

**U.S. DEPARTMENT OF COMMERCE
ECONOMICS AND STATISTICS ADMINISTRATION
Economic and Statistical Analysis Budget**

**Budget Estimates
Fiscal Year 2009**

As Presented to Congress

February 2008

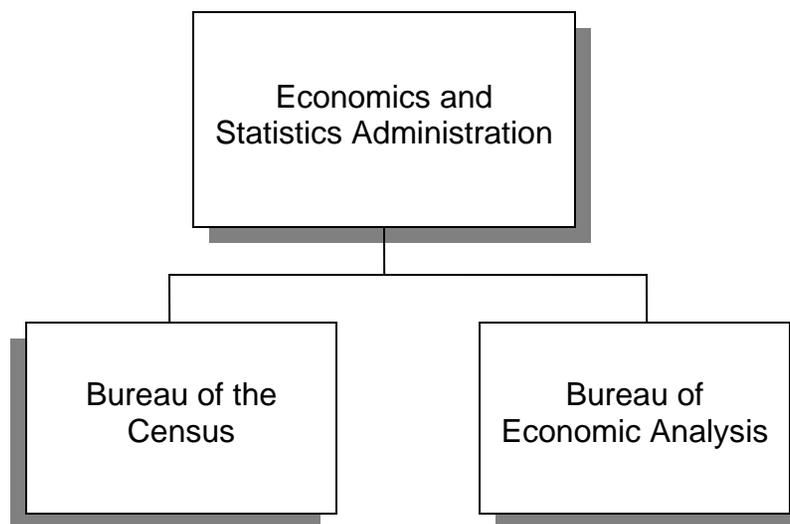


Economic and Statistical Analysis Budget
Economics and Statistics Administration / Bureau of Economic Analysis
Budget Estimates, Fiscal Year 2009
Congressional Submission

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U.S. Department of Commerce Economic and Statistical Analysis Budget

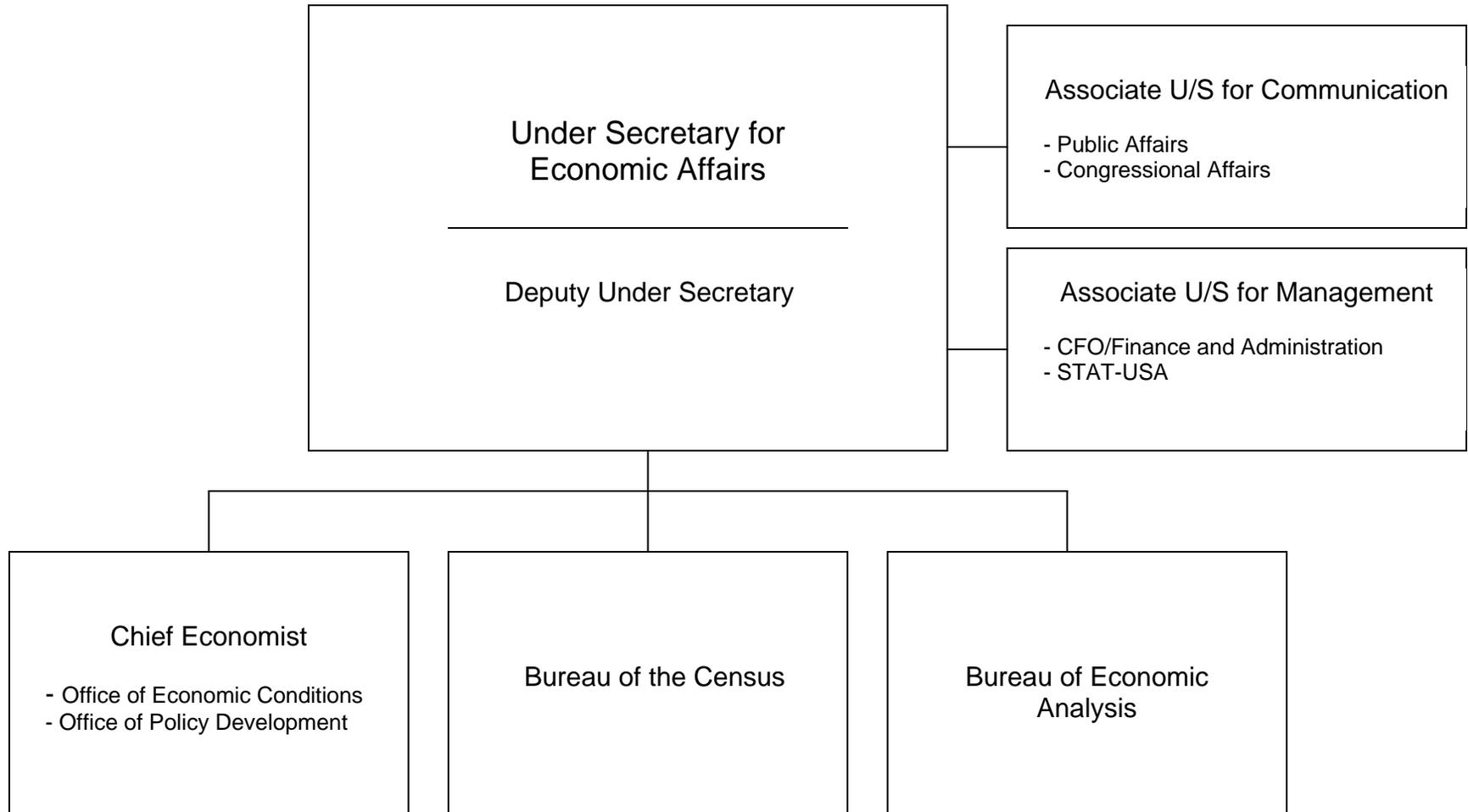


The Economics and Statistics Administration (ESA) includes ESA Headquarters, the Bureau of Economic Analysis (BEA) and the Bureau of the Census. The Bureau of the Census budget is submitted separately.

ESA Headquarters (Policy Support) staff consists of the Office of the Under Secretary for Economic Affairs, policy support staff, STAT-USA, and support personnel. The Under Secretary for Economic Affairs provides leadership and critical oversight of the Census Bureau and Bureau of Economic Analysis. The policy support staff conducts economic research and policy analysis directly in support of the Secretary of Commerce and the Administration. ESA monitors and interprets economic developments, domestic fiscal and monetary policies and analyzes economic conditions and policy initiatives of major trading partners. STAT-USA offers fee-based data dissemination services for business, economic, and trade statistics. STAT-USA operates under a revolving fund account.

