</i>					
Trucks, buses, and truck trailers .....	0.4	-1.4	5.5	69.1	New trade source data on unit sales and prices for used motor vehicles for 2003.
Residential.....	0.1	0.4	9.9	572.3	
<i>Of which:</i>					
Structures.....	0.1	0.5	10.0	564.3	
<i>Of which:</i>					
Single-family structures.....	0.0	0.0	8.4	310.6	Revised Census Bureau value of construction put in place data for 2003.

See the footnotes on page 17.



Table 6. NIPA Revisions: Selected Components Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated <sup>1</sup>
	Revision in level			Revised 2003 level	
	2001	2002	2003		
Change in private inventories.....	4.4	5.8	1.2	-1.2	
Farm.....	-0.1	1.9	2.6	0.3	Revised USDA data for 2001 and 2002; new USDA data for 2003.
Nonfarm.....	4.5	4.0	-1.4	-1.5	
Change in book value.....	2.1	2.6	1.5	16.9	
Of which:					
Mining, utilities, and construction.....	-0.4	-1.9	3.0	2.8	Revised IRS tabulations of inventory book value data from corporate tax returns for 2001; new IRS tabulations of inventory book value data from sole proprietorship, partnership, and corporate tax returns for 2002; Revised Energy Information Administration data for utilities for 2003.
Wholesale trade.....	1.5	0.2	2.2	5.8	
Of which:					
Merchant wholesale trade.....	1.4	0.1	2.1	6.8	Revised Census Bureau annual wholesale trade survey (AWTS) inventory book value data for 2001; new AWTS data for 2002; revised Census Bureau monthly inventory data for 2003.
Retail trade.....	0.6	6.3	-3.7	13.1	Revised Census Bureau annual retail trade survey (ARTS) inventory book value data for 2001; new ARTS data for 2002; revised BEA estimates based on inventory data from trade sources for 2003; revised Census Bureau monthly inventory data for 2003.
Of which:					
Motor vehicle dealers.....	0.2	5.6	-3.2	4.3	Revised Census Bureau annual retail trade survey (ARTS) inventory book value data for 2001; new ARTS data for 2002; revised BEA estimates based on inventory data from trade sources for 2003.
Inventory valuation adjustment.....	2.3	1.4	-2.8	-18.3	Revised Census Bureau annual wholesale trade survey (AWTS) and annual retail trade survey (ARTS) information on accounting methods used for inventory reporting for 2001; new AWTS and ARTS information for 2002; revised BEA unit labor cost indexes for 2001-2003.
<b>Net exports of goods and services.....</b>	<b>-0.5</b>	<b>1.4</b>	<b>-3.1</b>	<b>-498.1</b>	Revised BEA international transactions accounts estimates for 2001-2003.
Exports.....	-2.3	-1.8	-2.7	1,046.2	
Goods.....	-0.3	-0.8	0.9	726.4	
Services.....	-2.0	-1.1	-3.6	319.8	
Imports.....	-1.9	-3.2	0.5	1,544.3	
Goods.....	-0.1	-0.7	-1.3	1,282.0	
Services.....	-1.7	-2.5	1.8	262.3	
<b>Government consumption expenditures and gross investment.....</b>	<b>10.9</b>	<b>24.1</b>	<b>20.7</b>	<b>2,075.5</b>	
Federal government.....	0.0	1.3	-5.0	752.2	
Of which:					
Nondefense.....	0.4	2.2	-4.2	255.7	Revised allocations of FY 2002 Federal budget data for 2001 and 2002; revised FY 2003 Federal budget data for 2002 and 2003; preliminary FY 2004 Federal budget data for 2003.
State and local government.....	11.0	22.7	25.7	1,323.3	
Consumption expenditures.....	3.7	11.9	12.9	1,058.5	Revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 2001; new <i>GF</i> tabulations for FY 2002.
Of which:					
Nondurable goods.....	2.1	5.9	6.7	155.3	
Services.....	5.2	15.3	21.9	316.5	
Gross Investment.....	7.2	10.9	12.9	264.9	
Of which:					
Structures.....	6.6	10.1	11.6	213.4	Revised Census Bureau value of construction put in place data for 2001-2003.
<b>Gross domestic product.....</b>	<b>27.2</b>	<b>6.2</b>	<b>16.1</b>	<b>11,004.0</b>	
Less: Statistical discrepancy <sup>2</sup> .....	22.6	61.9	12.7	25.6	
<b>Equals: Gross domestic income.....</b>	<b>4.6</b>	<b>-55.7</b>	<b>3.6</b>	<b>10,978.5</b>	
Of which:					
Compensation of employees, paid.....	1.8	50.6	86.2	6,294.5	See entries under "national income."
Net operating surplus.....	-10.5	-124.1	-136.7	2,578.7	See entries under "national income."
Consumption of fixed capital.....	14.6	15.3	43.0	1,353.9	
Of which:					
Private.....	14.5	15.0	43.2	1,135.9	
Domestic business.....	10.1	10.0	34.4	942.6	Revised BEA fixed investment and price estimates for 2001-2003; new BEA capital flow table for 1997.
Capital consumption allowances.....	-2.4	-50.3	-46.4	1,225.6	Revised IRS tabulations of corporate tax return data for 2001; new IRS tabulations for 2002; new IRS tabulations of sole proprietorship and partnership tax return data for 2002; revised BEA fixed investment estimates for 2001-2003. CCAAdj is calculated as consumption of fixed capital less capital consumption allowances.
Less: CCAAdj.....	-12.6	-60.5	-80.8	283.0	
Households and institutions.....	4.3	5.0	8.8	193.3	Revised BEA fixed investment and price estimates for 2001-2003; new BEA capital flow table for 1997.
Plus: Income receipts from the rest of the world.....	3.4	2.7	11.7	329.0	Revised BEA international transactions accounts estimates for 2001-2003.
Less: Income payments to the rest of the world.....	-5.0	-2.9	0.3	273.9	Revised BEA international transactions accounts estimates for 2001-2003.
<b>Equals: Gross national income.....</b>	<b>13.1</b>	<b>-50.1</b>	<b>15.0</b>	<b>11,033.6</b>	
Less: Consumption of fixed capital.....	14.6	15.3	43.0	1,353.9	
<b>Equals: National income.....</b>	<b>-1.4</b>	<b>-65.4</b>	<b>-28.2</b>	<b>9,679.6</b>	
<b>Compensation of employees.....</b>	<b>1.7</b>	<b>50.4</b>	<b>86.0</b>	<b>6,289.0</b>	
Wage and salary accruals.....	-0.1	1.7	3.4	5,103.6	
Supplements to wages and salaries.....	1.7	48.7	82.7	1,185.5	
Employer contributions for employee pension and insurance funds.....	0.1	49.2	84.9	808.9	New corporate financial data for 2002 and 2003; new Department of Health and Human Services medical expenditure panel survey data for 2002.
Employer contributions for government social insurance.....	1.7	-0.5	-2.2	376.6	

See the footnotes on page 17.

