

Main revisions and benchmarking – policy and practice: Perspectives from the U.S.

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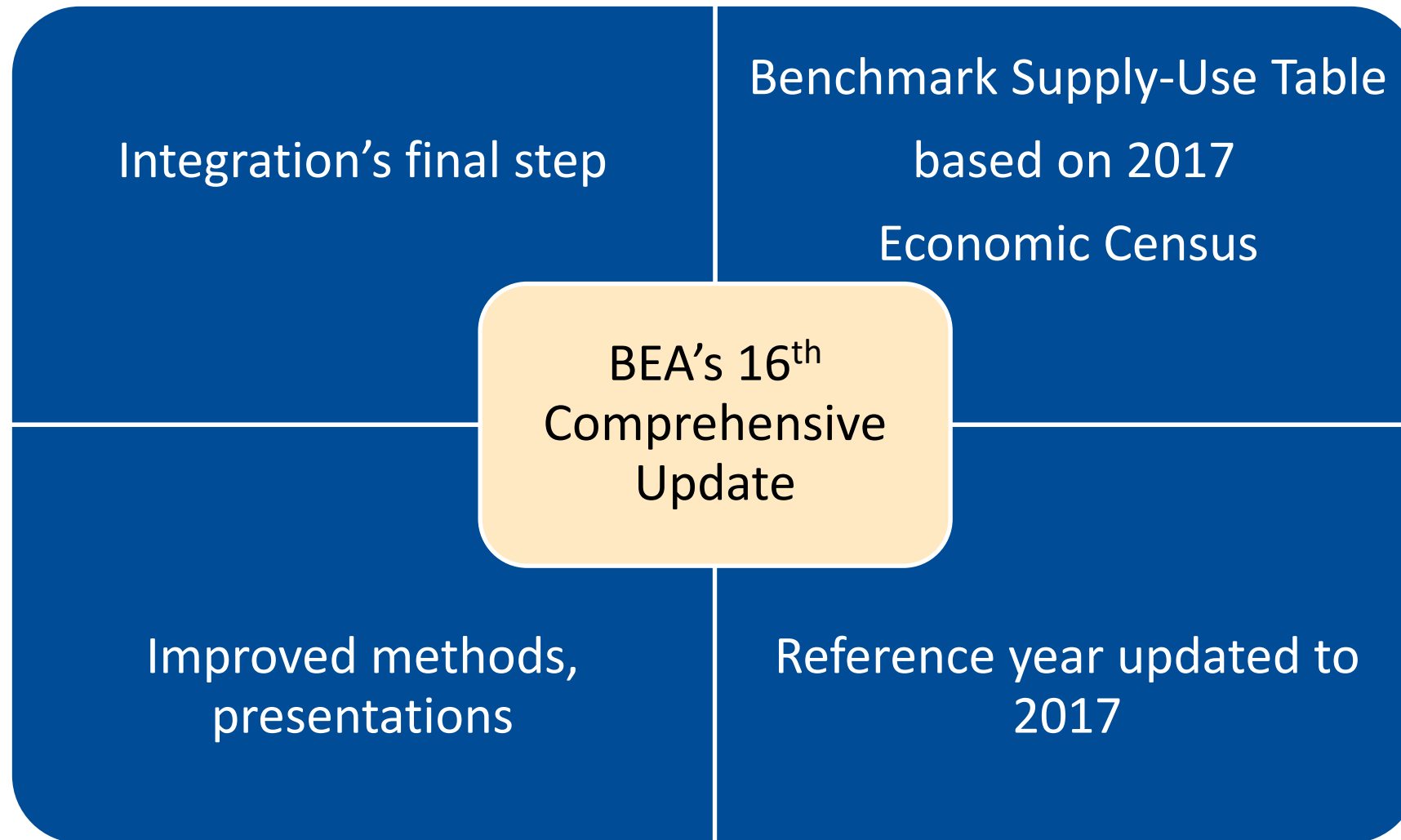
Meeting of the Group of Experts on National Accounts