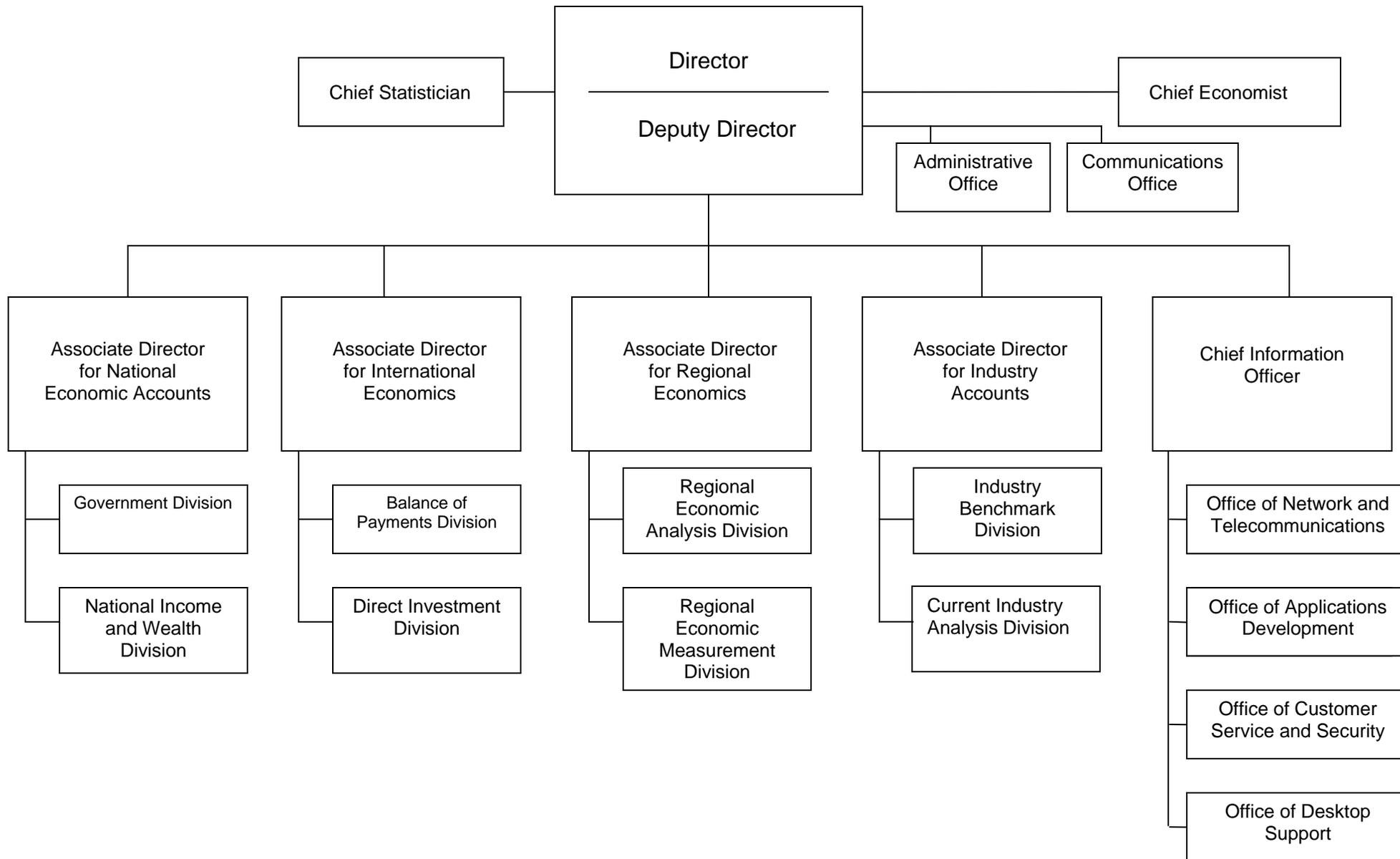
The Bureau of Economic Analysis (BEA), a principal Federal statistical agency, promotes a better understanding of the U.S. economy by providing the Nation with timely, relevant, and accurate economic accounts data in an objective and cost-effective manner. BEA's national, industry, regional, and international economic accounts present valuable information on key issues such as U.S. economic growth, regional economic development, inter-industry relationships, and the Nation's position in the world economy. Some of the widely used statistical measures produced by BEA include gross domestic product (GDP), personal income and outlays, corporate profits, GDP by state, balance of payments, and GDP by industry. These statistics are used by Federal, state, and local governments for budget development and projections; by the Federal Reserve for monetary policy; by the business sector for planning and investment; and by the American public to follow and understand the performance of the Nation's economy. BEA's strategic vision is to remain the world's most respected producer of economic accounts. BEA was rated as "Effective" in FY 2002 and FY 2003 by the Office of Management and Budget's Program Assessment Rating Tool (PART) and continues to hold one of the highest PART scores of all Federal programs reviewed.

Economics and Statistics Administration



Bureau of Economic Analysis

Exhibit 2



Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis

Executive Summary

ESA's mission is to: 1) help maintain a sound Federal statistical system that monitors and measures America's rapidly changing economic and social arrangements; 2) improve understanding of the key forces at work in the economy and the opportunities they create for improving the well-being of Americans; 3) develop new ways to disseminate information using the most advanced technologies; and 4) support the information and analytic needs of the Commerce Department, Executive Branch, and Congress.

Resource Requirements

<u>FY 2008 Enacted:</u> \$ 80.3 million	<u>FY 2009 Request:</u> \$ 90.6 million	<u>Permanent positions:</u> 552	<u>FTEs:</u> 522
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The United States is widely recognized as being the world's economic information leader. This is due, in large part, to the timely and accurate data provided by the Bureau of Economic Analysis (BEA) and Census Bureau. BEA and the Census Bureau provide vital economic information, including the gross domestic product (GDP) and international balance of payments, which are essential to decision making by the President, Congress, American business leaders, and participants in the world's financial markets.

The largest component of the Economic and Statistical Analysis budget is the Bureau of Economic Analysis, which accounts for 96 percent of the FY 2009 budget request. The Census Bureau budget is submitted separately. Although a relatively small agency, BEA produces some of the most closely watched national economic statistics that directly affect decisions made by policy makers, business leaders, and the American public. All of BEA's programs and activities fully support the Departmental goal to "provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers."

For FY 2009, BEA is requesting a total of \$86.9 million to continue to improve the timeliness, relevance, and accuracy of the national economic accounts. Base funds will be used for work outlined in the BEA Strategic Plan, which provides a detailed plan for maintaining and improving those accounts. For FY 2009, BEA is requesting support for two initiatives: (1) \$3.2 million to develop a more accurate and comprehensive measure of the health sector in GDP and a supplemental, “satellite” account that provides detailed and specific information on the expenditures of the health care industry and the costs of treating specific diseases, and (2) \$2.5 million for an initiative to extend the prototype R&D satellite account, funded by the National Science Foundation (NSF) in 2006 and 2007, with annual updates and extensions to BEA’s GDP and other estimates between 2009 and 2012, with full incorporation into the economic accounts in 2013.

This request also contains \$3.7 million for ESA headquarters to fund its base program.

ESA’s economic policy support is provided by the ESA headquarters staff. The staff consists of the Office of the Under Secretary for Economic Affairs, policy support staff led by the Chief Economist, STAT-USA, and support personnel. STAT-USA is a self-sustaining, fee-for-service organization. The Under Secretary for Economic Affairs provides leadership and critical oversight of the Census Bureau and Bureau of Economic Analysis, and works to advance U.S. goals related to growing the economy, supporting trade, and fostering innovation. The policy support staff conducts economic research and policy analysis directly in support of the Secretary of Commerce and the Administration. This staff advises the Secretary, Under Secretary, and other Government officials on vital matters related to economic developments and forecasts. ESA monitors and interprets economic developments and domestic fiscal and monetary policies, and analyzes economic conditions and policy initiatives of major trading partners.

ESA headquarters continuously reviews its resource needs so as to provide the highest quality policy analysis and support in the most efficient manner possible. From FY 2002 to FY 2006, ESA headquarters streamlined its structure and staffing of the policy support function, consolidated administrative and financial activities, and reduced the total number of headquarters staff by one-third. These efforts were undertaken while also enhancing economic expertise in areas directly supporting the mission of the Department and ESA. The result has been a more flexible and responsive organization. In FY 2007 and 2008, ESA continues its multi-year effort to improve the capabilities and increase the efficiency of the headquarters offices, specifically in the infrastructure areas of information technology and communications support. For example, ESA eliminated its own information technology office and began purchasing these services centrally through the Department of Commerce. ESA decreased spending in these support areas, but will deliver the same quality of policy analysis and support to the Secretary, the Administration, the Congress, and the public.

ESA provided valuable economic analysis and advice to the Secretary of Commerce and the Administration throughout the past year and plans to continue this level of support in areas such as pension reform, innovation, trade, and measuring the impacts of policy proposals, natural and man-made disasters, and prices on the economy. After supporting legislative pension reform efforts that culminated in the Pension Protection Act in 2006, the Under Secretary continues work in this critical area through the Pension Benefit Guaranty Corporation. ESA is leading the Department's efforts to measure the impact of innovation on the U.S. economy. ESA, along with the Office of the Secretary, is sponsoring the Advisory Committee on Measuring Innovation in the 21st Century Economy. The Advisory Committee brings together leaders from the top innovators in the private sector like Microsoft, 3M, UPS, and IBM as well as prominent academics from Harvard and Carnegie Mellon. This blue-ribbon panel's mission is to advise the Secretary on new or improved metrics of innovation. These metrics will improve our understanding of how innovation occurs and how it impacts economic growth and productivity. The final report is expected in 2008.

