



Association of Public Data Users

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Dr. J. Steven Landefeld, Director
Bureau of Economic Analysis
1441 L Street NW
Washington, DC 20230

Dear Dr. Landefeld:

In September 2007, the Bureau of Economic Analysis released the first set of Prototype Estimates of Gross Domestic Product (GDP) for Metropolitan Statistical Areas. As you explained at the October 2007 APDU Annual Conference, BEA is looking for comments on the usefulness and possible improvements to these estimates. This letter summarizes the comments submitted by APDU's members.

All of the users we heard from found these estimates to be a great addition to understanding their local economy. While we suggest improvements to this series that we feel BEA should explore, we feel that this is a great new series that will only become more important to local communities as it becomes better known. We strongly encourage BEA to continue producing this new data series.

Experiences/Evaluation

We heard no complaints about the quality of the estimates produced by BEA. In fact, the comments we received indicated that within a portion of one state, the relative total GDP estimates were in line with local expectations. Additionally, the relative breakdown by industry seemed reasonable.

Areas for Improvement

APDU members expressed desires for changes in two areas, the geographic areas reported and methodology.

Geography. In terms of geographic coverage, APDU members would like to see these estimates expanded to include Metropolitan Divisions and counties.

Metropolitan Division coverage is important because many of these areas have larger populations and local economies than many standalone Metropolitan Statistical Areas. For example, out of the 3,139 counties in the country, Nassau County, NY and Suffolk County, NY rank 12th and 13th in the number of business establishments and 29th and 30th in employment, according to the 2005 County Business Patterns. These two counties combine to form the Nassau-Suffolk Metropolitan Division which would have one of the largest GDPs in the country if it were reported as a standalone Metropolitan Statistical Area instead of being included in the New York-Northern New Jersey-Long Island MSA.

Having data by county, even if only Total GDP without any industrial detail, is highly desirable. These data are needed since they would allow elected officials, economic developers and other policy makers to make much more informed decisions about local areas. Tracking GDP could be used to design programs to generate needed industries and jobs in the economy.

Additionally, these numbers would be useful because many decisions and policies are designed to cover multi-county regions. Frequently, these regions are aggregations contain a number of non-metropolitan counties. For example, in New York State none of the state's economic development regions coincide with the Metropolitan Statistical Areas, and only one is the same as a Metropolitan Division. Thus, it is currently impossible to get an overall picture of these regional economies. (There are numerous examples of these geographic groupings in every state.) Having data by county would be **extremely** helpful - even if it is only a total GDP number.

Having data by county would also help counter the impression, expressed by many people working with rural or non-metropolitan areas that the metropolitan areas seem to receive all the attention and money.

Methodology. There is a general feeling that the current top-down approach appears to give reasonable results. At the same time, we think the user community would like to know more about the implications of this approach relative to a bottom-up methodology that takes advantage of additional data by industry. We recommend that BEA actively research alternate methodologies for producing Metropolitan GDP figures, to make the Metropolitan GDP figures as robust as feasible, and to help users understand the limitations of this new product.

In conclusion, we feel that GDP by Metropolitan Area is definitely a useful addition to state and local governments and other analysts studying local economies and one that should be continued. This letter describes some ideas that we believe should be explored as ways to improve this beneficial product.

Please feel free to contact me at 518-292-5312 or at LGAINES@EMPIRE.STATE.NY.US if you wish to discuss these ideas in more detail.

Sincerely,



Leonard M. Gaines, Ph.D.
President

cc: Joel Platt
John Kort
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