Table 6. NIPA Revisions: Selected Components Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated <sup>1</sup>
	Revision in level			Revised 2003 level	
	2001	2002	2003		
<b>Proprietors' income with IVA and CCAAdj</b> .....	<b>1.3</b>	<b>-28.1</b>	<b>-12.8</b>	<b>834.1</b>	
Farm .....	-5.3	-4.6	2.3	21.8	
<i>Of which:</i>					
Proprietors' income with IVA .....	-5.4	-4.7	2.6	27.8	Revised USDA data for 2001 and 2002; new USDA data for 2003; revised BEA depreciation estimates for 2001–2003.
Nonfarm .....	6.6	-23.5	-15.1	812.3	
<i>Of which:</i>					
Proprietors' income .....	2.6	-6.6	0.7	673.9	New IRS tabulations of sole proprietorship and partnership tax return data for 2002.
CCAAdj .....	3.8	-16.9	-15.4	140.2	Capital consumption allowances: New IRS tabulations of sole proprietorship and partnership tax return data for 2002. Consumption of fixed capital: Revised BEA fixed investment and price estimates for 2001–2003; new BEA capital flow table for 1997.
<b>Rental income of persons with CCAAdj</b> .....	<b>4.3</b>	<b>-2.1</b>	<b>-10.4</b>	<b>153.8</b>	
<i>Of which:</i>					
Rental income of persons .....	4.3	-2.1	-10.4	165.9	Revised FRB flow-of-funds accounts residential mortgage liabilities data for 2001–2003; new trade source data on property insurance for 2002; new Census Bureau current population survey/housing vacancy survey data on owner- and tenant-occupied units for 2003; revised IRS tabulations of individual tax return data for 2001; new IRS data for 2002; new Federal National Mortgage Corporation mortgage originations data for 2002; new Department of Housing and Urban Development data on average closing costs for 2003; new Census Bureau data on expenditures for residential improvements and repairs for 2003; new Department of Energy residential energy consumption survey data on utilities charges for residential housing for 2001; revised Census Bureau <i>Government Finances (GF)</i> FY 2001 data on state and local property taxes; new <i>GF</i> data for FY 2002.
<b>Corporate profits with IVA and CCAAdj</b> .....	<b>-3.1</b>	<b>-29.6</b>	<b>-48.8</b>	<b>1,021.1</b>	
Profits before tax .....	11.1	13.0	18.1	874.5	Revised IRS tabulations of corporate tax return data for 2001; new IRS tabulations for 2002; regulatory agency and public financial reports profits data for 2003.
Domestic industries .....	2.9	8.6	6.3	697.6	
<i>Of which:</i>					
Financial .....	2.0	21.1	31.0	299.8	
Utilities .....	0.6	-10.7	-5.5	19.0	
Manufacturing .....	-3.5	-22.9	-27.7	75.5	
Information .....	1.5	8.9	4.7	-1.4	
Other nonfinancial .....	0.5	8.4	5.0	163.3	
Rest of the world .....	8.2	4.4	11.9	176.9	Revised BEA international transactions accounts estimates for 2001–2003.
IVA .....	2.2	1.0	-1.5	-14.1	
CCAAdj .....	-16.4	-43.7	-65.4	160.8	Capital consumption allowances: Revised IRS tabulations of corporate tax return data for 2001; new IRS tabulations for 2002. Consumption of fixed capital: Revised BEA fixed investment and price estimates for 2001–2003; new BEA capital flow table for 1997.
<b>Net interest and miscellaneous payments</b> .....	<b>-2.1</b>	<b>-49.5</b>	<b>-40.2</b>	<b>543.0</b>	
<i>Of which:</i>					
Net interest <sup>3</sup> .....	-1.6	-48.5	-41.4	529.4	
Monetary interest paid .....	-5.9	-153.7		2,249.3	
<i>Of which:</i>					
Domestic business .....	-9.3	-155.6		1,294.1	Revised IRS tabulations of corporate tax return data for 2001; new IRS tabulations for 2002; new IRS tabulations of sole proprietorship and partnership tax return data for 2002; revised FRB flow-of-funds accounts residential mortgage liabilities data and nonfinancial corporate liabilities data for 2001 and 2002; new FRB flow-of-funds accounts residential mortgage liabilities data and nonfinancial corporate liabilities data for 2003; revised USDA data on interest paid by farmers for 2001 and 2002; new USDA data for 2003; new Federal Deposit Insurance Corporation data, Credit Union National Association data, Office of Thrift Supervision data, and trade source data on investment companies for 2003.
<i>Of which:</i>					
Financial corporations .....	-9.2	-115.4		606.5	
Nonfinancial corporations .....	0.4	-7.8		448.8	
Sole proprietorships and partnerships .....	-0.2	-31.8		180.9	
Less: Monetary interest received .....	-5.9	-153.7		2,249.3	Revised IRS tabulations of corporate tax return data for 2001; new IRS tabulations for 2002; new IRS tabulations for sole proprietorship and partnership tax return data for 2002.
<i>Of which:</i>					
Domestic business .....	-6.1	-111.1		1,427.6	Revised FRB flow-of-funds accounts nonfinancial corporate assets data for 2001 and 2002; new FRB flow-of-funds accounts nonfinancial corporate assets data for 2003; new Federal Deposit Insurance Corporation data, Credit Union National Association data, Office of Thrift Supervision data, and trade source data on investment companies for 2003.
<i>Of which:</i>					
Financial corporations .....	-7.7	-127.2		1,143.7	
Nonfinancial corporations .....	1.5	16.6		224.4	
Persons .....	6.6	-29.0		557.3	
Imputed interest paid .....	-0.2	-11.6		361.5	
<i>Of which:</i>					
Depositor and insurance services (paid by domestic financial corporate business) .....	1.2	-8.8		450.5	
<i>Of which:</i>					
Life insurance carriers .....	0.2	-5.0		178.3	New trade source data on investment income of life insurance carriers for 2002; new FRB flow-of-funds accounts assets data of life insurance companies for 2002 and 2003.
Less: Imputed interest received .....	-0.2	-11.6		361.5	
<i>Of which:</i>					
Depositor and insurance services .....	0.3	-11.1		458.0	Revised FRB flow-of-funds accounts sector assets data for 2001 and 2002; new FRB data for 2003.
<i>Of which:</i>					
Persons (from life insurance carriers) .....	0.2	-5.0		178.3	

See the footnotes on page 17.

Table 6. NIPA Revisions: Selected Components Detail and Major Source Data—Continued

NIPA component	Billions of dollars				Major source data incorporated <sup>1</sup>
	Revision in level			Revised 2003 level	
	2001	2002	2003		
<b>Taxes on production and imports</b> .....	-1.2	2.5	9.4	798.1	
<i>Of which:</i>					
State and local .....	-1.0	2.8	8.1	708.7	Revised Census Bureau <i>Government Finances (GF)</i> tabulations for FY 2001; new <i>GF</i> tabulations for FY 2002.
<b>Less: Subsidies</b> .....	0.0	0.0	-1.5	46.7	
<b>Business current transfer payments (net)</b> .....	0.3	-8.9	-17.5	77.7	
<i>Of which:</i>					
Payments to persons (net) .....	0.1	-8.9	-17.0	28.9	New trade source data on property and casualty insurance premiums and losses for 2002; new IRS tabulations of corporate tax return data for 2002.
<b>Current surplus of government enterprises</b> .....	-2.6	0.0	4.5	9.5	
<i>Of which:</i>					
Federal .....	-1.4	2.5	7.3	5.8	Revised allocations of FY 2002 Federal budget data for 2001 and 2002; revised FY 2003 Federal budget data for 2002 and 2003; preliminary FY 2004 Federal budget data for 2003; new FY 2003 Postal Service financial data for 2002 and 2003. For government enterprise consumption of fixed capital: Perpetual-inventory calculations at current cost based on gross investment and on investment prices for 2001–2003.
<b>Addenda:</b>					
<b>Gross national product</b> .....	35.7	11.8	27.6	11,059.2	
<b>Gross saving</b> .....	-0.4	-55.1	2.8	1,487.7	
<b>Personal income</b> .....	11.0	-31.4	-46.2	9,161.8	See entries under "national income" and additional sources below.
Compensation of employees, received .....	1.7	50.4	86.0	6,289.0	
Proprietors' income with IVA and CCA <sub>adj</sub> .....	1.3	-28.1	-12.8	834.1	
Rental income of persons with CCA <sub>adj</sub> .....	4.3	-2.1	-10.4	153.8	
Personal income receipts on assets .....	5.1	-43.9	-70.6	1,322.7	
Personal interest income .....	7.3	-35.7	-34.7	929.9	See entries under "net interest."
Personal dividend income .....	-2.2	-8.3	-35.9	392.8	Revised IRS tabulations of corporate tax return data for 2001; new IRS tabulations for 2002; regulatory agency and public financial statements data on dividends for 2003.
Personal current transfer receipts .....	1.3	-9.5	-42.1	1,335.4	
Government social benefits .....	1.3	-0.6	-25.2	1,306.4	Revised allocations of FY 2002 Federal budget data for 2001 and 2002; revised FY 2003 Federal budget data for 2002 and 2003; preliminary FY 2004 Federal budget data for 2003; new Centers for Medicare and Medicaid Services tabulations of Medicare and Medicaid payments for 2002; new Treasury Department data for 2003; new Department of Labor data on unemployment benefits for 2003.
Other current transfer receipts, from business (net) .....	0.1	-8.9	-17.0	28.9	See entry under "business current transfer payments to persons (net)."
Less: Contributions for government social insurance .....	2.6	-2.0	-3.6	773.2	
Less: Personal current taxes .....	-6.4	-1.9	10.5	1,001.9	
<i>Of which:</i>					
Federal .....	-5.5	0.1	10.7	775.8	Revised Social Security Administration (SSA) data on taxable wages for 2001 and 2002; new SSA data for 2003; Treasury Department personal income tax collections data for 2001–2003.
Equals: Disposable personal income .....	17.4	-29.5	-56.6	8,159.9	
Less: Personal outlays .....	12.3	-5.5	6.3	8,049.3	
<i>Of which:</i>					
Personal consumption expenditures .....	9.6	-9.2	3.5	7,760.9	See entries under "personal consumption expenditures."
Equals: Personal saving .....	5.1	-24.0	-62.9	110.6	

1. In these descriptions, "new" indicates this is the first time that data from the specific source are being incorporated into the component estimate for the given year, and "revised" indicates that data from the specific source were incorporated previously and now revised data from that source are being incorporated.

2. The statistical discrepancy is gross national product (GNP) less gross national income (GNI); it is also the difference between gross domestic product (GDP) and gross domestic income (GDI), which is GNI less net income receipts from the rest of the world. The statistical discrepancy arises because the product-side measures of GNP and GDP are estimated independently from the income-side measures of GNI and GDI.

3. Net interest is the sum of monetary interest paid by domestic business and by the rest of the world and imputed interest paid by domestic financial corporate business, less monetary interest received by domestic

business and by the rest of the world and imputed interest received by domestic business and by the rest of the world.

BEA Bureau of Economic Analysis  
 BLS Bureau of Labor Statistics  
 CCA<sub>adj</sub> Capital consumption adjustment  
 FRB Federal Reserve Board  
 FY Fiscal year  
 IRS Internal Revenue Service  
 IVA Inventory valuation adjustment  
 USDA U.S. Department of Agriculture

## Domestic income and product

**Gross domestic product (GDP).** The level of current-dollar GDP is revised up \$27.2 billion, or 0.3 percent, for 2001, it is revised up \$6.2 billion, or 0.1 percent, for 2002, and it is revised up \$16.1 billion, or 0.1 percent, for 2003.

By major component, for 2001, the revision primarily reflects upward revisions to state and local government spending, to PCE for goods, to PCE for services, and to change in private inventories. For 2002, upward revisions to state and local government spending, to change in private inventories, and to nonresidential structures are partly offset by downward revisions to equipment and software investment and to PCE for services. For 2003, upward revisions to state and local government spending and to residential fixed investment are partly offset by downward revisions to equipment and software investment and to Federal Government spending.

**Gross domestic income (GDI) and the statistical discrepancy.** GDI, which measures the costs incurred and the incomes earned in the production of GDP, is revised up \$4.6 billion for 2001, is revised down \$55.7 billion for 2002, and is revised up \$3.6 billion for 2003 (see table 6).

For 2001, the upward revision to GDI reflects an upward revision to consumption of fixed capital (CFC) that is partly offset by a downward revision to net operating surplus. The downward revision to net operating surplus reflects a downward revision to domestic corporate profits with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj).

For 2002, the downward revision to GDI reflects a large downward revision to net operating surplus that is partly offset by a large upward revision to supplements to wages and salaries and by a smaller upward revision to CFC. The downward revision to net operating surplus reflects large downward revisions to domestic net interest and miscellaneous payments, to domestic corporate profits with IVA and CCAdj, and to nonfarm proprietors' income with IVA and CCAdj and a smaller downward revision to "business current transfer payments (net)."