ESA continues its work through the U.S.-China Joint Commission on Commerce and Trade to improve bilateral trade with China. ESA provides economic analyses to aid policy makers. In the last year this analysis included reports on sub-prime mortgages, the offshoring of service jobs, the impact of immigration on wages, and the role of immigrants in the U.S. economy. ESA economists reported on income inequality, foreign investment in the U.S. and U.S. investment abroad, and the personal savings rate. ESA will continue to quantify and add value to the most critical policy debates by briefing the Secretary and other leaders in the Administration on the issues that affect the economy.

The Bureau of Economic Analysis regularly examines its base funding to ensure all public funds support activities that fit BEA's core mission. During much of the 1990s, resource constraints required BEA to discontinue many programs that were not core to its mission. Regional projections of personal income and employment by state and local areas were eliminated, detailed establishment-based foreign direct investment data were canceled, pollution abatement and control spending estimates were ended, and the leading indicators were transferred to The Conference Board. These years brought BEA to a point of supporting only core programs, a position it continues today. The current review of base funding found no programs funded through annual appropriations that are not core to BEA's mission. The following list shows BEA's four economic accounts and their products. The review determined that each product serves the core mission of the Agency and either feeds into the GDP and other core accounts, is required by law, or is used to implement Federal programs. By account, the review found the following:

- **National Economic Accounts:** GDP and related accounts are the basis for Federal budget projections and are the mainstay of macroeconomic analysis;

- **International Economic Accounts:** Balance-of-payments data are required by the Bretton Woods Agreement and are critical to monetary, trade, investment, exchange rate, and financial policies. BEA's direct investment programs are also required by law and are critical to understanding the impact of U.S. and foreign multinational companies on the U.S. and world economies;
- **Regional Economic Accounts:** Regional data are used to allocate over \$214 billion in Federal funds and are the basis for virtually all states' spending and revenue forecasts; and
- **Industry Economic Accounts:** Industry data are the basis for the infrastructure for the National Income and Product Accounts and many other key government statistics, such as the Bureau of Labor Statistics' Producer Price Index. They are also critical to industry and macroeconomic analyses.

A historical analysis of BEA's base funding also was conducted (see table below). BEA has carefully chronicled its use of these funds and has sought to provide the public with a thorough account of how these funds are spent by making available its Strategic Plan and Strategic Plan Report Card. In every case, initiative funds have been used to improve the timeliness, relevance, and accuracy of BEA statistics, including critical spending on BEA's information processing systems.

The effectiveness of BEA's statistical programs and services has been recognized by the Administration. BEA was rated as "Effective" in FY 2002 and FY 2003 by the Office of Management and Budget's Program Assessment Rating Tool (PART). BEA continues to hold one of the highest PART scores of all Federal programs reviewed. More information on OMB's evaluation of BEA can be found at www.ExpectMore.gov.

**Base Budget Review by Activity, FY 2006–FY 2009
(Budget Authority, thousands of dollars)**

	FY 2006 Actual			FY 2007 Actual			FY 2008 Enacted			FY 2009 Request		
	Base	Initiative	Total	Base	Initiative	Total	Base	Initiative	Total	Base	Initiative	Total
National Economic Accounts	23,621	1,136	24,831	25,753	0	25,753	26,203	0	26,203	27,591	2,871	30,462
International Economic Accounts	25,094	1,381	27,208	26,149	0	26,149	26,625	0	26,625	28,033	0	28,033
Regional Economic Accounts	13,406	481	13,836	14,071	0	14,071	14,326	0	14,326	15,085	0	15,068
Industry Economic Accounts	10,184	0	9,428	9,821	0	9,821	9,999	0	9,999	10,528	2,840	13,368
Total, Bureau of Economic Analysis	72,305	2,998	75,303	75,776	0	75,776	77,153	0	77,153	81,237	5,711	86,948
ESA Policy Support	3,975		3,975	3,975	0	3,975	3,122	0	3,122	3,673	0	3,673
TOTAL, Economic and Statistical Analysis (BEA and ESA)	76,280	2,998	79,278	79,751	0	79,751	80,275	0	80,275	84,910	5,711	90,621

As described, BEA reduced its programs in the 1990s to eliminate all programs that did not specifically address BEA's core mission. BEA's core programs are defined by three criteria: (1) feeds into the GDP and other accounts, (2) required by law, or (3) used to implement Federal programs. The table below lists the programs of BEA and the uses and requirements for each program.

BEA programs that do not fit the above criteria are funded through sources other than annual appropriations, such as the travel and tourism satellite accounts, funded by the International Trade Administration's Office of Travel and Tourism Industries, and the regional input-output modeling system (RIMS), funded entirely through user fees.

Selected Authorities and Authorizations for BEA Core Programs

BEA Program	Uses	Statutory Authorities	Statutory Authorizations
<p>National Income and Product Accounts and the Gross Domestic Product (GDP) – The GDP is the broadest measure of the U.S. economy and the most recognized part of the National Income and Product Accounts (NIPAs).</p>	<p>GDP and other components of the national accounts are required for Federal budget projections, fiscal policy, and monetary policy. They are also important to U.S. economic policy in providing consistent, comprehensive, and reliable information to the business and household sectors on the state of the U.S. economy.</p>	<p>Chapter 5 of title 15, U.S. Code, except for the Plant and Equipment Survey conducted under Section 175 et seq.; Section 1516 of title 15, U.S. Code; Sections 401 and 402 of title 13, U.S. Code.</p>	<p>Pub. L. 93-344, July 12, 1974, 88 Stat. 297; Pub. L. 99-177, December 12, 1985, 99 Stat. 1037; Pub. L. 100-418, August 23, 1988, 102 Stat. 1107; 2 U.S.C. 632; 2 U.S.C. 900, 901, 907; 15 U.S.C. 777, 1021, 1022 and 3101; 19 U.S.C. 1677, 2464 and 3462; 22 U.S.C. 2394; 29 U.S.C. 1163; 42 U.S.C. 300bb-4 and 1395rr; and 48 U.S.C. 1681.</p>
<p>Industry Accounts – The Industry Accounts detail the interaction of industries. They allow users to track the effects of changes in resource costs, or changes in final demand, on specific industries, on the users of these industries' products, and on suppliers of labor and other products to these industries.</p>	<p>The input-output and related accounts are the foundation for the BEA's integrated national, international, and regional accounts. Without this framework it would not be possible to construct BEA's estimates. They are also the only source of comprehensive and integrated information on industry performance.</p>	<p>Section 4908 of title 15, U.S. Code; E.O. 10033 of February 8, 1949, as amended by E.O. 11269 of February 14, 1966; E.O. 12013 of October 7, 1977 ; and E.O. 12318 of August 21, 1981.</p>	<p>The Input-Output Accounts are the foundation of the NIPAs and are required to provide the GDP and related measures.</p>
<p>International Accounts – The International Accounts provide information on international flows of goods, services, investment income, international assistance, and capital. This system also provides integrated balance-sheet information on the U.S. international investment position.</p>	<p>BEA's international accounts are the source of essential information on competitiveness, and the only comprehensive source of information on U.S. international transactions with the rest of the world. The accounts are necessary inputs into the GDP accounts and are required by the Bretton Woods Act. The associated multinational corporations (MNC) data are required by the International Investment and Trade in Services Survey Act.</p>	<p>Section 3 of E.O. 11961 of January 19, 1977, as amended by E.O. 12013 of October 7, 1977; E.O. 12318 of August 21, 1981; and E.O. 12518 of June 3, 1985 delegating to the Secretary of Commerce authority of the President under section 4(a)(1), (2), (4), (5) and 4(b) of the International Investment and Trade in Services Survey Act (22 U.S.C. 3101-3108).</p>	<p>Pub. L. 100-418, August 23, 1988, 102 Stat. 1107; 2 U.S.C. 632; 7 U.S.C. 612c; 13 U.S.C. 301; 15 U.S.C. 1021, 1022, 3101 and 4906; 19 U.S.C. 2512 and 3462; 22 U.S.C. 2122, 3101and 3104; and 22 U.S.C. 3141-3143.</p>
<p>Regional Accounts – The Regional Accounts provide estimates of gross domestic product by state and of total and per capita personal income by region, state, metropolitan area and county.</p>	<p>BEA's state personal income and gross domestic product (GDP) by state data are used in the allocation of over \$215 billion in Federal funds to state and local governments. BEA's data are also used – by law or by practice – in budget and development planning by all States and most of the nation's 939 metropolitan and micropolitan areas, and 3,111 counties.</p>		<p>20 U.S.C. 2321(a)(2); 42 U.S.C. 300x-7, 618, 621, 1396b, 1397ee, 1776, 1786, 3056d, 3161and 9858m.</p>

