

Improved Measurement of the Services Sector by the U.S. Census Bureau



Voorburg Group Meeting on Service Statistics
Strategy Session
Tokyo, Japan

Mark E. Wallace
Chief, Service Sector Statistics Division
U.S. Census Bureau

October 10, 2003



Existing Data Gaps

- Services dominate the economy, but measures are inadequate; measures that do exist are available only annually
- There is a current imbalance between manufacturing and services product data
- Critical source data are needed to improve GDP and National Accounts
- Improved services measures are essential to improving key economic measures of growth, prices, productivity, and trade in services



Goods vs. Services Imbalance

Manufacturing

366,000

17 million

474

17%

8,000

Business locations

Employees

Industries

% of GDP

Products

Services

5.8 million

85 million

424

70%

950



Strategy for Addressing Service Data Gaps

- Multi-agency group developed a detailed plan
- Multi-phase, multi-component plan
 - Phase 1** – FY 2003 funding request (received)
 - Phase 2** – FY 2004 funding request (now before Congress)



FY 2003 Improved Measurement of Services (Phase 1)

- FY03 Budget funding: \$5.5 million
 - This received funding:
 - Establishes a new quarterly principal economic indicator of service industry activity
 - Provides product data annually on the outputs of service industries
 - Provides annual information on the cost of purchased services and materials



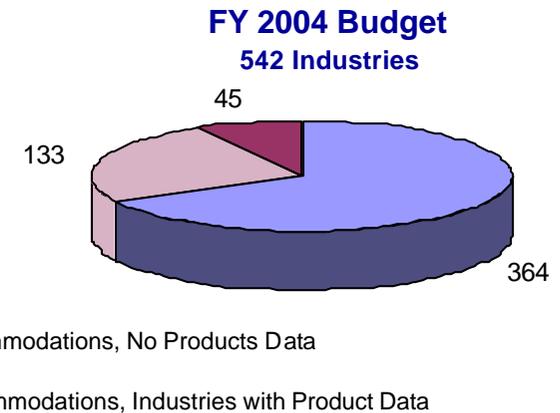
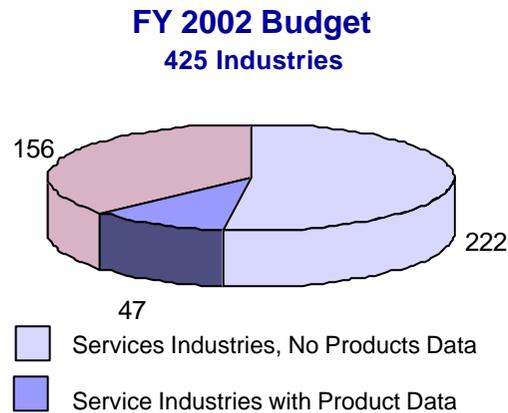
FY 2004 Improved Measurement of Services (Phase 2)

- FY04 Budget request: \$4.0 million
 - This request (if approved) will:
 - Expand industry and product coverage in the Service Annual Survey (SAS), adding 95 industries to the existing 250 industries over a two-year period
 - Expand industry coverage of the new quarterly principal economic indicator of service activity
 - Provide new annual data on retail and wholesale industry products for 40 to 50 high volume industries that sell diverse and dynamic products



Service Statistics

Expanding Annual Coverage and Product Detail



FY 2002 Budget
Base Program

FY 2003 Budget
+\$5.5 Million

FY 2004 Budget
+\$4.0 Million

Expanding Annual Industry Coverage

Covers 269 service industries annually but excludes 95 other industries, including finance, insurance, real estate and utilities

Covers 69 wholesale industries annually but excludes agents, brokers, & manufactures' sales offices

Covers all 72 retail industries annually

Covers 269 service industries annually but excludes 95 other industries

Covers all wholesalers, new data for 22 industries

Covers all 72 retail industries annually

Adds annual coverage of 95 service industries, including finance, insurance, real estate, and utilities

Covers all wholesalers in annual survey

Covers all 72 retail industries annually

Expanding Annual Detail

Data on service products available annually for 47 service industries

No product data for any retail or wholesale industries

Very limited data on merchandise & services purchased by service industries

Exported services data available for 19 service industries

Product data available annually for 269 service industries

No product data for any retail or wholesale industries

Purchased services data available for 269 service industries

Exported services data available for 19 industries

Product data available for an additional 95 service industries

Products data for selected retail & wholesale industries selling diverse products