For 2003, the upward revision to GDI reflects large upward revisions to supplements to wages and salaries and to CFC and a smaller upward revision to taxes on production and imports that are largely offset by a large downward revision to net operating surplus. The downward revision to net operating surplus reflects large downward revisions to domestic corporate profits with IVA and CCAdj and to domestic net interest and miscellaneous payments and smaller downward

revisions to "business current transfer payments (net)," to proprietors' income with IVA and CCAdj, and to rental income of persons with CCAdj.

The statistical discrepancy, which reflects the differences between GDP and GDI, is revised up (becoming more positive or less negative) for all 3 years.<sup>4</sup> For 2001, the statistical discrepancy is revised up from -\$112.2 billion to -\$89.6 billion (from -1.1 percent to -0.9 percent of GDP), reflecting the small upward revision to GDI and the larger upward revision to GDP. For 2002, the statistical discrepancy is revised up from -\$77.2 billion to -\$15.3 billion (from -0.8 percent to -0.1 percent of GDP), reflecting the large downward revision to GDI and the upward revision to GDP. For 2003, the statistical discrepancy is revised up from \$12.9 billion to \$25.6 billion (from 0.1 percent to 0.2 percent of GDP), reflecting the small upward revision to GDI and the larger upward revision to GDP.

## Product-side components

**Personal consumption expenditures (PCE) for goods.** PCE for goods is revised up \$5.3 billion for 2001, is revised down \$1.0 billion for 2002, and is revised down \$0.5 billion for 2003. For 2001, most of the upward revision is accounted for by "goods other than motor vehicles and parts." For 2002 and 2003, downward revisions to "goods other than motor vehicles and parts" are largely offset by upward revisions to motor vehicles and parts.

"Goods other than motor vehicles and parts" is revised up \$4.3 billion for 2001, is revised down \$9.0 billion for 2002, and is revised down \$16.6 billion for 2003. These revisions result from the incorporation of revised annual data on retail sales and food services sales for 2001, of newly available annual data for 2002, and of revised monthly sales data for 2003.

For 2001, the upward revision to "goods other than motor vehicles and parts" is mostly accounted for by a downward revision to food (specifically, "food purchased for off-premise consumption"). For 2002 and 2003, the downward revisions are mostly accounted for by downward revisions to furniture and household equipment (specifically, "household durable goods" and "video and audio goods"), to clothing and shoes (specifically, women's clothing), and to "other nondurable goods."

Motor vehicles and parts is revised up for all 3 years: \$1.0 billion for 2001, \$8.0 billion for 2002, and \$16.1 billion for 2003. For 2002 and 2003, the revisions are

4. See the box "The Statistical Discrepancy" in Robert P. Parker and Eugene P. Seskin, "Annual Revision of the National Income and Product Accounts," SURVEY 77 (August 1997): 19.

mostly accounted for by “net purchases of used autos and used light trucks.” For 2002, the revision also results from the incorporation of revised annual data on sales and gross margins of used car dealers and new annual data. For 2003, the revision also results from the incorporation of monthly retail sales of used car dealers and of unit sales, average price, and inventories data for new car dealers from a trade source.

**PCE for services.** PCE for services is revised up \$4.5 billion for 2001, is revised down \$8.2 billion for 2002, and is revised up \$3.9 billion for 2003. For 2001, the upward revision primarily reflects an upward revision to medical care services. The upward revision to medical care services is mostly accounted for by hospitals, primarily reflecting a revision to government hospitals that results from the incorporation of revised Census Bureau *Government Finances* data on state and local government sales of hospital services for fiscal year 2001 and new data for fiscal year 2002.

For 2002, the downward revision to PCE for services reflects downward revisions to “other services” and to transportation services that are partly offset by an upward revision to medical care services. The downward revision to “other services” is more than accounted for by a downward revision to “expense of handling life insurance and pension plans” that results from the incorporation of revised Census Bureau state and local government employee retirement system data for fiscal year 2001 and new data for fiscal year 2002 and the incorporation of new Internal Revenue Service (IRS) statistics of income data on life insurance company profits. The downward revision to transportation services is mostly accounted for by a downward revision to motor vehicle leasing that results from the incorporation of new consumer expenditure survey data from the Bureau of Labor Statistics. The upward revision to medical care services is mostly accounted for by an upward revision to hospitals that results from the incorporation of new *Government Finances* data for state and local government sales of hospital services for fiscal year 2002.

For 2003, the upward revision to PCE for services reflects upward revisions to “other services” and to household operation services that are partly offset by downward revisions to housing services and to medical care services. The upward revision to “other services” is mostly accounted for by an upward revision to “net foreign travel” that results from the incorporation of revised data on travel and on passenger fares from the international transactions accounts (ITAs). The upward revision to household operation services is mostly accounted for by an upward revision to natural gas that results from the incorporation of newly available data on residential natural gas consumption from

the Energy Information Administration. The downward revision to housing services is mostly accounted for by a downward revision to tenant-occupied rent that results from the incorporation of newly available current population survey data on the number of tenant-occupied units from the Census Bureau. The downward revision to medical care services is mostly accounted for by hospitals; within hospitals, a downward revision to private nonprofit hospitals is partly offset by an upward revision to government hospitals. The revision to private nonprofit hospitals results from the incorporation of new Census Bureau service annual survey data, and the revision to government hospitals reflects the extrapolation of the revised 2002 estimate.

**Nonresidential structures.** Nonresidential structures is revised up for all 3 years: \$0.5 billion for 2001, \$5.3 billion for 2002, and \$2.4 billion for 2003.

For 2002, the revisions primarily reflect upward revisions to petroleum and natural gas structures and to commercial and health care structures. The upward revision to petroleum and natural gas structures results from the incorporation of newly available trade source data on drilling costs. The revision to commercial and health care structures primarily results from the incorporation of revised Census Bureau data on the value of construction put in place.<sup>5</sup>

**Equipment and software.** Equipment and software is revised up \$2.2 billion for 2001, is revised down \$21.5 billion for 2002, and is revised down \$18.2 billion for 2003. For 2002 and 2003, the largest contributors to the downward revisions are communication equipment and software. The downward revisions to communication equipment primarily result from the incorporation of preliminary shipments data published as part of the “Advance Summary Statistics” from the 2002 Economic Census. For 2002, the downward revision to software primarily results from the incorporation of newly available, detailed product receipts data from the Census Bureau’s 2002 Service Annual Survey (SAS). For 2003, the downward revision to software primarily results from the incorporation of newly available preliminary data from the Census Bureau’s 2003 SAS.

**Residential fixed investment.** Residential fixed investment is revised up for all 3 years: \$0.1 billion for 2001, \$0.4 billion for 2002, and \$9.9 billion for 2003.

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5. The Census Bureau data on the value of construction put in place are the major source data for the estimates of both nonresidential and residential structures. The revised estimates of structures are based on the best period-to-period change rather than on the “best level” of the appropriate Census Bureau series; see the box “Incorporating Source Data on the Basis of ‘Best Change’” in Eugene P. Seskin and David F. Sullivan, “Annual Revision of the National Income and Product Accounts,” *SURVEY 80* (August 2000): 16.

For 2003, an upward revision to single-family structures accounts for most of the revision and results from the incorporation of revised Census Bureau data on the value of construction put in place.

**Change in private inventories.** The change in private inventories is revised up for all 3 years: \$4.4 billion for 2001, \$5.8 billion for 2002, and \$1.2 billion for 2003.<sup>6</sup>

The change in farm inventories is revised slightly for 2001; for 2002, the change is revised up \$1.9 billion, and for 2003, the change is revised up \$2.6 billion.<sup>7</sup>

The change in private nonfarm inventories is revised up \$4.5 billion for 2001, is revised up \$4.0 billion for 2002, and is revised down \$1.4 billion for 2003. For 2001, the revision primarily reflects upward revisions to the changes in book value for merchant wholesale trade and for retail trade; it also reflects an upward revision to the inventory valuation adjustment (IVA). The revisions to the changes in book value result from the incorporation of revised annual book value data from the Census Bureau's annual wholesale trade survey and annual retail trade survey (ARTS). The revision to the IVA results from the incorporation of revised BEA unit labor cost indexes. For 2002, the upward revision is more than accounted for by an upward revision to the change in book value for "retail trade motor vehicle dealers" that results from the incorporation of newly available book value data from the ARTS.

**Net exports of goods and services.** Net exports of goods and services is revised down \$0.5 billion for 2001, is revised up \$1.4 billion for 2002, and is revised down \$3.1 billion for 2003. For 2003, the downward revision is more than accounted for by a downward revision to exports of services (primarily to "services furnished without payment by financial intermediaries except life insurance carriers").

The revisions also reflect the annual revision to BEA's international transactions accounts (ITAs), which incorporated updated source data and reflected the introduction of insurance premium supplements.<sup>8</sup>

6. Change in private inventories is calculated by adjusting inventories reported by businesses on a non-LIFO (last-in-first-out) book-value basis to a current-period replacement-cost basis; this revaluation eliminates gains or losses that result from holding inventories when prices change. The inventory valuation adjustment (IVA), which is calculated as the change in private inventories less the change in book values, reflects inventory price changes for firms that value inventory withdrawals at acquisition (historical) cost.

7. The IVA is not needed for farm inventories, because they are measured on the basis of current market price.

8. The estimates of insurance premium supplements, the expected investment income on the technical reserves of insurance companies, were introduced into the ITAs for 1992–2003 as part of the annual revision; see Christopher L. Bach, "Annual Revision of the U.S. International Accounts, 1989–2003," SURVEY 84 (July 2004): 52–64. The estimates for these supplements were introduced into the NIPAs as part of the 2003 comprehensive NIPA revision.