Geneva, Switzerland, 25-27 April 2024

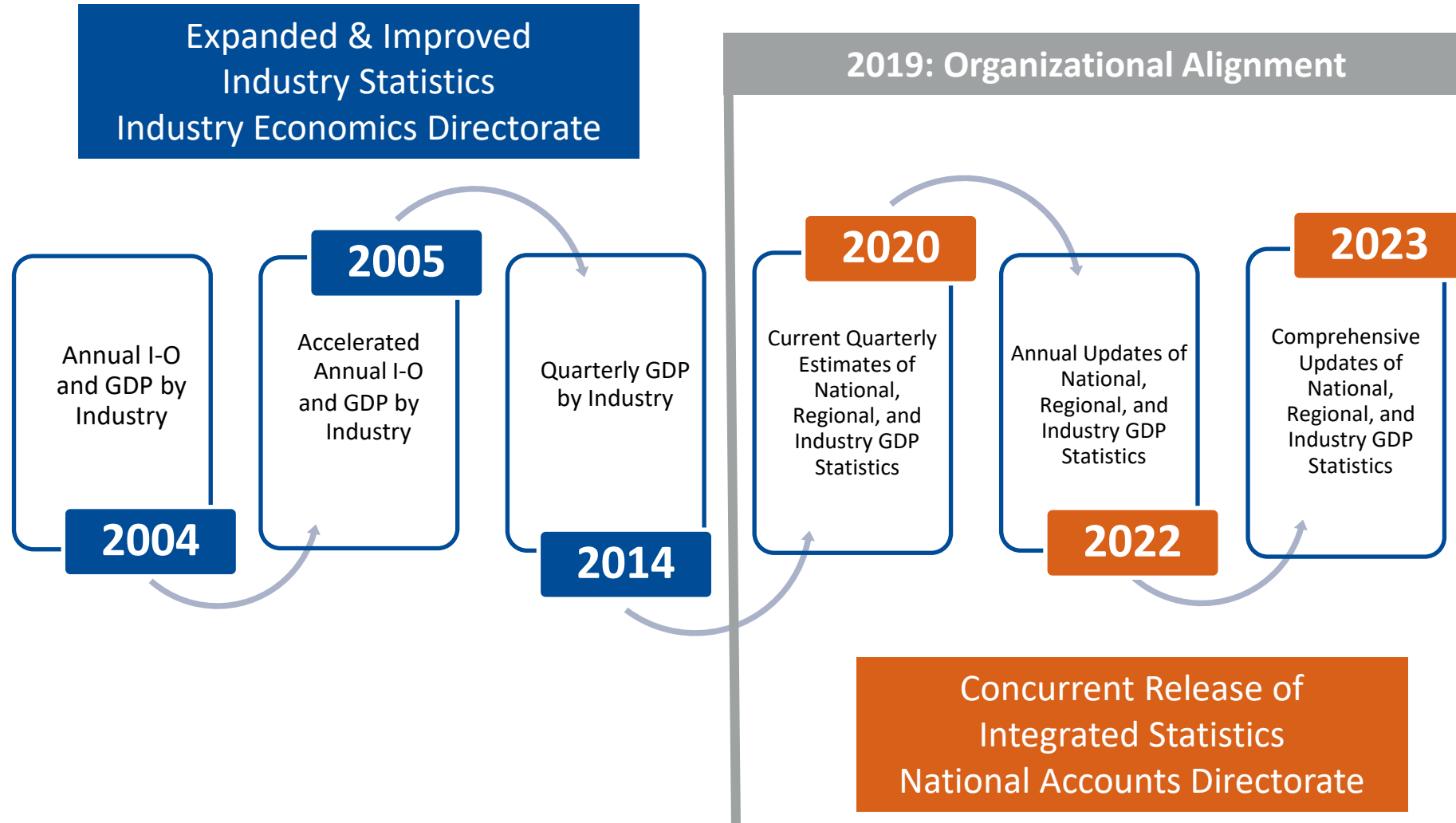


1. Highlights from 2023 Comprehensive Update
2. Challenges posed by current approach
3. Alternatives to our current approach