Note: Sources include programmatic authorities provided by user agencies; and GAO/GGD-96-106 STATISTICAL AGENCIES, *Statutory Requirements Affecting Government Policies and Programs*.

Conclusion

The rapid growth, increasing complexity, and changing structure of the American economy make it increasingly important for policy makers and business leaders to have the most timely, relevant, and accurate economic information possible. The work performed by ESA and BEA helps maintain a sound Federal statistical system to provide such information. The data produced, including the GDP, personal income, and balance-of-payments accounts, have a major effect on government spending and taxing decisions, the allocation of Federal funds to states, and private sector business planning of all types. The GDP and related accounts data are critical inputs to monetary, fiscal, trade, and regulatory policies, and because they influence interest rates and financial markets, they also affect every American who runs a business, saves for retirement, or borrows to buy a home. The FY 2009 Economic and Statistical Analysis budget request helps the Nation's economic accounts keep pace with the rapidly changing U.S. economy.

Bureau of Economic Analysis: Economic Accounts

- ❖ 10,000 time series produced each month ❖ Nearly 2 million other data produced quarterly and annually ❖
- ❖ Critical for monetary and fiscal policy, government, and business decisions ❖

<u>National Income and Product Accounts</u>	<u>International Accounts</u>
<p>Gross Domestic Product (GDP) – The broadest measure of the U.S. economy. Components of GDP show how specific sectors of the economy are performing. GDP and the other components of the National Income and Product Accounts are key ingredients into Federal budget planning, monetary policy, and business planning.</p> <p>Personal Income and Outlays – A comprehensive and timely monthly estimate of all income received by persons in the United States, the money they spend on goods and services, and the income they save.</p> <p>Corporate Profits – The only comprehensive, timely, and consistent estimates of corporate earnings. These estimates are an important baseline for businesses and individuals in judging corporate earnings.</p> <p>Fixed Assets – Comprehensive estimates of U.S. wealth including capital stocks, consumer durable goods, and depreciation. These estimates are crucial in the analysis of the effect of wealth on consumer spending, investment, and economic growth.</p>	<p>Balance of Payments – The international transactions accounts are a statistical summary of transactions between U.S. and foreign residents, including, for example, transactions in goods and services, debt forgiveness, and transactions in U.S.-owned assets abroad and foreign-owned assets in the United States.</p> <p>U.S. International Trade in Goods and Services – Monthly estimates of U.S. imports and exports of goods and services.</p> <p>International Investment Position – The only comprehensive comparison of the value of U.S.-owned assets abroad and the value of foreign-owned assets in the United States. These estimates facilitate analysis of the economic effects of international lending and investment on the U.S. economy.</p> <p>MNC Financial and Operating Data – These data sets cover the financial structure and operations of U.S. multinational companies (MNCs) and of U.S. affiliates of foreign MNCs. The data are used to analyze the characteristics and performance of MNCs and to assess their impact on the U.S. and foreign host economies.</p>
<u>Industry Accounts</u>	<u>Regional Accounts</u>
<p>Annual Industry Accounts – These accounts are a set of integrated estimates that include the GDP-by-industry and the annual input-output accounts. These accounts provide detailed information on the changing structure of the U.S. economy, including the annual contributions of private industries and government to the Nation's GDP and the annual flows of goods and services used in the production processes of industries.</p> <p>Benchmark Input-Output Accounts – These accounts show how industries interact at detailed levels; specifically, how approximately 500 industries provide input to, and use output from, each other to produce gross domestic product. These accounts provide detailed information on the flows of goods and services that make up the production processes of industries.</p> <p>U.S. Travel and Tourism Accounts – This satellite account is the most comprehensive and timely picture of direct and indirect sales made in tourism-related industries and their role in the U.S. economy.</p>	<p>State and Local Personal Income – This measure reports income for state, county, metropolitan and micropolitan areas, and BEA economic areas, and is used along with Gross Domestic Product by State to allocate over \$215 billion in Medicaid and other Federal transfers and grants. States use state personal income to project tax receipts and set spending caps.</p> <p>Gross Domestic Product (GDP) by State – The state counterpart to the GDP, GDP by State is the most comprehensive measure of production in all industries within a state. It shows the portion of the Nation's output produced in each state and the portion of each industry's output by state and is used in Federal funding formulae to distribute grants to states.</p> <p>Regional Input-Output Multipliers – These estimates provide a measure of the local economic impacts of changes in government regulations, policies, or programs or in private-sector economic development plans. Multipliers have been used to study the effects of military base closings, firm relocation, sports facility construction, natural disasters, and terrorist attacks.</p>

**Department of Commerce
Economic and Statistical Analysis Budget**

**FY 2009 Annual Performance Plan
Bureau of Economic Analysis**

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Mission

BEA Mission Statement:

The Bureau of Economic Analysis promotes a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic accounts data in an objective and cost-effective manner.

The Bureau of Economic Analysis (BEA) is a principal Federal statistical agency and is a part of the Economics and Statistics Administration within the U.S. Department of Commerce (DOC). BEA produces some of the Nation's most trusted, closely-watched national, international, regional, and industry economic statistics, including the gross domestic product (GDP). BEA's economic statistics provide a comprehensive picture of the U.S. economy and are key ingredients

to critical decisions affecting fiscal and monetary policy, tax and budget projections, and household and business investment plans.

Corresponding DOC Strategic Goal and Objective

BEA's mission statement reflects its commitment to achieve its performance outcome as detailed in Strategic Goal 1, Objective 1.3 in the *U.S. Department of Commerce FY 2007—FY 2012 Strategic Plan*.

**U.S. Department of Commerce Strategic Plan
related to the Bureau of Economic Analysis**

Strategic Goal 1:

“Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.”

Objective 1.3:

“Advance key economic and demographic data that support effective decision-making by policymakers, businesses, and the American public.”

The BEA Five-Year Strategic Plan is a comprehensive plan of action that tracks BEA's progress toward accomplishing its mission— which is its performance goal— and contributing to the completion of the Department's Strategic Goal 1. The Plan has more than 190 detailed milestones which ensure that BEA estimates are as timely, relevant, and accurate as possible. These milestones allow managers and senior staff to plan resources and staff allocations and encourage personal accountability by connecting the achievement of milestones to individuals' annual performance plans. This direct progression, from DOC Objective 1.3 to the BEA mission and, finally, to the milestones of the BEA Five-Year Strategic Plan, reinforces the link between the first strategic goal of DOC and the employees at BEA.

PART Summary

The Office of Management and Budget evaluated BEA in FY 2002 and FY 2003 using the PART and awarded BEA and its programs with the highest rating of “Effective.” Its score of 92 ranks BEA within the top 5 percent of all Federal programs reviewed, and it remains the highest score in the Department of Commerce. BEA received high marks in each

of the four areas evaluated: Program Purpose and Design, Strategic Planning, Program Management, and Program Results/Accountability.