The ITA revisions for most components are incorporated into the NIPAs at their "best level," beginning with the estimates for 2001. As a result, there are small discontinuities between the NIPA estimates for 2000 and those for 2001 (table 7). However, for insurance premium supplements, the discontinuity would have been larger. In order to avoid distorting the change in GDP for the first quarter of 2001, the ITA-based estimates are brought into the NIPAs over the 12 quarters of 2001 to 2003. For current-dollar net exports of goods and services (and for current-dollar GDP), the change from 1999 to 2000 is understated by only \$0.4 billion. (The revisions to the ITAs for years before 2001 will be incorporated in the next comprehensive NIPA revision.)

**Government consumption expenditures and gross investment.** Government spending is revised up for all 3 years: \$10.9 billion for 2001, \$24.1 billion for 2002, and \$20.7 billion for 2003.

Federal Government spending is unrevised for 2001, is revised up \$1.3 billion for 2002, and is revised down \$5.0 billion for 2003. For 2003, the revision is primarily accounted for by nondefense spending and primarily results from the incorporation of revised Federal budget data for fiscal year 2003 and preliminary budget data for fiscal year 2004.

State and local government spending is revised up for all 3 years: \$11.0 billion for 2001, \$22.7 billion for 2002, and \$25.7 billion for 2003. Consumption expen-

**Table 7. Discontinuities in NIPA Foreign Transactions, 2000–2001**

[Billions of dollars]

	2000			2001	Change from 2000 to 2001	
	Published	Discontinuity <sup>1</sup>	Adjusted	Revised	Published	Adjusted
<b>Net exports of goods and services.....</b>	<b>-379.5</b>	<b>-0.4</b>	<b>-379.9</b>	<b>-367.0</b>	<b>12.5</b>	<b>12.9</b>
Exports.....	1,096.3	-0.2	1,096.1	1,032.8	-63.5	-63.3
Goods.....	784.3	0.0	784.3	731.2	-53.1	-53.1
Services.....	311.9	-0.2	311.7	301.6	-10.3	-10.1
Imports.....	1,475.8	0.2	1,476.0	1,399.8	-76.0	-76.2
Goods.....	1,243.5	0.0	1,243.5	1,167.9	-75.6	-75.6
Services.....	232.3	0.2	232.5	231.9	-0.4	-0.6
<b>Net receipts of income.....</b>	<b>39.0</b>	<b>-1.7</b>	<b>37.3</b>	<b>322.4</b>	<b>283.4</b>	<b>285.1</b>
Income receipts.....	382.7	-0.1	382.6	322.4	-60.3	-60.2
Wage and salary receipts.....	2.9	-0.1	2.8	2.9	0.0	0.1
Income receipts on assets.....	379.7	0.0	379.7	319.5	-60.2	-60.2
Interest.....	177.2	0.0	177.2	136.9	-40.3	-40.3
Dividends.....	86.3	0.0	86.3	87.4	1.1	1.1
Reinvested earnings on U.S. direct investment abroad.....	116.1	0.0	116.1	95.2	-20.9	-20.9
Income payments.....	343.7	1.6	345.3	278.8	-64.9	-66.5
Wage and salary payments.....	7.5	0.0	7.5	8.1	0.6	0.6
Income payments on assets.....	336.2	1.6	337.8	270.7	-65.5	-67.1
Interest.....	279.4	1.5	280.9	257.8	-21.6	-23.1
Dividends.....	56.8	0.1	56.9	46.5	-10.3	-10.3
Reinvested earnings on foreign direct investment in the United States.....	-0.1	0.0	-0.1	-33.7	-33.6	-33.6
<b>Current taxes and transfer payments to the rest of the world (net).....</b>	<b>56.1</b>	<b>0.0</b>	<b>56.1</b>	<b>47.0</b>	<b>-9.1</b>	<b>-9.1</b>
<b>Addenda:</b>						
GDP.....	9,817.0	-0.4	9,816.6	10,128.0	311.0	311.4
GNP.....	9,855.9	-2.1	9,853.8	10,171.6	315.7	317.8

1. Equals the revisions to the U.S. international transactions accounts, excluding insurance premium supplements, that have not been carried back in the NIPAs at this time.

ditures is revised up for all 3 years: \$3.7 billion for 2001, \$11.9 billion for 2002, and \$12.9 billion for 2003. The revisions are primarily accounted for by upward revisions to services—mainly medical services—that result from the incorporation of revised data for fiscal year 2001 and newly available data for fiscal year 2002 from Census Bureau *Government Finances*.

State and local gross investment is also revised up for all 3 years: \$7.2 billion for 2001, \$10.9 billion for 2002, and \$12.9 billion for 2003. The revisions are mainly to structures and result from the incorporation of revised Census Bureau data on the value of construction put in place.

### Income-side components

**Compensation of employees, paid.** “Compensation of employees, paid” is revised up for all 3 years: \$1.8 billion for 2001, \$50.6 billion for 2002, and \$86.2 billion for 2003. For 2002 and 2003, the revisions are mostly accounted for by upward revisions to supplements to wages and salaries—specifically, to employer contributions for employee pension and insurance funds.

For 2002, the revision to these employer contributions primarily reflects an upward revision to employer contributions to private pension and profit-sharing plans. For 2003, the revision to employer contributions primarily reflects upward revisions to employer contributions to group health and life insurance and to private pension and profit-sharing plans. The revisions to employer contributions to group health and life insurance and to private pension and profit-sharing plans reflect the incorporation of more complete source data.

**Net operating surplus.** Net operating surplus consists of net operating surplus of private enterprises and the current surplus of government enterprises. This component is revised down for all 3 years: \$10.5 billion for 2001, \$124.1 billion for 2002, and \$136.7 billion for 2003.

**Consumption of fixed capital (CFC).** CFC, which is the charge for the using up of private and government fixed capital, is revised up for all 3 years: \$14.6 billion for 2001, \$15.3 billion for 2002, and \$43.0 billion for 2003. The revisions are mostly accounted for by upward revisions to the private component of CFC that result from the incorporation of revised BEA estimates of fixed investment, revised prices for 2001–2003, and data from the new BEA capital flow table for 1997. (The estimates of investment and prices are direct inputs into the calculation of both private and government net capital stocks, which are used to calculate the CFC.)

Private capital consumption allowances (CCA) is tax-return-based depreciation for corporations and nonfarm proprietorships and historical-cost depreciation (using consistent service lives) for farm proprietorships, rental income of persons, and nonprofit institutions. CCA is revised down for all 3 years: \$2.4 billion for 2001, \$50.3 billion for 2002, and \$46.4 billion for 2003. These revisions primarily result from the incorporation of revised and newly available IRS tax return data that affect both the corporate and noncorporate components. For 2001 and 2002, the revisions result from the incorporation of revised and newly available IRS tax return data for corporations and newly available IRS tax return data for sole proprietorships and partnerships. For 2003, the revision results from the incorporation of revised BEA projections of IRS depreciation and amortization on the basis of BEA estimates of investment flows and IRS service lives and depreciation conventions.

Private capital consumption adjustment (CCAdj) converts depreciation that is reported on income tax returns to depreciation that is based on replacement cost of fixed assets and is derived as the difference between private CCA and private CFC. Private CCAdj is revised down for all 3 years: \$12.6 billion for 2001, \$60.5 billion for 2002, and \$80.8 billion for 2003.

### Private enterprise income

**Proprietors’ income with IVA and CCAdj.** Proprietors’ income with IVA and CCAdj is revised up \$1.3 billion for 2001, is revised down \$28.1 billion for 2002, and is revised down \$12.3 billion for 2003. For 2001, the upward revision reflects an upward revision to nonfarm proprietors’ income that is largely offset by a downward revision to farm proprietors’ income. For 2002, both farm and nonfarm proprietors’ income are revised down. For 2003, a downward revision to nonfarm proprietors’ income is partly offset by an upward revision to farm proprietors’ income.

Farm proprietors’ income is revised down \$5.3 billion for 2001, is revised down \$4.6 billion for 2002, and is revised up \$2.4 billion for 2003. For 2001 and 2002, the downward revisions result from the incorporation of revised information from the U.S. Department of Agriculture (USDA) and revised BEA estimates of depreciation. For 2003, the upward revision results from the incorporation of newly available information from the USDA and revised BEA estimates of depreciation.

Nonfarm proprietors’ income with IVA and CCAdj is revised up \$2.6 billion for 2001, is revised down \$23.5 billion for 2002, and is revised down \$15.1 billion for 2003. For 2001, the upward revision reflects

upward revisions to the CCAdj and to nonfarm proprietors' income without CCAdj; the revision to nonfarm proprietors' income is based on revised IRS tabulations of sole proprietorship and partnership tax returns for 2001. For 2002, the downward revision reflects downward revisions to the CCAdj and to nonfarm proprietors' income without CCAdj; the revision to nonfarm proprietors' income is based on newly available IRS tabulations of sole proprietorship and partnership tax returns for 2002. For 2003, the downward revision to nonfarm proprietors' income reflects a downward revision to the CCAdj. (For more information about the CCAdj, see "Consumption of fixed capital.")

**Rental income of persons with CCAdj.** Rental income of persons with CCAdj is revised up \$4.3 billion for 2001, is revised down \$2.1 billion for 2002, and is revised down \$10.4 billion for 2003. For 2001, the upward revision is primarily accounted for by upward revisions to royalty income and to rental income of persons without CCAdj for nonfarm residential dwellings.

For 2003, the downward revision reflects a downward revision to royalty income and a downward revision to rental income of nonfarm residential dwellings that reflects a downward revision to nonfarm permanent-site space rent that is partly offset by downward revisions to several categories of nonfarm permanent site expenses, such as closing costs, mortgage interest, and maintenance and repairs; these revisions result from the incorporation of data from regular sources.

**Corporate profits with IVA and CCAdj.** Corporate profits with IVA and CCAdj is revised down for all 3 years: \$3.1 billion for 2001, \$29.6 billion for 2002, and \$48.8 billion for 2003. The revisions reflect downward revisions to the CCAdj that are partly offset by upward revisions to profits before tax. (For more information about the CCAdj, see "Consumption of fixed capital.") The revisions to profits before tax result from the incorporation of revised 2001 and newly available 2002 IRS tabulations of corporate tax return data and profits data for 2003 from regulatory agencies and public financial reports.