Purchased services data available for 364 service industries

Exported services data available for 19 industries

Increasing Frequency

No service data available more frequently than annually

New quarterly services indicator covers 4 service sectors

Quarterly services indicator expanded to cover additional 6 service sectors

Retail and wholesale estimates available monthly

Retail and wholesale estimates available monthly

Retail and wholesale estimates available ⁷monthly

Quarterly Services Survey (Phase 1)

Implementation Activities, Using Funding Provided for FY 2003

2004:

NAICS 51	Information
54	Professional, Scientific, and Technical Services
56	Administrative and Waste Management and Remediation Services

2005:

NAICS 622 and 623	Hospitals and Nursing and Residential Care Facilities
----------------------	--



Quarterly Services Survey (Phase 2)

Plans Pending FY 2004 Budget Approval

2005:

NAICS 484, 492, and 493	Truck Transportation, Couriers and Messengers, and Warehousing
5231, 5239	Securities and Commodity Contract Intermediation and Brokerage and Other Financial Investment Activities
532	Rental and Leasing
62, ex. 622, 623	Remainder of Health Care and Social Assistance
71	Arts, Entertainment and Recreation Services
81	Other Services



Quarterly Services Survey (Phase 2) (continued)

Plans Pending FY 2004 Budget Approval

2006:

NAICS 22

Utilities

48 and 49,
ex. 484,
492, and
493

Remainder of Transportation

52, ex.
5231, 5239

Remainder of Finance and Insurance

531

Real Estate



Service Annual Survey - North American Product Classification System (NAPCS) Product Data (Phase 1)

Implementation Activities, Using Funding Provided for FY 2003

2004 SAS:

NAICS 54	Professional, Scientific, and Technical Services
56	Administrative and Waste Management and Remediation Services
622 and 623	Hospitals and Nursing and Residential Care Facilities



Service Annual Survey - North American Product Classification System (NAPCS) Product Data (Phase 1) (continued)

Implementation Activities, Using Funding Provided for FY 2003

2005 SAS:

NAICS 484, 492, and 493	Truck Transportation, Couriers and Messengers, and Warehousing
5231, 5239	Securities and Commodity Contract Intermediation and Brokerage and Other Financial Investment Activities
532	Rental and Leasing
62, ex. 622, 623	Remainder of Health Care and Social Assistance
71	Arts, Entertainment, and Recreation Services
81	Other Services



Service Annual Survey – North American Product Classification System (NAPCS) Product Data (Phase 2)

Plans Pending FY 2004 Budget Approval

2005 SAS:

NAICS 48 and 49, ex. 484,
492, and 493

Remainder of Transportation

52, ex. 5231, 5239

Remainder of Finance and Insurance

2006 SAS:

NAICS 22

Utilities

531

Real Estate



Service Annual Survey – Value Added (Phase 1)

Implementation Activities, Using Funding Provided for FY 2003

2003 SAS:

NAICS 51	Information
54	Professional, Scientific, and Technical Services
56	Administrative and Waste Management and Remediation Services
622 and 623	Hospitals and Nursing and Residential Care Facilities
5231, 5239	Securities and Commodity Contract Intermediation and Brokerage and Other Financial Investment Activities



Service Annual Survey – Value Added (Phase 1) (continued)

Implementation Activities, Using Funding Provided for FY 2003

2004 SAS:

NAICS 484, 492, and 493	Truck Transportation, Couriers and Messengers, and Warehousing
5231, 5239	Securities and Commodity Contract Intermediation and Brokerage and Other Financial Investment Activities
532	Rental and Leasing
62, ex. 622, 623	Remainder of Health Care and Social Assistance
71	Arts, Entertainment and Recreation Services
81	Other Services



Service Annual Survey – Value Added (Phase 2)

Plans Pending FY 2004 Budget Approval

2005 SAS:

NAICS 48 and 49, ex. 484,
492, and 493

Remainder of Transportation

52, ex. 5231, 5239

Remainder of Finance and Insurance

2006 SAS:

NAICS 22

Utilities

531

Real Estate



Service Annual Survey – Industry Expansion (Phase 2)

Plans Pending FY 2004 Budget Approval

2004 SAS:

NAICS 22	Utilities
48 and 49, ex. 484, 492, and 493	Remainder of Transportation
52, ex. 5231, 5239	Remainder of Finance and Insurance
531	Real Estate



Annual Retail Trade Survey (ARTS) and Annual Wholesale Trade Survey (ATS) (Phase 2)

Plans Pending FY 2004 Budget Approval

2004 ARTS and ATS:

Present product data on 40-50 key high volume industries that sell diverse and dynamic products, filling a critical gap in the U.S. National Income and Product Accounts



Next Steps

- Proceed with Phase 1 Plans
- Pending FY 2004 Budget, proceed with Phase 2 Plans



Thank You!

