Regional Measurement: Income & Employment

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Outline of Presentation

• What we produce
• Uniqueness
• How we produce it
• Additional Resources / Data Dissemination
• Future directions
• Issues/problems specific to regional program
What We Produce

• State Personal Income
  – The only comprehensive and timely measure of income by state
    • Quarterly income by sector--3 months after end of period
  – AGI is not timely; Money income is not comprehensive
Year-to-year Change in Personal Income & Adjusted Gross Income (in dollars)
What We Produce

• Total employment
  – Wage employment + proprietors + general partners
    • Job Count not Worker Count
    • Earnings and employment are consistent
      – Earnings per job
  – Annual state employment by sub sector--9 months after end of year
What We Produce

• County Personal Income and Employment
  – The most comprehensive economic time series for counties
    • Annual compensation by sub sector--13 months after end of year
    • Annual income and earnings by sub sector--16 months after end of year
    • Annual employment by sector--16 months after end of year
What is Unique About Our Products

• Commuting Patterns
  – **Place of work** compensation and earnings
    • Shows location of production
    • Used as proxy for current production
  – **Place of residence** income
    • Indicator of economic well-being
    • Shows where income is available for tax planning and for spending analyses
What is Unique About Our Products

• Time Consistency from 1969 counties, 1929 states
• Geography
  – County-based program—3,111 Counties
    • Building blocks for larger sub state geography
      – 361 Metropolitan Areas
        • 29 Metropolitan Divisions
      – 575 Micropolitan Areas
      – 120 Combined Statistical Areas
      – 179 BEA Economic Areas
    – Any county-based region by request
Gainesville, Florida MSA -- Wage & Salary Employment (in thousands)
What is Unique About Our Products

• Time series--how things change over time
  – Short run business cycle dynamics
  – Long run convergence of per capita income
Real Earnings by Place of Work
(% change since 2001:1)
MSA Income and Employment Growth (% change 2002-03)

- Wage and Salary Employment, % change
- Personal Income, % change

inflation rate, 1.9%
Per Capita Income Convergence 1969-2004
Range of Personal Income Growth Rates, by quarter: 8 BEA Regions and US

[Diagram showing the range of personal income growth rates by quarter for the United States, with data points and error bars for each quarter from 2003-II to 2004-III.]
What is Unique About Our Products

• Current Legislated Uses
  – Per Capita Income in federal program formulas to distribute over $197 billion to states
  – State government revenue and expenditure limits
    • 19 states with revenue/spending limits tied to state personal income
How We Produce the Estimates

- Administrative record information
  - Advantage--provide detailed estimates at low cost
  - Disadvantage--do not precisely match what is being estimated
    - Adjustments made to compensate for differences in definition, coverage, and geographic detail
- Some census data--quinquennial Agriculture and decennial Population and Housing
- Very little from survey information
Additional Resources / Data Dissemination

- BEA Web Site
  - Interactive data retrieval
  - BEARFACTS (computer generated narratives)
  - Methodological Documentation
  - Press releases and *Survey of Current Business* articles
  - Automatic notification
- REIS CD-ROM and SPI CD-ROM
- BEA User Group
The Future--Strategic Plan Goals

• Accelerate the release of the estimates
  – Metro from 17 months to 9 months (2006)
  – County from 17 months to 10 months (Funding)
• Metro area disposable personal income
• Alternative measures of income by State
• NAICS back to 1990
• Personal income mapping
• New source data
Issues/Problems Specific to Regional Program

- Industry mix
  - Farm and mining
    - Small for nation but have large impact on selected localities and states
  - Manufacturing
    - Santa Clara County, CA (Silicon Valley)--3rd fastest county growth in 2000 to largest declining county in 2001--partly timing of exercised stock options
  - Securities, commodity contracts, investments
    - New York County (Manhattan) NY accounts for 31% of U.S. total
Issues in Estimation

• Economy is changing
• Sources and Methods must fit the evolving regional economy
  – Must be continuously evaluated
    • And changed to deal with changing economy
  – Assumptions in methods should be continuously assessed
    • Military compensation
  – Need to continually reevaluate the sources and methods used to make estimates
Questions/Comments?

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