For all 3 years, both domestic profits and rest-of-the-world profits are revised up. The revisions to domestic profits primarily result from the incorporation of revised 2001 and newly available 2002 IRS tabulations of corporate tax return data and of other data from regular sources. The revisions to rest-of-the-world profits result from the incorporation of the annual revision of the ITAs.

**Net interest and miscellaneous payments.** Net interest and miscellaneous payments is revised down for

all 3 years: \$2.1 billion for 2001, \$49.5 billion for 2002, and \$40.2 billion for 2003. The revisions are accounted for by revisions to net interest.<sup>9</sup>

For 2001, the revision reflects a downward revision to monetary interest paid by domestic corporate business that is partly offset by a downward revision to monetary interest received by domestic corporate business.

For 2002, downward revisions to monetary interest paid by domestic business, to imputed interest paid by domestic business, and to imputed interest paid by the rest of the world are partly offset by downward revisions to monetary interest received by domestic business, to imputed interest received by domestic corporate business, and to imputed interest received by the rest of the world.

The revisions to domestic monetary interest result from the incorporation of revised and newly available IRS tabulations of tax return data for corporations and for sole proprietorships and partnerships. The revisions to rest-of-the-world monetary interest result from the incorporation of the results of the annual revision of BEA's ITAs. The revisions to imputed interest paid result from the incorporation of newly available trade source data, of revised Federal Reserve Board (FRB) tabulations of commercial bank *Call Reports* data, and of the results of the annual revision of the ITAs. The revisions to imputed interest received result from the incorporation of revised data from the FRB flow-of-funds accounts on business deposits at commercial banks and of the results of the annual revision of the ITAs.

For 2003, the upward revision to net interest is attributable to the revisions to the 2002 levels and to newly incorporated regular source data from regulatory agencies, particularly data from the FRB flow-of-funds accounts.<sup>10</sup>

**Taxes on production and imports.** Taxes on production and imports is revised down \$1.2 billion for 2001, is revised up \$2.5 billion for 2002, and is revised up \$9.4 billion for 2003. The revision for 2003 is mostly accounted for by revisions to state and local government sales taxes and "other" taxes, reflecting extrapolations of newly available tabulations of Census Bureau *Government Finances* data for 2002.

9. Net interest is calculated as the sum of monetary interest paid by domestic business and by the rest of the world and imputed interest paid by domestic financial corporate business, less monetary interest received by domestic business and by the rest of the world and imputed interest received by domestic business and by the rest of the world.

10. For 2003, the revision cannot be attributed to the same level of component detail as that for 2002, because for 2003, the previously published estimates were prepared at a less detailed level.



**Subsidies.** Subsidies is unrevised for 2001 and for 2002, and it is revised down \$1.5 billion for 2003.

**Business current transfer payments (net).** This component consists of “transfer payments to persons (net),” “business transfer payments to government (net),” and “business transfer payments to the rest of the world (net).”

“Business current transfer payments (net)” is revised up \$0.1 billion for 2001, is revised down \$8.9 billion for 2002, and is revised down \$17.0 billion for 2003. For 2002 and 2003, the downward revisions primarily reflect downward revisions to insurance payments to persons and to corporate gifts to persons. The revisions to insurance payments to persons are accounted for by downward revisions to auto liability payments, to medical malpractice payments, and to net insurance settlements and result from the incorporation of newly available trade source data. The revisions to corporate gifts to persons result from the incorporation of newly available IRS tabulations of tax return data for corporations.

**Current surplus of government enterprises.** The current surplus of government enterprises is revised down \$2.6 billion for 2001, is unrevised for 2002, and is revised up \$4.5 billion for 2003.

**Net receipts of income.** Net receipts of income from the rest of the world, which is excluded from GDP but is included in gross national product (GNP), is revised up for all 3 years: \$8.5 billion for 2001, \$5.5 billion for 2002, and \$11.4 billion for 2003. For 2001 and 2002, the upward revisions reflect downward revisions to income payments to the rest of the world and upward revisions to income receipts from the rest of the world. For 2003, the upward revision primarily reflects an upward revision to income receipts from the rest of the world.

The revisions for all 3 years primarily result from the incorporation of the results of the annual revision of the ITAs. Specifically, the revised estimates of income receipts primarily result from the incorporation of revised estimates of direct investment income receipts, which in turn result from the incorporation of updated source data. The revised estimates of income payments primarily result from the incorporation of updated source data.

As a result of the incorporation of the ITA revisions into the NIPAs at “best level,” the NIPA estimates for 2000 and for 2001 are discontinuous (table 7). For net receipts of income, the change from 2000 to 2001 is understated by \$1.7 billion. The discontinuity is primarily accounted for by interest paid to the rest of the world and results from the incorporation of an improved methodology for estimating interest on U.S. Treasury bonds and notes. For GNP, which includes

both net exports of goods and services and net receipts of income, the change is understated by \$2.1 billion.

**Gross national product.** GNP is revised up \$35.7 billion, or 0.4 percent, for 2001, is revised up \$11.8 billion, or 0.1 percent, for 2002, and is revised up \$27.6 billion, or 0.3 percent, for 2003. The revisions to GNP differ from those to GDP because of the revisions to net receipts of income.

### Personal income and its disposition

**Personal income.** Personal income is the income received by persons from participation in production, from personal current transfer receipts, and from contributions for government social insurance. Personal income is revised up \$11.0 billion for 2001, is revised down \$31.4 billion for 2002, and is revised down \$46.2 billion for 2003. These revisions partly reflect the previously described revisions to the components of national income that are included in personal income—wage and salary disbursements, supplements to wages and salaries, proprietors’ income, and rental income of persons—and they reflect the revision to the component of personal income—personal income receipts on assets—that is derived from related components of national income. The revisions also reflect revisions to personal current transfer receipts and to contributions for government social insurance.

**Compensation of employees, received.** These revisions primarily reflect the revisions to “compensation of employees, paid.”

**Personal income receipts on assets.** This aggregate consists of personal interest income and personal dividend income. Personal interest income consists of monetary and imputed interest received by persons from all sources; it is calculated as net interest plus interest paid by persons and interest paid by government less interest received by government. Personal interest income is revised up \$7.3 billion for 2001, is revised down \$35.7 billion for 2002, and is revised down \$34.7 billion for 2003. These revisions primarily reflect the revisions to net interest.

Personal dividend income consists of dividend income received by persons from all sources, and it equals net corporate dividends less dividends received by government. Personal dividend income is revised down for all 3 years: \$2.2 billion for 2001, \$8.3 billion for 2002, and \$35.9 billion for 2003. These revisions result from the incorporation of revised and newly available IRS tabulations of corporate tax return data, of the results from the annual revision of the ITAs, and of data from public financial statements.

**Personal current transfer receipts.** Personal current transfer receipts consists of government social benefits and business current transfer payments to

persons. Personal current transfer receipts is revised up \$1.3 billion for 2001, is revised down \$9.5 billion for 2002, and is revised down \$42.1 billion for 2003.

Government social benefits to persons is revised up \$1.3 billion for 2001, is revised down \$0.6 billion for 2002, and is revised down \$25.2 billion for 2003. For 2003, Federal Government social benefits to persons is revised down \$13.2 billion, primarily as a result of downward revisions to medical care payments, reflecting extrapolations of newly available tabulations of Medicare payments for 2002 from the Centers for Medicare and Medicaid Services (CMS) and new extrapolations using Medicare outlays from the Treasury Department. For 2003, state and local government social benefits to persons is revised down \$11.9 billion for 2003; the revision results from the incorporation of newly available tabulations of Medicaid payments for 2003 from the CMS.

The revisions to business current transfer payments to persons reflect the revisions to “business current transfer payments (net).”

**Contributions for government social insurance.** These contributions are deducted in the calculation of personal income, and they consist of both personal and employer contributions. Contributions for government social insurance is revised up \$2.6 billion for 2001, is revised down \$2.0 billion for 2002, and is revised up \$3.6 billion for 2003.

**Personal current taxes.** This component is revised down \$6.4 billion for 2001, is revised down \$1.9 billion for 2002, and is revised up \$10.5 billion for 2003. For 2001, the downward revision is mostly accounted for by a downward revision to Federal income taxes that results from the incorporation of revised data on personal income tax receipts from the Treasury Department and of revised data on taxable wages from the Social Security Administration. For 2003, the upward revision is more than accounted for by an upward revision to Federal income taxes that results from the incorporation of newly available data on personal income tax receipts from the Treasury Department.

**Disposable personal income (DPI).** Reflecting the revisions to personal income and to personal current taxes, DPI is revised up \$17.4 billion for 2001, is revised down \$29.5 billion for 2002, and is revised down \$56.6 billion for 2003.

**Personal outlays.** This category consists of PCE, personal interest payments, and personal current transfer payments. This aggregate is revised up \$12.3 billion for 2001, is revised down \$5.5 billion for 2002, and is revised up \$6.3 billion for 2003. Revisions to PCE account for most of the 2001 revision and more than account for the 2002 revision. For 2003, the revision

reflects upward revisions to PCE and to personal current transfer payments.

**Personal saving.** Personal saving—the difference between DPI and personal outlays—is revised up \$5.1 billion for 2001, is revised down \$24.0 billion for 2002, and is revised down \$62.9 billion for 2003. For 2001, the upward revision reflects the upward revision to DPI that is partly offset by the upward revision to personal outlays. For 2002, the downward revision reflects the downward revision to DPI that is partly offset by the downward revision to personal outlays. For 2003, the downward revision reflects the large downward revision to DPI and the upward revision to personal outlays. Primarily reflecting the revisions to personal saving, the personal saving rate—personal saving as a percentage of DPI—is revised up from 1.7 percent to 1.8 percent for 2001, is revised down from 2.3 percent to 2.0 percent for 2002, and is revised down from 2.1 percent to 1.4 percent for 2003.