Program: BEA Programs	Year	Score	2007 Funding Estimate	2008 Funding Estimate	2009 Funding Estimate
	2003	92	\$79.8	\$80.3	\$90.6
<p>Open recommendations:</p> <ol style="list-style-type: none"> 1. BEA will develop a marginal cost measure by June 30, 2008. BEA will explore the possibility of a marginal cost indicator that shows the impact of budget decreases on either sub-state level detail from the regional economic accounts or statistics on the operations of multinational companies and/or foreign direct investment. Since the output of these areas in sets of statistics, such a measure may not be possible. If not, BEA will develop a marginal cost measure related to its survey data collection in the international economics program. 2. BEA will update its detailed five-year strategic plan, and publish the plan and results scorecard, each year in order to more clearly demonstrate goals and performance. To bolster the strategic plan, each of BEA's program areas has developed operating plans which show significant additional detail and feed into employee performance plans. 					

This FY 2009 budget request will allow BEA to continue to make progress on the recommendations issued by OMB as a result of the 2003 PART evaluation.

Priorities and Management Challenges

This FY 2009 budget request enables BEA to: (1) maintain "core" statistical programs that produce estimates that feed into the estimation of GDP and related statistics, are required by law, and/or are required for the administration of Federal programs, (2) improve select programs in response to changes in the U.S. economy, and (3) expand BEA's statistics to provide a more accurate measure of the health care sector to improve the accuracy of the GDP estimates and to develop a set of satellite accounts to supply detailed, previously unavailable, information on health care spending and related costs in the U.S.

BEA faces three long-term challenges to its mission:

1. **Measuring a constantly changing economy** – The U.S. economy is in constant flux as is its relationship with the economies of the world. BEA is responsible for understanding the structural changes in the economy and its international interactions, to improve the statistical methods used to measure these changes, and to locate and incorporate data sources to capture the changes.
2. **Integrating Federal economic accounts** – The demand for greater consistency among the various economic accounts in a decentralized statistical system is growing among users of Federal economic statistics. The Federal agencies responsible for the production of U.S. economic accounts must continue to work together to integrate the accounts by harmonizing definitions, methodologies, and analytical techniques to provide consistent estimates to users.
3. **Building and developing a skilled workforce** – BEA is its people. The quality of BEA statistics is dependent on the knowledge and skill of its staff. With the increasing complexity of the changing economy, there are growing demands for BEA staff to be at the leading edge of economic change and to provide innovative solutions for measurement. Through a detailed human capital strategy, BEA will continue to prepare its employees for these challenges.

Target and Performance Measure Summary Tables

BEA has established six performance measures to monitor its progress toward meeting its objectives and operating goals. The first three performance measures track overall agency performance with respect to the agency's mission to provide timely, relevant, and accurate economic data. The final three measures are directly related to BEA budget initiatives and track BEA's progress toward meeting its commitments to the President, Congress, and the American public when initiative funds are provided.

Measure 1a: Timeliness: Reliability of Delivery of Economic Statistics (Number of Scheduled Releases Issued on Time)	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
	54 of 54	54 of 54	54 of 54	54 of 54	56 of 56	TBD

Description: The importance of BEA data as an ingredient for sound economic decision making requires BEA to deliver data into the hands of decision makers and other data users not only quickly but also reliably—that is, on schedule. Since instituting this performance measure, BEA has consistently met its target of releasing economic data according to the published schedule and on time. BEA met its FY 2007 performance measure and released 54 of 54 releases on time and on schedule, and expects to continue to meet this target in FY 2008.

Comments on Changes to Targets: The target is based on the number of official BEA data releases as announced by OMB at the beginning of each fiscal year.

Relevant Program Changes: None.	Title:	Exhibit 13 Page #:
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Measure 1b: Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
	4.3	4.4	4.2	4.3	Greater than 4.0	Greater than 4.0

Description: Customer satisfaction is a critical measure of BEA's ability to provide the types of data that are relevant, accurate, and needed by users. BEA measures the level of customer satisfaction through a regular, online survey of users. In FY 2007, BEA scored a 4.3 out of a maximum 5.0, indicating users are very satisfied with the overall quality of BEA's products and services; BEA expects to meet its customer satisfaction survey target again in FY 2008.

Comments on Changes to Targets: The target for the measure of customer satisfaction remains constant because it has been set at a high level and is ambitious in relation to the ever-changing data needs of BEA's customers.

Relevant Program Changes:	Title: Develop a More Accurate and Comprehensive Measure of the Health Care Sector in GDP	Exhibit 13 Page #: ESA-62
	Title: Incorporate R&D into the GDP Accounts	Exhibit 13 Page #: ESA-68

Measure 1c: Accuracy: Percent of GDP Estimates Correct	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
	88%	96%	96%	93%	Greater than 85%	Greater than 85%
Description: This performance measure tracks BEA's ability to accurately estimate its most important statistic, the gross domestic product (GDP). This measure is a composite index of six indicators of accuracy, applied using three-year rolling averages to develop a single measure of the correctness of the GDP estimate. BEA exceeded this target with a score of 93 percent for FY 2007 and expects to meet or exceed its target for FY 2008.						
Comments on Changes to Targets: The target for the measure of accuracy, the percent of GDP estimates correct, remains unchanged because it has proven to be a consistent indicator of BEA's ability to provide an accurate GDP estimate.						
Relevant Program Changes:	Title: Develop a More Accurate and Comprehensive Measure of the Health Care Sector in GDP			Exhibit 13 Page #: ESA-62		
	Title: Incorporate R&D into the GDP Accounts			Exhibit 13 Page #: ESA-68		

Measure 1d: Budget-Related: Improving GDP and the	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target

Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones related to improving the quality of the economic accounts.	Successful completion of related Strategic Plan milestones related to improving the quality of the economic accounts.
<p>Description: BEA must continually update its economic accounts to keep pace with the ever-changing U.S. and global economies. The BEA Five-Year Strategic Plan tracks BEA's progress toward achieving the milestones related to this measure. In FY 2007, BEA completed all of its major milestones related to improving GDP and the economic accounts and expects to meet this target for FY 2008.</p>						
<p>Comments on Changes to Targets: The annual target for this budget-related measure sets the highest target possible based on the financial allowances of each fiscal year and is thoroughly detailed in the annually-updated BEA Five-Year Strategic Plan.</p>						
Relevant Program Changes:	Title: Develop a More Accurate and Comprehensive Measure of the Health Care Sector in GDP			Exhibit 13 Page #: ESA-62		
	Title: Incorporate R&D into the GDP Accounts			Exhibit 13 Page #: ESA-68		

Measure 1e: Budget-Related: Meeting U.S.	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
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International Obligations	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successful completion of Strategic Plan milestones related to meeting U.S. international obligations.	Successful completion of Strategic Plan milestones related to meeting U.S. international obligations.
<p>Description: BEA is responsible for making its data series conform to standards agreed to by the U.S. Government with international organizations and other countries. Meeting these commitments is important to maintaining the United States' leadership in economic measurement. In FY 2007, BEA met all of the major milestones related to meeting its international obligations and expects to do the same in FY 2008.</p>						
<p>Comments on Changes to Targets: The annual target for this budget-related measure sets the highest target possible based on the financial allowances of each fiscal year and is thoroughly detailed in the annually updated BEA Five-Year Strategic Plan.</p>						
<p>Relevant Program Changes: None.</p>	<p>Title:</p>	<p>Exhibit 13 Page #:</p>				

Measure 1f: Budget-Related: Measurement of the Knowledge Economy	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
New	New	New	BEA completed all major Strategic Plan milestones related to the measurement of the knowledge economy.	BEA completed all major Strategic Plan milestones related to the measurement of the knowledge economy.	Successful completion of Strategic Plan milestones related to improving the measurement of the knowledge economy.	Successful completion of Strategic Plan milestones related to improving the measurement of the knowledge economy.

