Government Statistics Users Conference

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Washington, D.C.
September 15, 2004
BEA Strategic Plan: Priorities for National Accounts

• One of BEA’s 4 main goals in its strategic plan:

  Upgrade BEA’s economic statistics by improving statistical methodologies and source data and by using new technologies.

• For national accounts priorities are:
  – Improving processing systems.
  – Addressing data gaps and other shortcomings.
  – Improving consistency and integration with other accounts.
  – Improving consistency with international standards.
The 2003 NIPA comprehensive revision advanced BEA’s strategic priorities by introducing:

– New measures of insurance and banking services.
– A new concept and presentation of government production.
– New concepts, such as taxes on production and imports, which are consistent with international standards.
Articles on Definitional Changes in the *Survey of Current Business*

Financial and insurance services:


Government as a producer (and other topics):

Rationale for Changes

Improvements introduced in the comprehensive revision:

• Implement BEA’s strategic plan
• Bring the U.S. accounts into closer conformity with international norms:
  – *System of National Accounts*
  – *Balance of Payments Manual*
Government as a Producer of Services

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

• This new framework parallels the business sector.
The gross output of government services is the sum of the costs incurred in their production:

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

(BTW, compensation + CFC = net value added.)
Military Assistance In-Kind

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

• *Previously*: Treated as consumption expenditures by the Federal Government

• *Now*: Treated as exports in GDP and as transfers to the rest of the world in GDI
Mass Transit Compensation In-Kind Payments

Not a large item, but the new treatment improves the consistency of the accounts.

• Previously: Benefits provided by state and local governments and by private employers were included in NIPA compensation estimates; benefits provided by the Federal Government were ignored.

• Now: Benefits provided by the Federal Government are also included.
Compensation Paid by Indian Tribal Governments

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

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

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

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

• Previously: “Net interest payments”
• Now: “Interest payments” and “Interest receipts”

• Previously: “Subsidies less current surplus of government enterprises”
• Now: “Subsidies” and “Current surplus of government enterprises”
Article on Statistical Changes in the Survey of Current Business

Major Statistical Changes

• Medicare payments are now on an accrual basis rather than on a cash basis.
• Improved methods for estimating state and local taxes
• Improved estimates of Federal enterprises’ investment in equipment
We’re not through…

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