### Saving and investment

Gross saving consists of net saving and consumption of fixed capital (CFC). Net saving consists of net private saving and net government saving. Gross saving is revised down \$0.4 billion for 2001, is revised down \$55.1 billion for 2002, and is revised up \$2.8 billion for 2003. Gross saving as a percentage of gross national income is unrevised at 16.2 percent for 2001, is revised down 0.5 percentage point to 14.1 percent for 2002, and is unrevised at 13.5 percent for 2003.

For 2001, a downward revision to net saving is mostly offset by an upward revision to CFC. The revision to net saving is mostly accounted for by a downward revision to net government saving that reflects a downward revision to state and local government net saving.

For 2002, a downward revision to net saving is partly offset by an upward revision to CFC. The revision to net saving reflects downward revisions to net government saving and to net private saving. The revision to net government saving reflects downward revisions to state and local government net saving and to Federal Government net saving. The revision to net private saving reflects downward revisions to personal saving and to undistributed corporate profits with IVA and CCAdj.

For 2003, an upward revision to CFC is largely offset by a downward revision to net saving. The revision to net saving reflects a downward revision to net private saving that is partly offset by an upward revision to net government saving. The revision to net private saving reflects downward revisions to personal saving and to undistributed corporate profits with IVA and CCAdj.

The revision to net government saving is more than accounted for by an upward revision to Federal Government net saving.

“Gross domestic investment, capital account transactions, and net lending, NIPAs” is revised up for all 3 years: \$22.1 billion for 2001, \$6.7 billion for 2002, and \$15.5 billion for 2003. For 2001, the revision reflects upward revisions to gross domestic investment and to “net lending or net borrowing, NIPAs.” For 2002, the revision primarily reflects an upward revision to “net lending or net borrowing, NIPAs.” For 2003, the revision reflects upward revisions to gross domestic investment and to “net lending or net borrowing, NIPAs.”

### Annual price estimates

Revisions to the chain-type price indexes result from the incorporation of newly available and revised source data and from the regularly scheduled incorporation of annual weights for the most recent year (2003). In this annual revision, the source data for price indexes that are used for deflation and the source data that affect implicit prices are revised.<sup>11</sup> In addition, the prices used for deflation reflect updated seasonal factors.

The percent change from the preceding year in the price index for gross domestic purchases is unrevised

at 2.0 percent for 2001, is revised up 0.1 percentage point to 1.5 percent for 2002, and is revised up 0.1 percentage point to 2.0 percent for 2003 (see the addendum to table 8 and chart 1). The annual percent change in the price index for GDP is unrevised at 2.4 percent for 2001, is revised up 0.2 percentage point to 1.7 percent for 2002, and is revised up 0.1 percentage point to 1.8 percent for 2003.

For 2001, the revisions to prices are not noteworthy. For 2002, the upward revision to the price index for gross domestic purchases reflects upward revisions to the price indexes for Federal defense spending and for nonresidential structures. The upward revision to the price index for Federal defense spending is primarily accounted for by an upward revision to compensation; it reflects the new treatment of contributions to the Uniformed Services Retiree Health Care Fund as part of compensation (see “Changes in Methodology”). The revision to the price index for nonresidential structures primarily reflects a revision to the implicit price of “mining exploration, shafts, and wells,” which in turn, reflects the revisions to the current-dollar estimates. For 2003, the revision to the price index for gross domestic purchases reflects upward revisions to the price indexes for Federal defense spending, for residential fixed investment, and for PCE. The upward revision to the price index for Federal defense spending reflects the change in methodology for compensation. The revision to the price index for residential fixed investment primarily reflects a revision to the price of single-family structures, reflecting a revised Census

11. The implicit prices are computed by dividing the current-dollar estimates by the chained-dollar estimates that are derived from the quantity data used in quantity extrapolation and direct valuation. Thus, differences between the current-dollar revisions and the chained-dollar revisions to these components are reflected as revisions to their implicit prices.

**Table 8. Revisions to Percent Change in GDP Price Indexes**

[Percent change from preceding year]

	2000	2001			2002			2003		
		Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
<b>Gross domestic product</b> .....	2.2	2.4	2.4	0.0	1.5	1.7	0.2	1.7	1.8	0.1
<b>Personal consumption expenditures</b> .....	2.5	2.0	2.1	0.1	1.4	1.4	0.0	1.8	1.9	0.1
Durable goods.....	-1.6	-1.9	-1.9	0.0	-2.9	-2.7	0.2	-3.7	-3.4	0.3
Nondurable goods.....	4.0	1.5	1.5	0.0	0.5	0.6	0.1	2.1	2.0	-0.1
Services.....	2.7	3.2	3.3	0.1	2.7	2.7	0.0	2.9	3.0	0.1
<b>Gross private domestic fixed investment</b> .....	1.1	1.1	1.0	-0.1	0.1	0.2	0.1	1.1	1.2	0.1
Nonresidential.....	-0.1	-0.2	-0.3	-0.1	-0.9	-0.8	0.1	-0.2	-0.4	-0.2
Structures.....	3.9	5.5	5.4	-0.1	1.4	2.4	1.0	2.1	2.1	0.0
Equipment and software.....	-1.3	-2.2	-2.3	-0.1	-1.7	-1.9	-0.2	-0.9	-1.2	-0.3
Residential.....	4.4	4.6	4.6	0.0	2.4	2.5	0.1	3.9	4.4	0.5
<b>Change in private inventories</b> .....										
<b>Net exports of goods and services</b> .....										
Exports.....	1.7	-0.4	-0.4	0.0	-0.4	-0.4	0.0	2.1	2.1	0.0
Goods.....	1.1	-0.7	-0.7	0.0	-0.7	-0.7	0.0	2.0	2.0	0.0
Services.....	3.1	0.4	0.4	0.0	0.3	0.4	0.1	2.2	2.4	0.2
Imports.....	4.2	-2.5	-2.5	0.0	-1.0	-1.2	-0.2	3.6	3.4	-0.2
Goods.....	4.8	-3.0	-3.0	0.0	-1.7	-1.8	-0.1	2.9	2.9	0.0
Services.....	1.4	0.2	0.1	-0.1	2.5	1.7	-0.8	7.4	5.9	-1.5
<b>Government consumption expenditures and gross investment</b> .....	4.1	2.6	2.5	-0.1	2.6	2.7	0.1	2.9	3.2	0.3
Federal.....	3.2	2.1	1.9	-0.2	2.7	3.3	0.6	2.5	3.6	1.1
National defense.....	3.2	2.2	2.0	-0.2	2.5	3.4	0.9	2.6	4.2	1.6
Nondefense.....	3.2	1.9	1.7	-0.2	3.2	3.1	-0.1	2.3	2.6	0.3
State and local.....	4.5	2.9	2.9	0.0	2.5	2.4	-0.1	3.1	3.0	-0.1
<b>Addendum:</b>										
Gross domestic purchases.....	2.5	2.0	2.0	0.0	1.4	1.5	0.1	1.9	2.0	0.1

Bureau index. The revision to the price index for PCE is attributable to revisions to durable goods and to services; the revision to durable goods reflects upward revisions to the implicit price of used motor vehicle margins; the revision to services reflects revisions to the price index for medical care services that reflects revised BLS producer price indexes and revisions to the current-dollar estimates for nonprofit hospitals and nursing homes.

### Changes in Methodology

As part of the annual revision to the NIPAs, two changes in methodology were incorporated.<sup>12</sup>

**New health insurance fund.** This health care plan was passed by the U.S. Congress on October 30, 2000, in Public Law 106-398. The Uniformed Services Retiree Health Care Fund began operations on October 1, 2002. This plan pays for health care benefits received by Medicare-eligible retired members of the armed forces and their dependents through new programs under TRICARE.<sup>13</sup>

Beginning with this annual revision, BEA is recognizing the health care plan as an employee pension and insurance fund and adopting a treatment for it that is similar to the treatment for the Military Retirement Trust Fund.<sup>14</sup> The payments to this plan by the Department of Defense (DOD) are treated as compensation of employees (in NIPA tables 3.10.1, 3.10.3, 3.10.4, 3.10.5, and 3.10.6) and as employer contributions for employee pension and insurance funds (in NIPA table 2.1). The DOD payments for health care that was received in fiscal years 2001 and 2002 are now classified as government social benefits; previously, these payments were classified as government consumption expenditures for defense services in the NIPAs.

In order to account for future health care costs attributable to military service before the creation of the health care plan, the Treasury Department makes annual payments to the fund, and BEA treats these payments as capital transfers from the government sector to the household sector (a new line has been added to NIPA table 5.10).

As a result of the recognition of the new health care plan, the following NIPA series are revised: For 2001, government social benefits is revised up \$0.9 billion,

and defense services is revised down by the same amount. For 2002, compensation is revised up \$1.9 billion, employer contributions for employee pension and insurance funds is revised up \$1.9 billion, government social benefits is revised up \$1.9 billion, defense services is revised down \$3.8 billion, and capital transfers is revised up \$3.6 billion. For 2003, compensation is revised up \$8.6 billion, employer contributions is revised up \$8.6 billion, defense services is revised down \$8.6 billion, and capital transfers is revised up \$14.8 billion.

As a result of the incorporation of the payments from the new health care plan into the NIPAs, the price index for Federal Government compensation is revised up. It is revised up because BEA's estimates of real Federal Government compensation are prepared by extrapolating the current-dollar value of compensation by an index of employment that is adjusted for labor quality and because the recognition of the health care plan raises the current-dollar value of compensation but has no effect on the employment index.