<p>Description: This performance measure monitors and signifies BEA's commitment to better measuring the 21st century knowledge economy to accurately report a comprehensive picture of the U.S. economy. In FY 2008, BEA will meet all of the major milestones related to measuring the knowledge economy, including the release of new estimates of the impact of R&D on GDP growth and preliminary industry-specific estimates, and expects to meet this target for FY 2009.</p>		
<p>Comments on Changes to Targets: The annual target for this budget-related measure sets the highest target possible based on the financial allowances of each fiscal year and is thoroughly detailed in the annually updated BEA Five-Year Strategic Plan.</p>		
<p>Relevant Program Changes:</p>	<p>Title: Incorporate R&D into the GDP Accounts.</p>	<p>Exhibit 13 Page #: ESA-68</p>

FY 2009 Program Changes

BEA proposes two initiatives in FY 2009 to improve the accuracy, relevance and timeliness of some of the Nation's most important economic statistics: **Develop a More Accurate and Comprehensive Measure of the Health Care Sector in GDP and Incorporate R&D into the GDP accounts.**

(Dollars in thousands)

	Accompanying GPRA		Base		Increase/Decrease		Page of Exhibit 13 Discussion
	APP Page #	Performance Measure #	FTE	Amount	FTE	Amount	
Program Change: Develop a More Accurate and Comprehensive Measure of the Health Care Sector in GDP.	ESA- 17, 18	1b, 1c, 1d	0	0	11	3,180	ESA-62

	Accompanying GPRA		Base		Increase/Decrease		Page of Exhibit 13 Discussion
	APP Page #	Performance Measure #	FTE	Amount	FTE	Amount	
Program Change: Incorporate R&D into the GDP accounts	ESA- 17, 18, 20	1b, 1c, 1d, 1f	3	376	11	2,531	ESA-68

Resource Requirements Summary

(Dollars in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Estimate	FY 2009 Base	Increase / (Decrease)	FY 2009 Request
Salaries and Expenses	76.9	82.4	83.8	85.2	87.3	89.9	5.7	95.6
Total Funding ¹	78.6	84.1	85.6	87.0	89.0	91.7	5.7	97.4
Direct	75.1	80.0	79.2	79.9	81.6	84.9	5.7	90.6
Reimbursable ²	3.6	4.1	6.4	7.1	7.4	6.8	0	6.8
IT Funding ³	12.7	13.3	13.3	11.3	12.4	12.9	0	12.9
FTE ⁴	525	543	543	536	542	538	22	560

¹ Total Funding in FY 2004 does not match the FY 2007 PAR due to a typographical error in the PAR.

² Reimbursable include ESA, BEA, and STAT–USA revolving fund.

³ ESA/BEA IT funding is included in total funding. IT Funding includes ESA until FY 2006. Beginning in FY 2007 ESA's IT funding is reporting with Departmental Management, as IT services were centralized within the Department.

⁴ Total FTE includes ESA, BEA, and STAT–USA FTE.

Skill Summary: Economists, accountants, statisticians, and IT specialists

BEA Data Validation and Verification

BEA conducts an annual review of its performance data to ensure that it is complete and accurate. The Director reviews all significant deviations from the projected targets, if any, and actions are planned to address deficiencies.

The validation process is conducted in a manner similar to audit principles, which include data collection and verification. Data collected from independent sources and the BEA Five-Year Strategic Plan are compared to actual outcomes to determine the success or failure of the Agency to meet its specified goals. All data are maintained and made publicly available for additional outside review.

Exhibit 3a

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
<p>1a. Timeliness: Reliability of Delivery of Economic Statistics (Number of Scheduled Releases Issued on Time)</p>	<p>A schedule of release dates for the calendar year is published each fall in the <i>Survey of Current Business</i> and is posted on the BEA website. BEA maintains a record of subsequent actual release dates.</p>	<p>Quarterly</p>	<p>BEA maintains the schedule of future release dates and the record of actual release dates. Both sets of information are available on the BEA website.</p>	<p>Scheduled and actual release dates are a matter of public record and can be verified via the Internet at <www.bea.gov>.</p>	<p>Not all releases may be included in the published annual schedule because their release dates cannot be established that far in advance.</p>	<p>FY 2009 target will be added when the schedule is made available to OMB and published in the <i>Survey of Current Business</i> in the Fall of the preceding year.</p>
<p>1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)</p>	<p>BEA customer satisfaction survey conducted online at BEA's website, www.bea.gov.</p>	<p>Continually</p>	<p>BEA conducts the survey, compiles the results, and retains records of raw data and computations that lead to the final results. A report is written and made available to the public at www.bea.gov.</p>	<p>BEA provides a copy of the survey results to the OMB, Budget Office of the DOC, and the Economics and Statistics Administration. The report is made available on the BEA website.</p>	<p>The customer satisfaction survey is an ongoing, voluntary survey conducted via the website. As a voluntary survey, responses are representative of those who choose to respond.</p>	<p>Survey is continually conducted with results monitored quarterly and reported after the end of the fiscal year.</p>
<p>1c. Accuracy: Percent of GDP Estimates Correct</p>	<p>Data used for this measure are produced by BEA and made available in press releases; in our monthly publication, the <i>Survey of Current Business</i> (SCB); and on the Website: www.bea.gov. Background research studies are published in the SCB.</p>	<p>Annually</p>	<p>The <i>Survey of Current Business</i> is published monthly and available online.</p>	<p>DOC has evaluated this measure and BEA has submitted a <i>Validation and Verification</i> report. The <i>Survey of Current Business</i> is a matter of public record and can be verified via the Internet or hardcopy.</p>	<p>The measure is the best single point estimation of the accuracy of GDP. Economic conditions, rather than statistical practices, could dramatically change the measure.</p>	<p>Research to calculate the new measure will be conducted, following the completion of the annual revisions, in August 2008.</p>
<p>1d. Budget-Related: Improving GDP and the Economic Accounts</p>	<p>The BEA 5-year Strategic Plan provides annual milestones for this budget-related measure. At the end of each fiscal year, BEA evaluates and reports its progress in achieving the scheduled milestones.</p>	<p>Annually</p>	<p>BEA compiles and maintains data annually via the BEA Scorecard, available on the BEA website.</p>	<p>Internal review and analysis by BEA.</p>	<p>BEA's annual review and update of its Strategic Plan could result in changes to the milestones.</p>	<p>Milestones will be adjusted as necessary to match the BEA 5-year Strategic Plan.</p>

Exhibit 3a

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
1e. Budget-Related: Meeting U.S. International Obligations	The BEA 5-year Strategic Plan provides annual milestones for this budget-related measure. At the end of each fiscal year, BEA evaluates and reports its progress in achieving the scheduled milestones.	Annually	BEA compiles and maintains data annually via the BEA Scorecard, available on the BEA website.	Internal review and analysis by BEA.	BEA's annual review and update of its Strategic Plan could result in changes to the milestones.	Milestones will be adjusted as necessary to match the BEA 5-year Strategic Plan.
1f. Budget-Related: Measuring the Knowledge Economy	The BEA 5-year Strategic Plan provides annual milestones for this budget-related measure. At the end of each fiscal year, BEA evaluates and reports its progress in achieving the scheduled milestones.	Annually	BEA compiles and maintains data annually via the BEA Scorecard, available on the BEA website.	Internal review and analysis by BEA.	BEA's annual review and update of its Strategic Plan could result in changes to the milestones.	Milestones will be adjusted as necessary to match the BEA 5-year Strategic Plan.

