

October 6, 2020

Mr. Edward Watkins
Assistant Division Chief for Service Sectors
Economy Wide Statistics Division
U.S. Census Bureau
4600 Silver Hill Rd
Washington, DC 20233

RE: *Federal Register Notice* of September 21, 2020, for the U.S. Census Bureau's Service Annual Survey (OMB Number: 0607-0422)

Dear Mr. Watkins

The Bureau of Economic Analysis (BEA) strongly supports the continued collection of data by the Census Bureau's Service Annual Survey (SAS). The data collected on these forms are crucial to key components of BEA's economic statistics.

BEA uses data from these forms to prepare the national income and product accounts (NIPAs) and the benchmark and annual input-output accounts (I-O). The data are used as follows:

- National Income and Product Accounts -- to prepare annual estimates of personal consumption expenditures for services, of private fixed investment in software and in entertainment, literary, and artistic originals, and of change in private inventories for the information industry.
- Benchmark I-O accounts -- to derive intermediate inputs from revenue and expense data. Revenue data are used to derive tax rates for service industries.
- Annual I-O accounts -- extrapolate gross output from the benchmark I-O accounts between benchmark years for service industries to derive a consistent gross output measure. Revenues are used to estimate gross output in taxable industries, and expenses are used to estimate gross output in tax-exempt industries. In addition, the annual I-O accounts use the expense detail to extrapolate intermediate inputs and gross operating surplus from the benchmark I-O accounts.

A list of items used by BEA appears in the attached table.

BEA strongly supports the proposed changes to the SAS. The revision of the telemedicine questions to measure the effects of the COVID-19 pandemic would provide more timely data and would be crucial to key components of BEA's economic statistics. Additionally, the expansion of operating expense content in the SAS will significantly enhance the quality of our GDP by industry estimates. These detailed expenses have played a tremendous role in establishing the

industry input structure of the US economy. Being able to distinguish between the energy, materials, and supply inputs for each of the SAS-covered industries has been one of the foundations of our accounts.

Please keep BEA informed about any modifications to these forms. We are particularly interested in any modifications proposed during the forms' approval process that would substantially affect our use of these data. For additional information, please contact Tiffany Burrell, Source Data Coordinator, on 301-278-9618 or by e-mail at Tiffany.Burrell@bea.gov. Should you need assistance in justifying these forms to the Office of Management and Budget, please do not hesitate to contact BEA.

Sincerely,

Dennis J. Fixler
Chief Economist

Attachment

ATTACHMENT

BEA's Use of Data from the Service Annual Survey

Item Used:	BEA Use:
Operating revenue	Estimate PCE services (proprietary and nonprofit industries). Derive intermediate inputs and tax rates for Benchmark I-O. Estimate gross output in taxable industries for Annual I-O accounts.
Operating expenses	Estimate PCE services (nonprofit industries). Derive intermediate inputs for Benchmark I-O. Estimate gross output in tax-exempt industries for annual I-O accounts.
E-commerce revenue	Derive intermediate inputs for Benchmark I-O. Estimate gross output in taxable industries for annual I-O accounts.
Inventories at the end of the year	Estimate change in private inventories for the Publishing Industry (NAICS 511) and annual I-O accounts.