**Motor vehicles.** The procedure used to prepare the quarterly estimates of the change in private inventories for new domestic light trucks is now the same as the procedure that is used for autos. The estimates of unit inventory change are calculated as the sum of seasonally adjusted domestic production, of Canadian imports, and of Mexican imports, less the sum of sales and of exports. The estimates of unit production are based on seasonally adjusted data on unit assemblies of light trucks from the Federal Reserve Board. The estimates of Canadian and Mexican imports and exports are based on unit data from the Census Bureau and the U.S. International Trade Commission; these data are reclassified to be consistent with the classifications of light trucks and autos that are used in the input-output accounts. The estimates of sales are based on data on unit sales of domestic light trucks, which are seasonally adjusted using seasonal adjustment factors from the Federal Reserve Board.

Previously, the estimates of unit inventory change were calculated as seasonally adjusted sales less seasonally adjusted "apparent supply," which applied seasonal adjustment to the sum of seasonally unadjusted sales and an estimate of seasonally unadjusted change in unit inventories that is based on trade source data.

In addition, the estimates for new domestic autos now reflect seasonal adjustment factors for unit production from the Federal Reserve Board.

The annual estimates of the change in inventories of motor vehicle dealers for 2002 are based on data from the Census Bureau's annual retail trade survey. For 2003, the estimates are prepared using the same procedure as that used for the quarterly estimates.

12. These changes update the methodological information in the two tables that were published in "Updated Summary NIPA Methodologies."

13. TRICARE is a health care plan that is managed by the Department of Defense for former and current members of military and their dependents. For more information, visit <[www.tricare.osd.mil](http://www.tricare.osd.mil)>.

14. For details on the basic treatment of major government retirement funds, see Brent R. Moulton, Robert P. Parker, and Eugene P. Seskin, "A Preview of the 1999 Comprehensive Revision of the National Income and Product Accounts: Definitional and Classificational Changes," SURVEY 79 (August 1999): 7-20.

## Appendix A. Revisions to the National Income and Product Accounts

[Billions of dollars]

	2001		2002		2003	
	Revised	Revision	Revised	Revision	Revised	Revision
<b>Account 1. Domestic Income and Product Account</b>						
Compensation of employees, paid .....	5,947.2	1.8	6,074.9	50.6	6,294.5	86.2
Wage and salary accruals .....	4,947.9	0.0	4,981.7	1.9	5,109.1	3.6
Disbursements .....	4,947.9	0.0	4,981.7	1.9	5,109.1	3.6
Wage accruals less disbursements .....	0.0	0.0	0.0	0.0	0.0	0.0
Supplements to wages and salaries .....	999.3	1.7	1,093.2	48.7	1,185.5	82.7
Taxes on production and imports .....	728.6	-1.2	762.6	2.5	798.1	9.4
Less: Subsidies .....	55.3	0.0	38.2	0.0	46.7	-1.5
Net operating surplus .....	2,315.6	-10.5	2,399.1	-124.1	2,578.7	-136.7
Private enterprises .....	2,317.0	-7.9	2,396.3	-124.0	2,569.2	-141.3
Current surplus of government enterprises .....	-1.4	-2.6	2.8	0.0	9.5	4.5
Consumption of fixed capital .....	1,281.5	14.6	1,303.9	15.3	1,353.9	43.0
<b>Gross domestic income .....</b>	<b>10,217.6</b>	<b>4.6</b>	<b>10,502.3</b>	<b>-55.7</b>	<b>10,978.5</b>	<b>3.6</b>
Statistical discrepancy .....	-89.6	22.6	-15.3	61.9	25.6	12.7
<b>GROSS DOMESTIC PRODUCT .....</b>	<b>10,128.0</b>	<b>27.2</b>	<b>10,487.0</b>	<b>6.2</b>	<b>11,004.0</b>	<b>16.1</b>
Personal consumption expenditures .....	7,055.0	9.6	7,376.1	-9.2	7,760.9	3.5
Durable goods .....	883.7	1.8	916.2	4.9	950.7	9.1
Nondurable goods .....	2,017.1	3.5	2,080.1	-5.9	2,200.1	-9.6
Services .....	4,154.3	4.5	4,379.8	-8.2	4,610.1	3.9
Gross private domestic investment .....	1,614.3	7.1	1,579.2	-10.0	1,665.8	-4.8
Fixed investment .....	1,646.1	2.7	1,568.0	-15.9	1,667.0	-6.0
Nonresidential .....	1,176.8	2.7	1,063.9	-16.3	1,094.7	-15.9
Structures .....	322.6	0.5	271.6	5.3	261.6	2.4
Equipment and software .....	854.2	2.2	792.4	-21.5	833.1	-18.2
Residential .....	469.3	0.1	504.1	0.4	572.3	9.9
Change in private inventories .....	-31.7	4.4	11.2	5.8	-1.2	1.2
Net exports of goods and services .....	-367.0	-0.5	-424.9	1.4	-498.1	-3.1
Exports .....	1,032.8	-2.3	1,005.0	-1.8	1,046.2	-2.7
Imports .....	1,399.8	-1.9	1,429.9	-3.2	1,544.3	0.5
Government consumption expenditures and gross investment .....	1,825.6	10.9	1,956.6	24.1	2,075.5	20.7
Federal .....	612.9	0.0	680.8	1.3	752.2	-5.0
National defense .....	392.6	-0.4	437.4	-0.9	496.4	-0.9
Nondefense .....	220.3	0.4	243.4	2.2	255.7	-4.2
State and local .....	1,212.8	11.0	1,275.8	22.7	1,323.3	25.7
<b>GROSS DOMESTIC PRODUCT .....</b>	<b>10,128.0</b>	<b>27.2</b>	<b>10,487.0</b>	<b>6.2</b>	<b>11,004.0</b>	<b>16.1</b>
<b>Account 2. Private Enterprise Income Account</b>						
Income payments on assets .....	2,417.9	-13.6	2,150.6	-166.1	2,134.6	.....
Interest and miscellaneous payments .....	2,405.0	-9.4	2,102.4	-165.3	2,060.8	.....
Dividend payments to the rest of the world .....	46.5	0.5	42.8	0.7	61.6	24.1
Reinvested earnings on foreign direct investment in the United States .....	-33.7	-4.8	5.4	-1.5	12.2	-24.7
Business current transfer payments (net) .....	92.8	0.3	80.9	-8.9	77.7	-17.5
To persons (net) .....	50.0	0.1	33.7	-8.9	28.9	-17.0
To government (net) .....	47.5	0.2	46.7	-0.1	46.6	-0.2
To the rest of the world (net) .....	-4.7	0.0	0.4	0.0	2.2	-0.4
Proprietors' income with inventory valuation and capital consumption adjustments .....	771.9	1.3	769.6	-28.1	834.1	-12.8
Rental income of persons with capital consumption adjustment .....	167.4	4.3	170.9	-2.1	153.8	-10.4
Corporate profits with inventory valuation and capital consumption adjustments .....	767.3	-3.1	874.6	-29.6	1,021.1	-48.8
Taxes on corporate income .....	204.1	3.0	183.8	-11.2	234.9	10.0
To government .....	194.9	2.9	174.6	-11.3	225.8	9.9
To the rest of the world .....	9.2	0.0	9.3	0.1	9.1	0.1
Profits after tax with inventory valuation and capital consumption adjustments .....	563.2	-6.1	690.7	-18.4	786.2	-58.8
Net dividends .....	370.9	-2.3	390.0	-8.3	395.3	-35.7
Undistributed corporate profits with inventory valuation and capital consumption adjustments .....	192.3	-3.7	300.7	-10.1	390.9	-23.2
<b>USES OF PRIVATE ENTERPRISE INCOME .....</b>	<b>4,217.3</b>	<b>-10.8</b>	<b>4,046.5</b>	<b>-235.0</b>	<b>4,221.4</b>	<b>.....</b>
Net operating surplus .....	2,317.0	-7.9	2,396.3	-124.0	2,569.2	-141.3
Income receipts on assets .....	1,900.4	-2.8	1,650.2	-110.9	1,652.2	.....
Interest .....	1,717.8	-6.8	1,444.2	-114.5	1,401.5	.....
Dividend receipts from the rest of the world .....	87.4	6.2	85.4	3.9	82.1	-2.3
Reinvested earnings on U.S. direct investment abroad .....	95.2	-2.1	120.6	-0.4	168.6	13.5
<b>SOURCES OF PRIVATE ENTERPRISE INCOME .....</b>	<b>4,217.3</b>	<b>-10.8</b>	<b>4,046.5</b>	<b>-235.0</b>	<b>4,221.4</b>	<b>.....</b>
<b>Account 3. Personal Income and Outlay Account</b>						
Personal current taxes .....	1,237.3	-6.4	1,051.2	-1.9	1,001.9	10.5
Personal outlays .....	7,354.5	12.3	7,668.5	-5.5	8,049.3	6.3
Personal consumption expenditures .....	7,055.0	9.6	7,376.1	-9.2	7,760.9	3.5
Personal interest payments .....	212.2	3.1	197.2	2.5	185.3	-0.1
Personal current transfer payments .....	87.2	-0.5	95.3	1.3	103.1	2.9
To government .....	54.2	-0.4	59.5	0.9	64.9	1.8
To the rest of the world (net) .....	33.0	-0.1	35.7	0.3	38.2	1.1
Personal saving .....	132.3	5.1	159.2	-24.0	110.6	-62.9
<b>PERSONAL TAXES, OUTLAYS, AND SAVING .....</b>	<b>8,724.1</b>	<b>11.0</b>	<b>8,878.9</b>	<b>-31.4</b>	<b>9,161.8</b>	<b>-46.2</b>
Compensation of employees, received .....	5,942.1	1.7	6,069.5	50.4	6,289.0	86.0
Wage and salary disbursements .....	4,942.8	-0.1	4,976.3	1.7	5,103.6	3.4
Domestic .....	4,939.8	0.0	4,973.3	1.9	5,100.5	3.5
Rest of the world .....	2.9	-0.2	2.9	-0.3	3.0	-0.3
Supplements to wages and salaries .....	999.3	1.7	1,093.2	48.7	1,185.5	82.7
Employer contributions for employee pension and insurance funds .....	642.7	0.1	729.6	49.2	808.9	84.9
Employer contributions for government social insurance .....	356.6	1.7	363.6	-0.5	376.6	-2.2
Proprietors' income with inventory valuation and capital consumption adjustments .....	771.9	1.3	769.6	-28.1	834.1	-12.8
Rental income of persons with capital consumption adjustment .....	167.4	4.3	170.9	-2.1	153.8	-10.4
Personal income receipts on assets .....	1,380.0	5.1	1,334.6	-43.9	1,322.7	-70.6
Personal interest income .....	1,011.0	7.3	946.7	-35.7	929.9	-34.7
Personal dividend income .....	369.0	-2.2	387.9	-8.3	392.8	-35.9
Personal current transfer receipts .....	1,193.9	1.3	1,282.7	-9.5	1,335.4	-42.1
Government social benefits .....	1,143.9	1.3	1,248.9	-0.6	1,306.4	-25.2
From business (net) .....	50.0	0.1	33.7	-8.9	28.9	-17.0
Less: Contributions for government social insurance .....	731.1	2.6	748.3	-2.0	773.2	-3.6
<b>PERSONAL INCOME .....</b>	<b>8,724.1</b>	<b>11.0</b>	<b>8,878.9</b>	<b>-31.4</b>	<b>9,161.8</b>	<b>-46.2</b>