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses

SUMMARY OF RESOURCE REQUIREMENTS
 (Dollar amounts in thousands)

							Positions	FTE	Budget Authority	Direct Obligations	
2008 Appropriation							522	500	81,075	81,626	
less: Inobligated Balance, rescission									(800)		
less: Unobligated Balance, start of year										(1,351)	
plus: Restoration FY 2008 Base							0	0	1,845	1,845	
plus: Restoration of unobligated balance rescission									800	800	
plus: 2009 Adjustments to base							0	3	1,990	1,990	
2009 Base							522	503	84,910	84,910	
plus: 2009 Program changes							30	22	5,711	5,711	
2009 Estimate							552	522	90,621	90,621	
Comparison by activity/subactivity		2007 Actual		2008 Enacted		2009 Base		2009 Estimate		2009 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Bureau of Economic Analysis.....	Pos/BA	504	75,776	504	77,153	504	81,237	534	86,948	30	5,711
	FTE/Obl.	480	75,982	485	77,703	485		507		22	
Policy support.....	Pos/BA	18	3,975	18	3,122	18	3,673	18	3,673	0	0
	FTE/Obl.	18	3,895	15	3,923	15		15		0	
TOTALS.....	Pos/BA	522	\$79,751	522	\$80,275	522	\$84,910	552	\$90,621	30	\$5,711
	FTE/Obl.	498	79,877	500	81,626	500		522		22	
Adjustments to Obligations											
Recoveries and Refunds											
Unobligated Balance, start of year		(285)									
Unobligated balance transferred		(1,206)		(1,351)							
Unobligated Balance, end of year		1,351									
Unobligated Balance, rescission				800							
Unobligated balance expiring		14									
Appropriation		498	\$79,751	500	\$81,075	500	\$84,910	522	\$90,621	22	\$5,711

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
SUMMARY OF FINANCING
 (Dollar amounts in thousands)

Comparison by activity	2007 Actual	2008 Enacted	2009 Base	2009 Estimate	2009 Increase/ (Decrease)
Total Obligations	85,214	87,287	89,904	95,615	5,711
Offsetting collections from:					
Federal Funds	(5,169)	(5,461)	(4,821)	(4,821)	0
Trust funds	0	0	0	0	0
Non-Federal sources	(168)	(200)	(173)	(173)	0
Recoveries and Refunds	(285)	0	0	0	0
Unobligated balance direct, start of year	(1,199)	(1,351)	0	0	0
Unobligated balance reimbursable, start of year	(7)	0	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance direct, end of year	1,351	0	0	0	0
Unobligated balance reimbursable, end of year	0	0	0	0	0
Unobligated balance expiring	14	0	0	0	0
Budget Authority	79,751	80,275	84,910	90,621	5,711
Financing:					
Unobligated balance rescission	0	800	0	0	0
Transferred from other accounts (-)	0	0	0	0	0
Transferred to other accounts (+)	0	0	0	0	0
Appropriation	79,751	81,075	84,910	90,621	5,711

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
ADJUSTMENTS TO BASE
 (in thousands)

Adjustments to Base	FTE	Amount
Restoration of base adjustments		1,845
Restoration of FY 2008 unobligated balance rescission		800
<u>ESTIMATED COST CHANGES:</u>		
Annualization of FY 2008 pay raise		404
FY 2009 pay raise		1,173
Change in compensable days		(199)
Civil Service Retirement System (CSRS)		(101)
Federal Employees Retirement System (FERS)		162
Thrift Savings Plan		66
Federal Insurance Contribution Act (FICA) - OASDI		85
Health Insurance		47
Employees Compensation Fund		(179)
Rental payments to GSA		127
Mileage		0
Per diem		26
Printing and reproduction		3
Postage		3
NARA		(2)
Working Capital Fund		62
General Pricing Level Adjustments:		
Communications, Utilities and Miscellaneous		9
Other Services		273
Supplies and materials		24
Equipment		7
Subtotal Estimated Cost Changes	0	\$1,990
Total, Adjustments to Base	0	\$4,635

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	FTE	Amount
<p><u>Restoration on base reduction.</u> In FY 2008, BEA's base request was 79,324. The adjustment would restore BEA's full base funding in FY 2009.</p>		1,845
<p><u>Restoration of FY 2008 unobligated balance rescission</u> In FY 2008, ESA' s budget authority was reduced by \$800,000 as a result of an unobligated balance rescission. The adjustment would restore the \$800,000 in FY 2009.</p>		800
<p><u>Annualization of FY 2008 pay raise</u> Full-year cost of the 2008 pay increase and related costs. A pay raise of 3.5% is effective for FY 2008 January 1, 2008. (in thousands) Total cost of FY 2008 pay increase 1,616 Less amount requested in FY 2008 (1,212) Amount requested in FY 2009 for FY 2008 pay increase 404</p>		404
<p><u>FY 2009 increase and related costs</u> A general pay raise of 2.9% is assumed to be effective January 1, 2009. (in thousands) Total cost in FY 2009 of pay increase 1,144 Payment to Working Capital Fund 29 Amount requested in FY 2008 for FY 2008 pay increase (3/4 of year) 1,173</p>		1173
<p><u>Changes in compensable days</u> The increased cost of one less compensable day in FY 2009 compared to FY 2008 is calculated by dividing the FY 2008 estimates personnel compensation (\$43,725,000) and applicable benefits (\$8,415,000) by 262 compensable days and multiplying by 1 less compensable day. Resulting in a reduction of 199,088.</p>		-199

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 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	FTE	Amount
<u>Civil Service Retirement System (CSRS)</u>		-101
<p>The number of employees covered by CSRS continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees' Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 23.6% in FY 2007 to 20.3% in FY 2009. The contribution rate will remain 7.0%.</p>		
FY 2009 (\$43,725,000 x .203 x .07)	621,332	
FY 2008 (\$43,725,000 x .236 x .07)	722,337	
Total adjustment to base	(101,005)	
<u>Federal Employees Retirement System (FERS)</u>		162
<p>The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 76.4% in FY 2008 to 79.7% in FY 2009. The contribution rate will remain the same at 11.2%.</p>		
FY 2009 (\$43,725,000 x .797 x .112)	3,903,068	
FY 2008 (\$43,725,000 x .764 x .112)	3,741,461	
Total adjustment to base	161,607	
<u>Thrift Savings Plan (TSP)</u>		66
<p>The cost of agency contributions to the Thrift Savings Plan will rise as FERS participation increases. The contribution rate based on actual performance is 4.60%.</p>		
FY 2009 (\$43,725,000 x .797 x .046)	1,603,046	
FY 2008 (\$43,725,000 x .764 x .046)	1,536,671	
Total adjustment to base	66,375	

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 Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	FTE	Amount
<u>Federal Insurance Contribution Act (FICA)</u>		85
As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will increase from \$102,300 in FY 2008 to \$106,425 in FY 2009. The OASDI tax rate will remain 6.2% in FY 2009.		
<u>Full-time and part-time salaries</u>		
FY 2009 (\$43,725,000 x .797 x .944 x .062)	2,039,632	
FY 2008 (\$43,725,000 x .764 x .944 x .062)	1,955,181	
	84,451	
<u>Other salaries</u>		
FY 2009 (\$707,000 x .797 x .944 x .062)	32,979	
FY 2008 (\$707,000 x .764 x .944 x .062)	31,614	
	1,365	
<u>Health Insurance</u>		47
Effective January 2007 the cost of the ESA's contribution to the Federal employees' health insurance premium increased by 1.9%. Applied against the FY 2008 estimate of \$2,455,000, the additional amount requested is \$46,645.		
<u>Employee's Compensation Fund</u>		-179
The Employee's Compensation Fund is based on the actual billing from the Department of Labor.		
<u>Rental payments to GSA</u>		127
GSA rates are projected to increase 2.4% in FY 2009. An additional \$127,000 over the 2008 estimate of \$5,692,000 is required to fund this increase.		
<u>Per Diem</u>		26
Effective October 2006, the General Services Administration raised per diem rates. This increase results in a 3.4% increase for ESA. The percentage was applied to the 2008 estimate of \$767,000 to arrive at an increase of \$26,078.		

