The State of Play

Louise Sheiner

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Tight Budgets Likely To Persist

Reflecting both long-term fiscal challenges and near-term political developments

- Shouldn’t make cuts that just allow you to get by
- Should make investments that will allow you to continue producing high-quality statistics in the future with more limited resources
  - That means investing in IT modernization, AI adoption, etc.
- To do that, will have to prioritize – what doesn’t get done?

How to Prioritize?

- What is appropriate objective function?
- Perhaps: “Maximize Value of Data Produced per Dollar of Cost to Produce It”
- Value of data depends on:
  - # on users
  - Value per use
- Because budgets are so limited, will have to forego projects that pass the value>cost test.

How to assign value to data usage?

- I would think about an ordering like this:

- Data that improves monetary policy has very large social benefits and should be very high priority

- Data used by researchers to understand the economy in ways that will eventually improve fiscal and monetary policy also enormously valuable
  - Focus on data that will help shed light on the economic implications of AI, climate change, globalization, demographic change, tax changes, spending cuts
  - Regional data valuable for state and local fiscal policy.

- Data that others use perhaps lower value per use (although if many people use, still could be very valuable).

The Fed is probably the most important user

Some broad perspective from the Board

- Care most about the macro data
- Less use for the regional and industrial data and most of the satellite accounts, unless the work feeds directly into the macro data.
- Very much value recent improvements in the speed at which data are incorporated into the NIPAs (QSS, QCEW)
- If there are other opportunities along these lines, should be high priority.
    - Medicare spending data are incorporated with a long lag. Speeding this up would be helpful.
    - Also—very long lags in incorporating Economic Census. Large dividends from speeding that up.
- Any improvements in measurement methodology—e.g. better capturing domestic activity from MFCs--very helpful as well.

How to decide which series to cut?

- Would be helpful to try to have some evidence:
  - Can you tabulate internet clicks from BEA tables and perhaps see if you can get downloads of each series from Haver?
  - Can you—as a rough metric—calculate cost of data production per $ of GDP? Are there some sectors that have become much less significant over time that still receive lots of BEA resources?
  - Could rougher less detailed estimates in some areas save $ without much effect on top line measurements?

Then might see which data are rarely used and consider eliminating them. But ask:

- Do important stakeholders use the data?
- Would data be used more if more people knew about them and how to use them?
- Are data costly to produce, or are they a necessary byproduct of the production of other more used statistics?

- Communication with stakeholders is key.
  - Fed Board, Fed banks, business groups, labor groups, CBO and JCT, state and local governments.

Satellite Accounts

- Digital economy satellite account seems very important for understanding the modern economy. What would it take to keep it?

- Health Satellite Account?
  - Health care large component of GDP and deflators don't properly account for quality.
  - Satellite account provides health spending by disease: necessary first step in quality adjustment.
  - But if BEA won't be able to publish quality-adjusted health care spending in foreseeable future—because too complicated and/or controversial—then unclear satellite account important from national accounting perspective.
  - Health spending by disease is interesting and important from a health perspective, but perhaps something HHS/CMS could take over
  - Could improve health care measurement in the NIPAs by changing treatment of most non-profit and government-owned health providers so they are treated like private businesses.

How to do more with less

- Aim for workforce that is best suited for priorities—is hiring freeze/attrition the best way to do that?
- Invest in IT modernization
- Invest in AI and be willing to reorganize/reassign workers to get maximum advantage.
- Improve coordination with other statistical agencies
  - E.g. can you work with commerce to get earlier access to Economic Census?
- Explore opportunities to increase work with academics to allow them to take on some of the more innovative projects (with their own funding)