## Appendix A. Revisions to the National Income and Product Accounts

[Billions of dollars]

	2001		2002		2003	
	Revised	Revision	Revised	Revision	Revised	Revision
<b>Account 4. Government Receipts and Expenditures Account</b>						
Consumption expenditures .....	1,501.6	3.9	1,609.2	13.8	1,717.1	8.5
Current transfer payments .....	1,160.6	1.4	1,270.5	-0.6	1,332.9	-24.6
Government social benefits .....	1,146.6	1.3	1,251.6	-0.7	1,309.3	-25.1
To persons .....	1,143.9	1.3	1,248.9	-0.6	1,306.4	-25.2
To the rest of the world .....	2.7	0.0	2.7	0.0	2.8	0.0
Other current transfer payments to the rest of the world (net) .....	13.9	-0.1	18.8	0.0	23.7	0.6
Interest payments .....	344.1	0.0	316.4	-2.9	303.0	-9.1
Subsidies .....	55.3	0.0	38.2	0.0	46.7	-1.5
Less: Wage accruals less disbursements .....	0.0	0.0	0.0	0.0	0.0	0.0
Net government saving .....	51.5	-16.3	-279.5	-36.2	-367.8	45.8
Federal .....	46.7	-3.8	-254.5	-14.5	-364.5	48.5
State and local .....	4.8	-12.5	-25.0	-21.8	-3.2	-2.6
<b>GOVERNMENT CURRENT EXPENDITURES AND NET SAVING .....</b>	<b>3,113.1</b>	<b>-11.1</b>	<b>2,954.7</b>	<b>-26.0</b>	<b>3,032.0</b>	<b>19.2</b>
Current tax receipts .....	2,168.0	-4.6	1,995.5	-10.7	2,033.8	31.0
Personal current taxes .....	1,237.3	-6.4	1,051.2	-1.9	1,001.9	10.5
Taxes on production and imports .....	728.6	-1.2	762.6	2.5	798.1	9.4
Taxes on corporate income .....	194.9	2.9	174.6	-11.3	225.8	9.9
Taxes from the rest of the world .....	7.1	-0.1	7.1	-0.1	8.1	1.3
Contributions for government social insurance .....	731.1	2.6	748.3	-2.0	773.2	-3.6
Income receipts on assets .....	113.7	-6.3	101.9	-14.2	104.0	-14.3
Interest and miscellaneous receipts .....	111.7	-6.3	99.8	-14.2	101.4	-14.7
Dividends .....	2.0	0.0	2.1	0.0	2.5	0.3
Current transfer receipts .....	101.8	-0.1	106.3	1.0	111.5	1.7
From business (net) .....	47.5	0.2	46.7	-0.1	46.6	-0.2
From persons .....	54.2	-0.4	59.5	0.9	64.9	1.8
Current surplus of government enterprises .....	-1.4	-2.6	2.8	0.0	9.5	4.5
<b>GOVERNMENT CURRENT RECEIPTS .....</b>	<b>3,113.1</b>	<b>-11.1</b>	<b>2,954.7</b>	<b>-26.0</b>	<b>3,032.0</b>	<b>19.2</b>
<b>Account 5. Foreign Transactions Current Account</b>						
Exports of goods and services .....	1,032.8	-2.3	1,005.0	-1.8	1,046.2	-2.7
Income receipts from the rest of the world .....	322.4	3.4	301.8	2.7	329.0	11.7
Wage and salary receipts .....	2.9	-0.2	2.9	-0.3	3.0	-0.3
Income receipts on assets .....	319.5	3.6	298.8	2.8	326.0	12.0
Interest .....	136.9	-0.4	92.8	-0.7	75.3	0.7
Dividends .....	87.4	6.2	85.4	3.9	82.1	-2.3
Reinvested earnings on U.S. direct investment abroad .....	95.2	-2.1	120.6	-0.4	168.6	13.5
<b>CURRENT RECEIPTS FROM THE REST OF THE WORLD .....</b>	<b>1,355.2</b>	<b>1.1</b>	<b>1,306.8</b>	<b>0.8</b>	<b>1,375.2</b>	<b>9.1</b>
Imports of goods and services .....	1,399.8	-1.9	1,429.9	-3.2	1,544.3	0.5
Income payments to the rest of the world .....	278.8	-5.0	274.7	-2.9	273.9	0.3
Wage and salary payments .....	8.1	0.0	8.4	0.0	8.5	-0.1
Income payments on assets .....	270.7	-5.0	266.3	-2.9	265.4	0.3
Interest .....	257.8	-0.8	218.1	-2.1	191.5	0.8
Dividends .....	46.5	0.5	42.8	0.7	61.6	24.1
Reinvested earnings on foreign direct investment in the United States .....	-33.7	-4.8	5.4	-1.5	12.2	-24.7
Current taxes and transfer payments to the rest of the world (net) .....	47.0	0.0	59.8	0.5	67.9	0.1
From persons (net) .....	33.0	-0.1	35.7	0.3	38.2	1.1
From government (net) .....	9.5	0.0	14.4	0.1	18.4	-0.7
From business (net) .....	4.5	0.0	9.7	0.1	11.3	-0.3
Balance on current account, national income and product accounts .....	-370.4	8.0	-457.7	6.4	-510.9	8.1
<b>CURRENT PAYMENTS TO THE REST OF THE WORLD AND BALANCE ON CURRENT ACCOUNT .....</b>	<b>1,355.2</b>	<b>1.1</b>	<b>1,306.8</b>	<b>0.8</b>	<b>1,375.2</b>	<b>9.1</b>
<b>Account 6. Domestic Capital Account</b>						
Gross domestic investment .....	1,938.3	14.1	1,926.6	0.3	2,024.2	7.4
Private fixed investment .....	1,646.1	2.7	1,568.0	-15.9	1,667.0	-6.0
Government fixed investment .....	324.0	7.0	347.4	10.3	358.5	12.2
Change in private inventories .....	-31.7	4.4	11.2	5.8	-1.2	1.2
Capital account transactions (net) .....	1.1	0.0	1.3	0.0	3.1	1.6
Net lending or net borrowing (-), national income and product accounts .....	-371.5	8.0	-458.9	6.5	-514.0	6.5
<b>GROSS DOMESTIC INVESTMENT, CAPITAL ACCOUNT TRANSACTIONS, AND NET LENDING .....</b>	<b>1,567.9</b>	<b>22.1</b>	<b>1,468.9</b>	<b>6.7</b>	<b>1,513.3</b>	<b>15.5</b>
Net saving .....	376.1	-15.0	180.3	-70.5	133.8	-40.2
Personal saving .....	132.3	5.1	159.2	-24.0	110.6	-62.9
Undistributed corporate profits with inventory valuation and capital consumption adjustments) .....	192.3	-3.7	300.7	-10.1	390.9	-23.2
Wage accruals less disbursements (private) .....	0.0	0.0	0.0	0.0	0.0	0.0
Net government saving .....	51.5	-16.3	-279.5	-36.2	-367.8	45.8
Plus: Consumption of fixed capital .....	1,281.5	14.6	1,303.9	15.3	1,353.9	43.0
Private .....	1,075.5	14.5	1,092.8	15.0	1,135.9	43.2
Government .....	206.0	0.1	211.2	0.4	218.0	-0.1
General government .....	172.7	0.3	178.0	0.4	183.6	-0.1
Government enterprises .....	33.3	-0.2	33.2	0.0	34.5	0.0
Equals: Gross saving .....	1,657.6	-0.4	1,484.3	-55.1	1,487.7	0.8
Statistical discrepancy .....	-89.6	22.6	-15.3	61.9	25.6	12.7
<b>GROSS SAVING AND STATISTICAL DISCREPANCY .....</b>	<b>1,567.9</b>	<b>22.1</b>	<b>1,468.9</b>	<b>6.7</b>	<b>1,513.3</b>	<b>15.5</b>
<b>Account 7. Foreign Transactions Capital Account</b>						
<b>BALANCE ON CURRENT ACCOUNT, NATIONAL INCOME AND PRODUCT ACCOUNTS .....</b>	<b>-370.4</b>	<b>8.0</b>	<b>-457.7</b>	<b>6.4</b>	<b>-510.9</b>	<b>8.1</b>
Capital account transactions (net) .....	1.1	0.0	1.3	0.0	3.1	1.6
Net lending or net borrowing (-), national income and product accounts .....	-371.5	8.0	-458.9	6.5	-514.0	6.5
<b>CAPITAL ACCOUNT TRANSACTIONS (NET) AND NET LENDING, NATIONAL INCOME AND PRODUCT ACCOUNTS .....</b>	<b>-370.4</b>	<b>8.0</b>	<b>-457.7</b>	<b>6.4</b>	<b>-510.9</b>	<b>8.1</b>