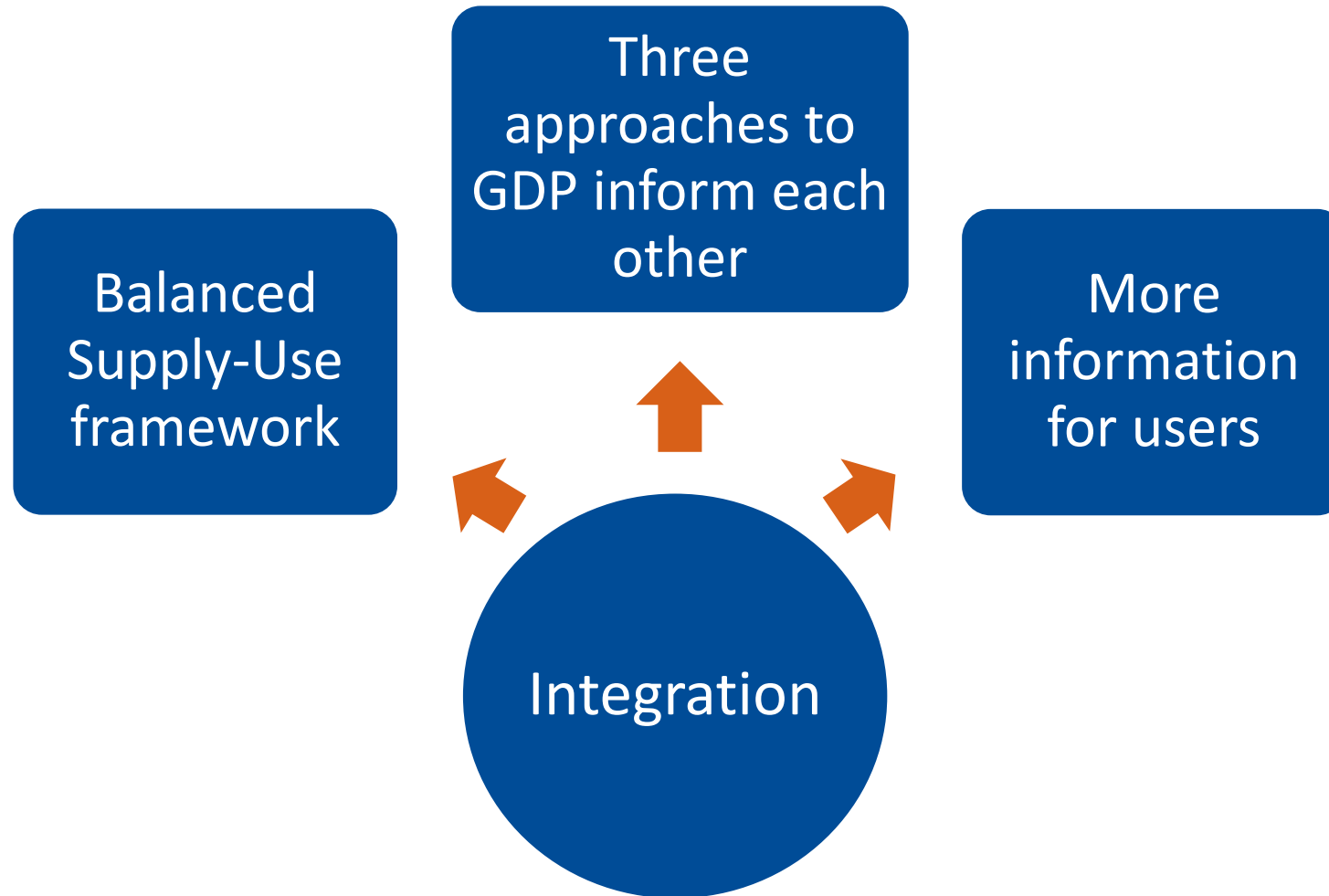
2023 Comprehensive Update of the National Economic Accounts



