

August 9, 2021

Thomas Smith
U.S. Census Bureau
4600 Silver Hill Rd
Washington, DC 20233

RE: *Federal Register* notice of June 28, 2021, for the U.S. Census Bureau's Business Enterprise Research and Development Survey (BERD) (OMB Number: 0607-0912)

Dear Mr. Smith:

The Bureau of Economic Analysis (BEA) strongly supports the continued collection of data on the BERD. These data are our primary source for developing key components of BEA's economic statistics, particularly in BEA's estimates of investment and output of research and development (R&D).

BEA's national income and product accounts (NIPAs), industry economic accounts (IEAs), and regional economic accounts (REAs) rely on data from the BERD form in estimating the effect of R&D investment expenditures on U.S. economic growth.

Expenditures for R&D were recognized as fixed investment in the calculation of GDP in the following major BEA updates: the 2013 Comprehensive Revision of the NIPAs, the 2014 Comprehensive Revision of the IEAs, and the 2014 Comprehensive Revision of GDP by State. Furthermore, expenditures for R&D have long been recognized as having the characteristics of fixed assets—defined ownership rights, long-lasting, and repeated use and benefit in the production process. The recognition of R&D as investment improved BEA's measures of fixed investment and allowed data users to better measure the effects of innovation and intangible assets on the economy.

BEA's international program uses R&D expenditures data from BERD as one of the tools to evaluate survey results regarding R&D for U.S. multinational enterprises (MNEs) and U.S. affiliates of foreign MNEs. Business R&D data from BERD are also used to calculate shares of all U.S. R&D accounted for by U.S. parents and U.S. affiliates that we feature in our news releases and other publications. Without the BERD form, BEA would be unable to estimate R&D investment and output in its accounts. A list of the detailed items currently used by BEA is attached.

Additionally, BEA's regional economic accounts (REA) uses data from the BERD form as the primary source to produce state-level estimates of business R&D investment. These estimates are then incorporated into the annual and quarterly GDP by state statistics as well as the annual GDP by metro area statistics.

The geographic detail data of companies' R&D workforce collected during the 2018 survey was used in conjunction with the data on R&D expenditures to improve the estimation of GDP by state as well as to expand BEA regional estimates of intellectual property products. REA fully supports the continued collection of data on the BERD form since this information is the key source of R&D expenditures for the regional GDP.

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

Sincerely,

Dennis J. Fixler
Chief Economist

Attachment

Attachment

Items on Form BERD Used by the Bureau of Economic Analysis

Item	Form	Description	Detail Needed	BEA Use
1	BERD	Company Information	Business codes applicable to company	NIPA Private Fixed Investment in R&D, GDP by Industry, Input-Output Accounts
2	BERD	Financial Schedule A	All	NIPA Private Fixed Investment in R&D, GDP by Industry, Input-Output Accounts, GDP by State, International Accounts
3	BERD	Financial Schedule B	All	NIPA Private Fixed Investment in R&D, GDP by Industry, Input-Output Accounts, GDP by State, International Accounts
4	BERD	Management and Strategy of R&D	4-12, 4-24, 4-35 Percentage for software products or software embedded in other projects of products	NIPA Private Fixed Investment in R&D, GDP by Industry, Input-Output Accounts
5	BERD	Human Resources	All	NIPA Private Fixed Investment in R&D, GDP by Industry, Input-Output Accounts
6	BERD	Intellectual Property and Technology Transfer	All	International Accounts