

Using LED to Redefine BEA Economic Areas

*Local Employment Dynamics Partnership
Annual Workshop
March 6, 2008*

Joel D. Platt
Associate Director for Regional Economics

Measuring the Nation's Economy.



BEA

- The Nation's economic scorekeeper
- Regional Accounts Program - Part of a fully integrated system of economic accounts that:
 - Measure how much is produced
 - Measure income and how it is allocated to factors of production
 - Measure output by industry
 - Account for international transactions

Accounts Prepared by BEA

- Featured Regional Accounts
 - Gross domestic product by state and metropolitan areas
 - Personal income by state, metropolitan areas and counties

BEA Geographic Areas

- States
- Local Areas
 - Counties
 - Metropolitan Areas
 - Metropolitan Divisions
 - Micropolitan Areas
 - Combined Statistical Areas
 - BEA Economic Areas

BEA Economic Areas

- Redefined in 2004
- Designed to represent relevant regional markets for labor, products and information
- Determined primarily by labor commuting patterns from data in the 2000 decennial census
- Supplemented by newspaper readership data in less populated areas

Local Area Hierarchy

- County - building blocks for larger statistical areas (3,141)

OMB Defined:

- Core Based Statistical Areas (939)
 - Metropolitan Statistical Areas (363)
 - Micropolitan Statistical Areas (576)
- Combined Statistical Areas (123)

Local Area Hierarchy

BEA Defined:

- Component Economic Areas (CEA) (344)
- BEA Economic Areas (EA) (179)

Three Step Process

- Identify economic nodes
- Assign non-nodal counties to CEAs
- Combine CEAs into EAs

Uses of BEA Economic Areas

- Regional Accounts Program local area estimates
- Federal Agencies: Airwave licensing, land uses, transportation systems and healthcare assessments (FCC, USDA, DOT, NIH)

Commuting Data

- Elimination of decennial long form necessitates finding new data sources
- Potential new sources for commuting data
 - American Community Survey (ACS)
 - LED

Advantages of LED/LEHD

- Current
- Population vs. Sample
- Integrated and Consistent
- Linkages with additional economic, demographic and industry data
- Potential to redefine criteria for determining BEA Economic Areas