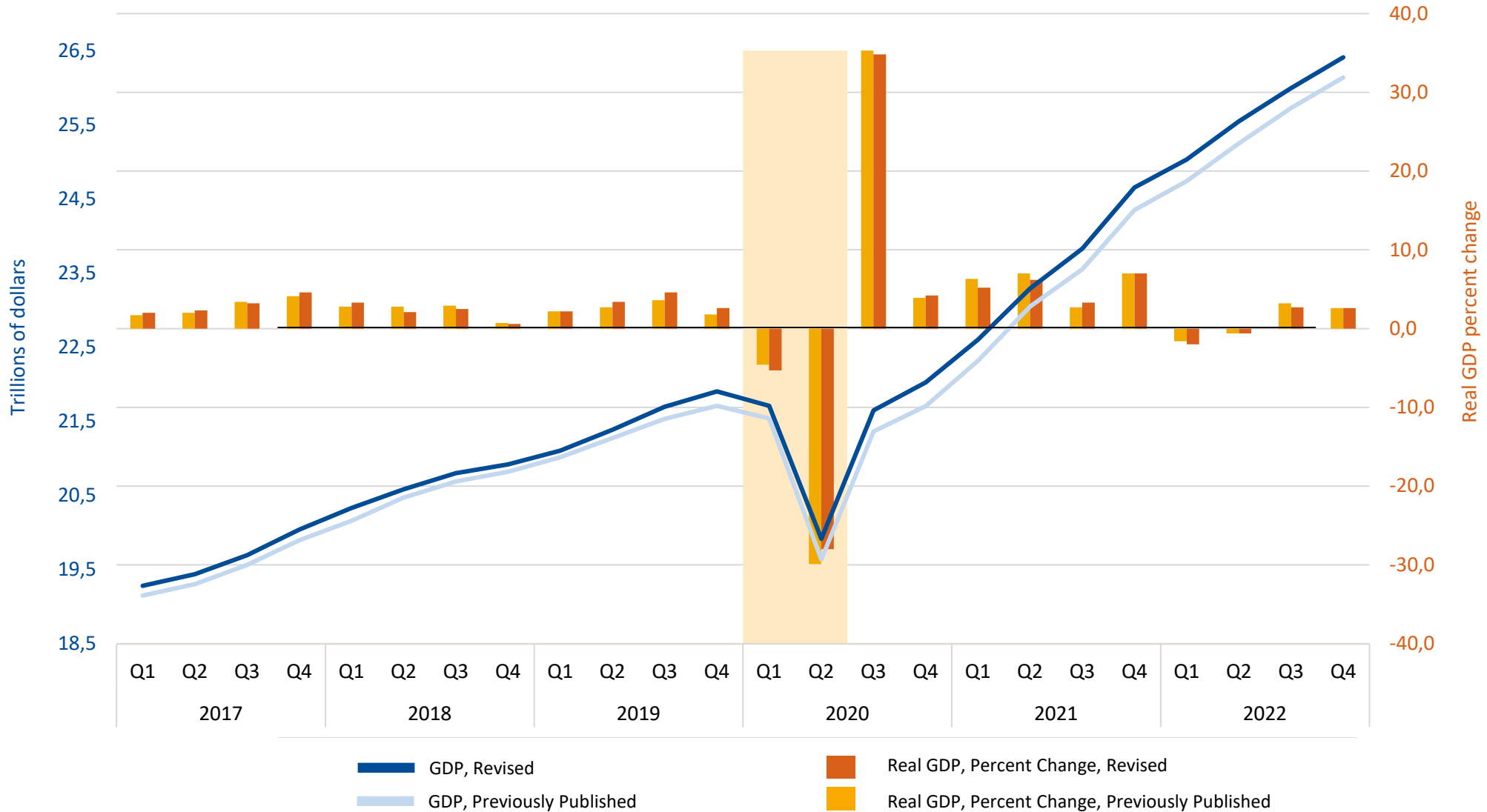
Harmonizing BEA's Statistics



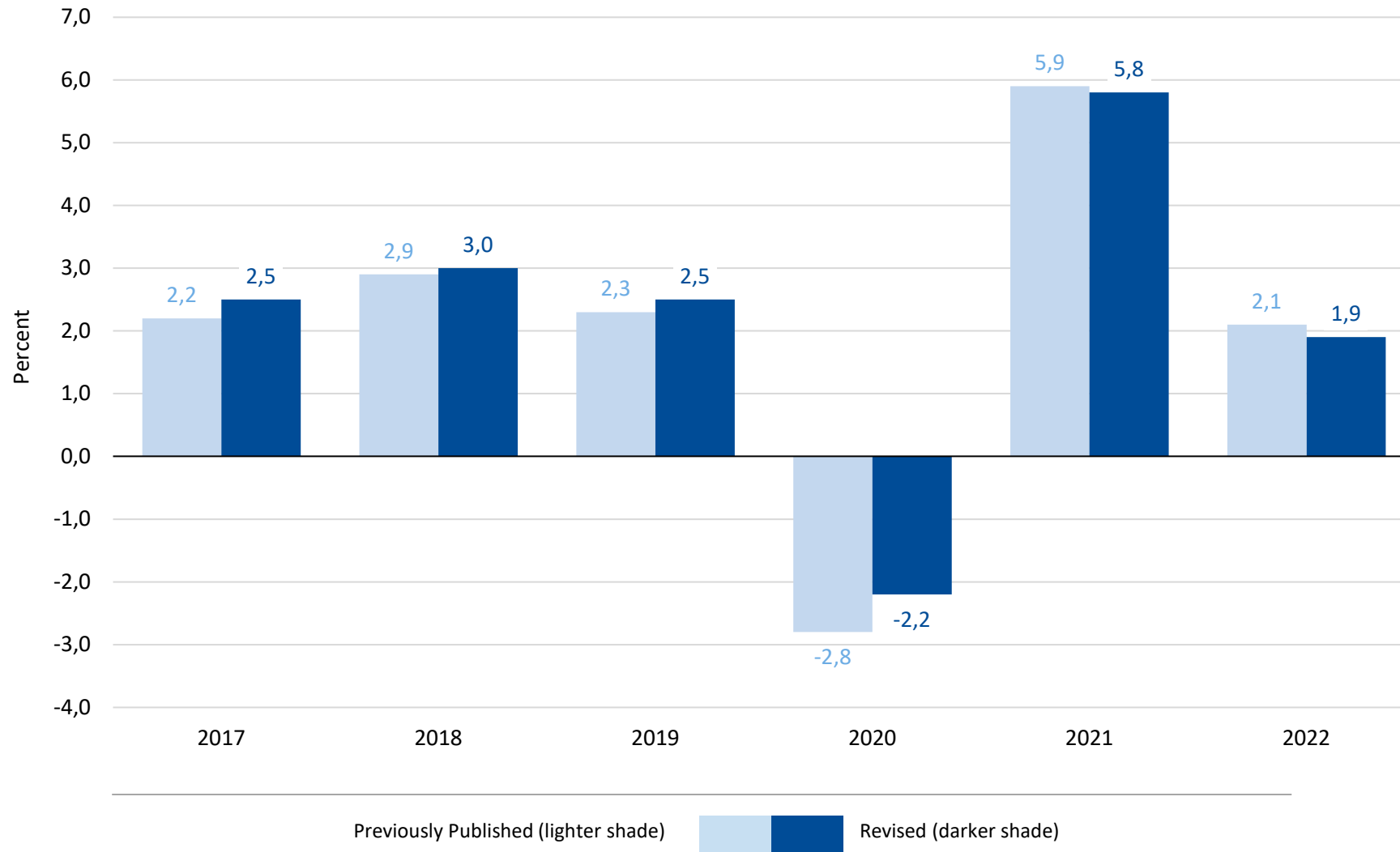
Benefits of Integration



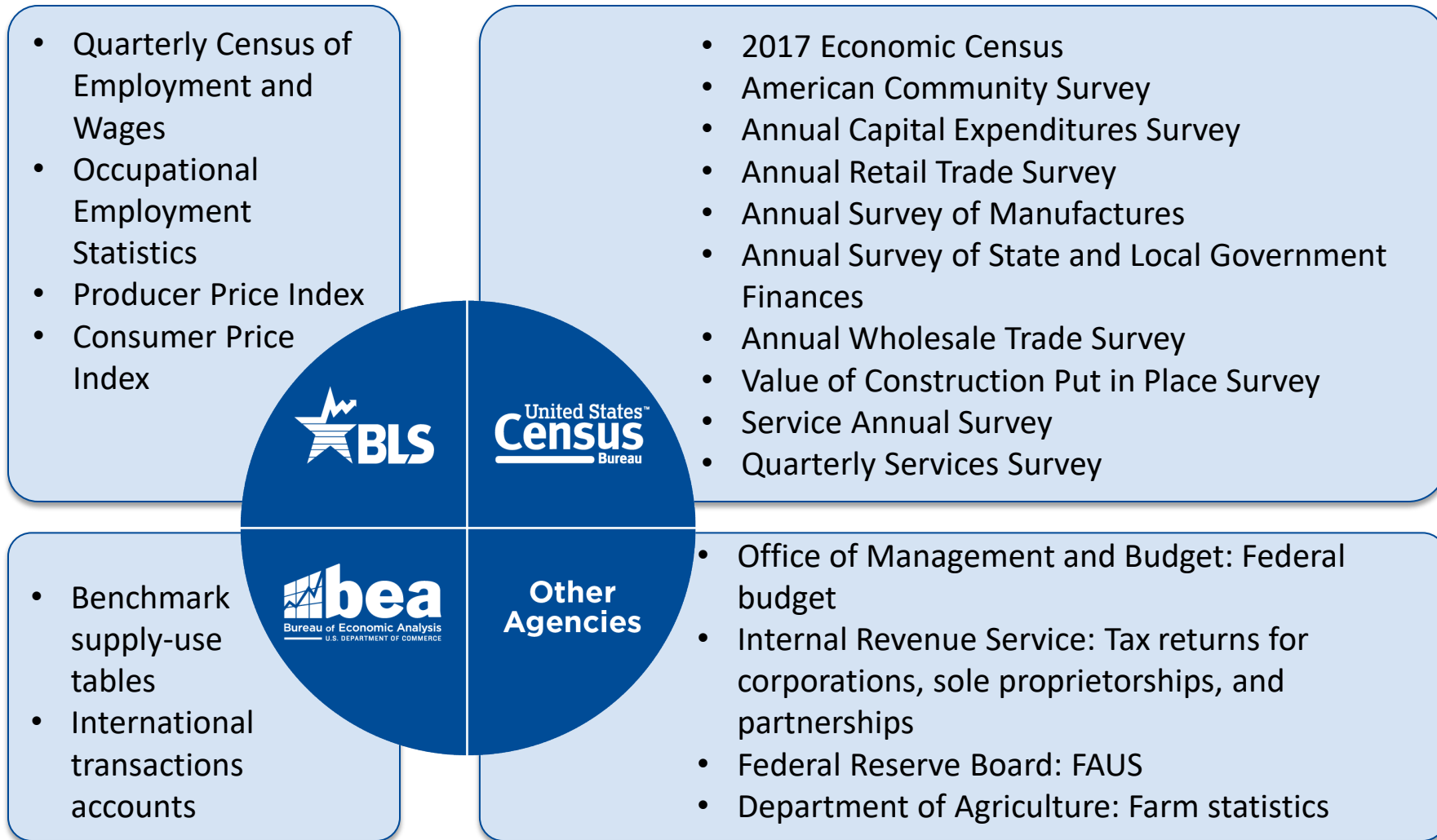
Gross Domestic Product



Change in real GDP



New and revised source data



Improvements

- Improved treatment of regulated investment companies (RICs) and real estate investment trusts (REITs)
- Improved price measures
- Improved measures of industries' use of FISIM
- Improved measures of investment in own-account software
- Presentational improvements
 - More detailed presentation of household spending and prices

External communication

- See <https://www.bea.gov/information-updates-national-economic-accounts>
- Preview articles highlighting main features of the comprehensive update
- Table changes announced in advance
- Schedule for release of data announced in advance
- After the release
 - Briefing slides, article summarizing major changes and revisions, tables summarizing revisions
 - Updates as more data becomes available

Challenges

The 5-year economic census is the pillar of BEA's benchmark CU estimates



- The economic census (EC) provides our most detailed statistics on
 - intermediate inputs, expenses, and outputs for supply and use tables, revealing any major changes in production processes
 - product line sales by industry
- The EC provides the only opportunity for producing “true” production-based measures of GDP
 - For nonbenchmark years, final demand-based GDP estimates are extrapolated based on relationships established in the benchmark year.
- CUs provide an opportunity for major improvements (updated classifications, capitalizing new assets etc.)
- The rich detail of the EC enables BEA to produce a balanced SUT at a very detailed level (402 industries and commodities)
- Annual updates in other years are based on less detailed annual surveys
 - Typically measures of sales/receipts by industry
 - Limited/minimal data on intermediate inputs and outputs, product line and expense detail

Challenges posed by the current 5-year benchmarking

- Benchmark results are not timely
 - 2023 CU, released September 29th, 2023, benchmarked to the 2017 Economic Census
 - At best, “brand new” results are benchmarked to values 5 years old!
 - At worst, estimates are benchmarked to values 10-11 years old! (GDP published August 2023 were benchmarked to the 2012 Economic Census.)
 - Detailed product-line compositions are dated and present compositional challenges (e.g., 2017 is pre-COVID and surely consumer preferences differed over the pandemic and continue to differ today)
- Independent production-based measures of GDP can only be produced in the benchmark year
 - Doing something only every 5-years is inherently challenging

Challenges posed by the current 5-year benchmarking

- The EC is extremely costly to produce and poses notable response burden
 - Doing something only every 5-years is inherently challenging
 - Large spikes in staff workload, challenges from staff turnover, IT systems issues
- Balancing detailed benchmark SUTs can be especially time consuming
- Maintain consistent time series all the way back to 1929

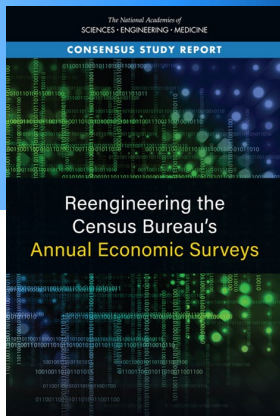
Alternatives

Committee on National Statistics (CNSTAT) Panel on Reengineering the Census Bureau's Annual Economic Surveys





- The panel recommended the development of an “Annual Business Survey System” to replace the current suite of largely separate annual economic surveys
 - Currently, separate annual surveys cover retail trade, wholesale trade, manufacturing, services etc
- The new survey system should...
 - administer a core set of questions to all respondents, with appropriate industry customization, plus modules containing industry-specific and topical questions;
 - use a rotating panel sample drawn from a redesigned comprehensive Business Register;
 - use standardized data collection, processing, and estimation methods for all industries in the sample;
 - develop a single application programming interface for access to data for single and multiple industries;
 - use administrative records to the maximum extent possible for greater efficiency and accuracy of data and reduced respondent burden; and
 - incorporate small-area models to produce subnational geographic estimates with sufficient accuracy for users’ needs
- In response, the Census Bureau is currently developing the Annual Integrated Economic Survey (AIES)
 - a re-engineered survey designed to integrate and replace seven existing annual business surveys into a single survey.
 - also exploring greater use of administrative data, private data, machine learning, other approaches
- The AIES *could* eventually provide *some* of the detailed data currently obtained from the 5-year EC


Census Bureau AIES





- National Academy of Sciences (NAS) recommended changes to our annual economic programs
- Main drivers of this effort include:

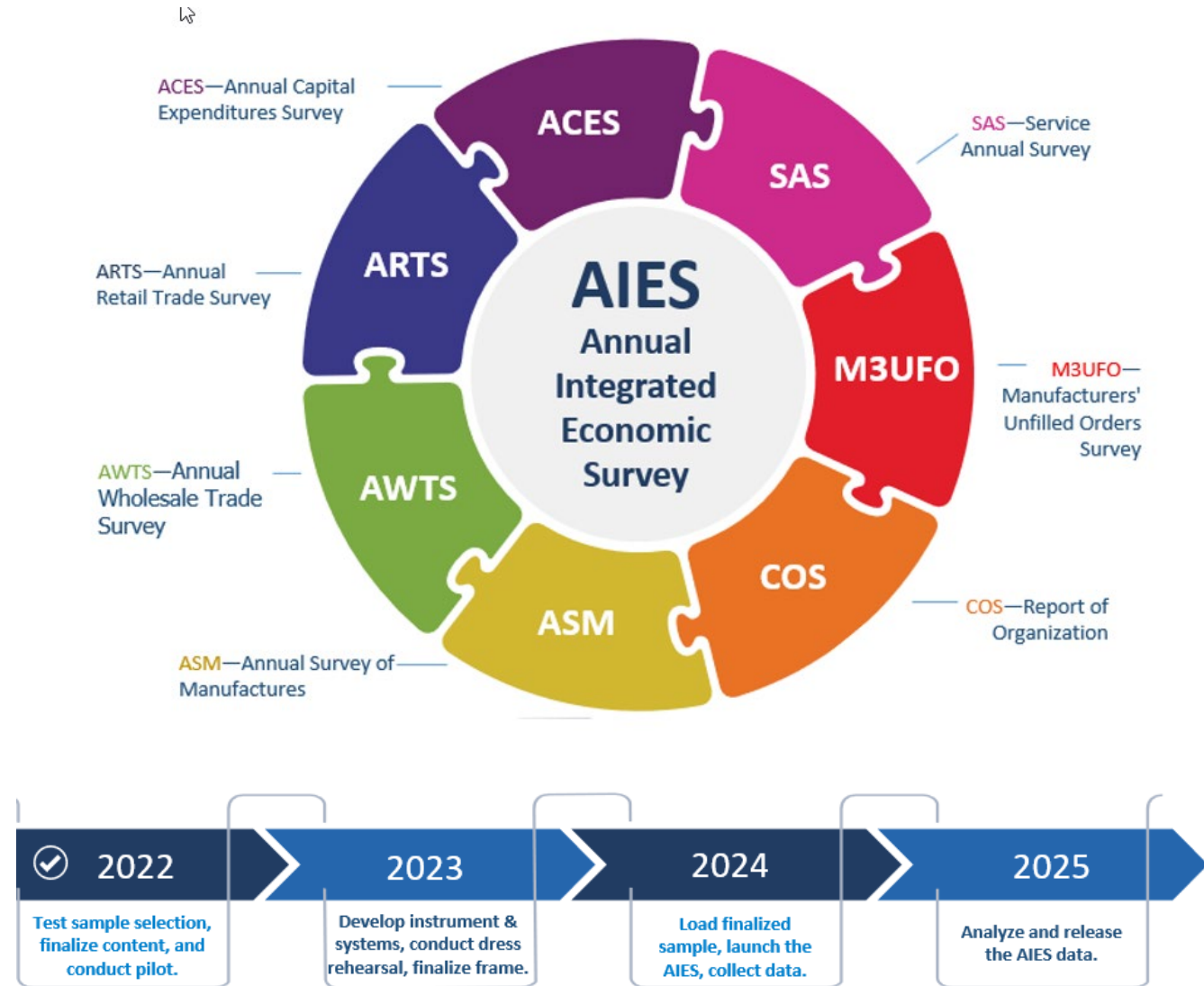
 Meet data needs – timely, granular, standardized

 Declining budgets

 Improve efficiency – consistency across programs (content, processes, systems)

 Declining response rates

 Stay relevant



- Strive to harmonize process for non-benchmark and benchmark years
 - Harmonize non-benchmark and benchmark years level of detail (e.g. less detail for benchmark year, more detail for standard annual year)
 - Maintain practice of benchmarking to a full census but produce statistics at same level of detail
 - Produce “true” independent production-based measures of GDP
- Explore with data collection partners alternative ways to obtain up-to-date, detailed data on intermediate inputs, product line sales by industry, etc.
 - Embrace machine-learning / modeling techniques to fill in missing data
 - Make more use of administrative records data

Alternative approaches and questions

- Produce/balance benchmark SUTs at a less detailed level
 - Carefully analyze pros and cons. Impacts on:
 - Thematic accounts
 - Global value chains and TiVA
- Dispense with Economic Census?
- How important is it to maintain full time series (all the way back 1929 for the U.S.)