Department of Commerce
 Economic and Statistical Analysis Budget
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 Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	FTE	Amount
<u>GPO Printing</u> GPO has provided an estimated rate increase of 1.9%. This percentage was applied to the 2008 estimate of \$172,000 to arrive at an increase of \$3,268.		3
<u>National Archives & Records Administration</u> The National Archives and Records Administration (NARA) projects storage costs will decrease in price by \$2000 for ESA.		-2
<u>Working Capital Fund</u> An additional \$62,000 is required to fund cost increases in the Departmental Management's Working Capital Fund.		62
<u>Postage</u> Effective May 14, 2007, the Governors of the Postal Service implemented a rate increase for first-class mail from 39 cents to 41 cents. The percentage increase of 5.1% was applied to the FY 2008 estimate of \$61,000 to arrive at an increase of \$3,111.		3
<u>General Pricing Level Adjustment</u> This request applies a 1.9% general pricing adjustment based on OMB economic assumptions for FY 2009 to object classes where the prices that the Government pays are established through the market system. Factors are applied to the following:		
Communications, utilities and miscellaneous charges		9
Other services		273
Supplies and materials		24
Equipment		7
Total, Estimated Cost Changes		1,990
Total, Adjustments to Base		4,635

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
 Subactivity: National Economic Accounts

Comparison by line item	2007 Actual		2008 Enacted		2009 Base		2009 Estimate		2009 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
National Economic Accounts..... Pos/BA	149	25,735	149	26,203	149	27,591	161	30,462	12	2,871
FTE/Obl.	142	25,805	144	26,390	144		153		9	
Direct Obligations..... Pos/BA	149	25,735	149	26,203	149	27,591	161	30,462	12	2,871
FTE/Obl.	142	25,805	144	26,390	144		153		9	

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
 Subactivity: International Economic Accounts

Comparison by line item	2007 Actual		2008 Enacted		2009 Base		2009 Estimate		2009 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
International Economic Accounts.. Pos/BA	182	26,149	182	26,625	182	28,033	182	28,033	0	0
FTE/Obl.	174	26,220	176	26,814	176		176		0	0
Direct Obligations..... Pos/BA	182	26,149	182	26,625	182	28,033	182	28,033	0	0
FTE/Obl.	174	26,220	176	26,814	176		176		0	0

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
 Subactivity: Regional Economic Accounts

Comparison by line item	2007 Actual		2008 Enacted		2009 Base		2009 Estimate		2009 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
Regional Economic Accounts..... Pos/BA	98	14,071	98	14,326	98	15,085	98	15,085	0	0
FTE/Obl.	94	14,109	95	14,429	95		95		0	0
Direct Obligations..... Pos/BA	98	14,071	98	14,326	98	15,085	98	15,085	0	0
FTE/Obl.	94	14,109	95	14,429	95		95		0	0

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
 Subactivity: Industry Economic Accounts

Comparison by line item		2007 Actual		2008 Enacted		2009 Base		2009 Estimate		2009 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
Industry Economic Accounts	Pos/BA	75	9,821	75	9,999	75	10,528	93	13,368	18	2,840
	FTE/Obl.	70	9,848	70	10,070	70		83		13	
Direct Obligations.....	Pos/BA	75	9,821	75	9,999	75	10,528	93	13,368	18	2,840
	FTE/Obl.	70	9,848	70	10,070	70		83		13	

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

Activity: Policy Support
 Subactivity: Policy Support

Comparison by line item	2007 Actual		2008 Enacted		2009 Base		2009 Estimate		2009 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
Policy support..... Pos/BA	18	3,975	18	3,122	18	3,673	18	3,673	0	0
FTE/Obl.	18	3,895	15	3,923	15		15		0	0
Direct Obligations..... Pos/BA	18	3,975	18	3,122	18	3,673	18	3,673	0	0
FTE/Obl.	18	3,895	15	3,923	15		15		0	0

Department of Commerce
Economic and Statistical Analysis Budget
Economics and Statistics Administration/ Bureau of Economic Analysis
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: National Economic Accounts

Goals and Objectives

Goals: To strengthen our understanding of the U.S. economy and its competitive position by improving the gross domestic product (GDP) and other national, industry, regional, and international economic accounts data and to provide these data in the most timely, relevant, accurate, cost-effective, and easily accessible manner possible.

Objectives: To maintain and improve the system of national economic accounts. Efforts to improve these accounts include developing new and improved measures of output and prices and updated measures of the Nation's investment, savings, and wealth. Efforts to improve the accuracy, timeliness, cost-effectiveness, and accessibility of the data include upgrades to statistical processing systems, standardization of data transfer, and increased access to BEA products through the Internet and other electronic gateways.

Base Program

National economic accounts - This work consists of the preparation, development, analysis, and publication of the national income and product accounts (NIPAs), the wealth accounts, and the associated government accounts. The NIPAs, summarized by GDP, provide a comprehensive, up-to-date picture of U.S. domestic production, consumption, investment, and exports and imports as well as national and domestic income and savings. The wealth accounts show estimates of structures, capital equipment and software, and consumer durable goods held by businesses, governments, and others. The government accounts show Federal, state, and local government transactions in a national accounts framework. BEA continuously modernizes and expands these accounts to improve their reliability, relevance, and their alignment with international guidelines.

The output consists of the following:

1. Personal income and outlays - These estimates show personal income by type, personal taxes, personal savings, and both total and per capita disposable personal income in current dollars and in real terms, and personal consumption expenditures in current dollars and in real terms. Estimates of personal income and outlays are published monthly on the BEA website and in the *Survey of Current Business (Survey)*.
2. GDP estimates - This family of estimates includes:
 - GDP by type of expenditure (consumption and investment), by type of product (goods, services, and structures), and by sector (business, households and institutions, and general government);
 - National and domestic income by type, including compensation of employees and self-employment income;
 - Personal income, spending, and saving;
 - Exports and imports of goods and services and receipts and payments of income;
 - Investment in fixed assets by type;
 - Inventory investment, stock, and ratios of inventories to sales;
 - Government consumption expenditures and gross investment, current receipts, and expenditures by type;
 - Contributions of GDP components to growth in real GDP;
 - Output of major sectors of the economy, such as farms, motor vehicles, computers, and housing; and
 - Comparisons of key GDP components to similar series from other agencies.

Quantity and price indexes associated with GDP and its components are calculated using a chain-type annual weighted formula that allows for changes in prices and quantities over time.

Quarterly GDP data are released to the public in a sequence of three monthly estimates – advance, preliminary, and final – and are published on the BEA website and in the *Survey*. Each year, estimates for the last three years are revised on the basis of more comprehensive information, including annual Census Bureau surveys, annual Bureau of Labor Statistics (BLS) tabulations of payroll tax records, and annual Internal Revenue Service tabulations of business tax records, and are published on the BEA website and in the August *Survey*.

Comprehensive (benchmark) NIPA estimates, based largely on the results of the quinquennial economic censuses and the benchmark input-output tables are prepared approximately every five years. The results of the most recent

benchmark revision were published on the BEA website and in the *Survey*. A comprehensive set of NIPA estimates dating back to 1929 is available on the BEA website.

3. Wealth estimates - Estimates of the stock of fixed assets and consumer durable goods are prepared annually and published on the BEA website and in the *Survey*; the full set of estimates is available on the BEA website. Estimates of real inventories, final sales of business, and inventory-sales ratios are published quarterly in the *Survey*, as are separate estimates of real manufacturing and trade inventories, sales, and inventory-sales ratios. Estimates of manufacturing inventories by stage of fabrication are also published quarterly.
 - Private fixed assets. These estimates show net stocks in historical-cost terms, in real terms, and in current-cost valuations, classified by type of asset, by industry, and by legal form of organization.
 - Housing. These estimates show net stocks, in historical-cost terms, in real terms, and in current-cost valuations, of the farm and nonfarm housing stock, by type of structure.
 - Fixed assets owned by the Federal Government and by state and local governments. These estimates show net stocks for all governments, in real terms and in current-cost valuations. The Federal Government and state and local governments are reported separately for equipment and software and for structures.
 - Consumer durable goods. These estimates show net stocks of durable goods owned by consumers by type in real terms and in current-cost valuations.
4. Government budgets in the national economic accounts framework - Federal, state, and local budgets prepared within the NIPA framework provide a means for gauging the effect of government fiscal policies on the economy. Estimates reflecting the programs underlying the Federal budget for the upcoming fiscal year are published in the *Budget of the United States*; more detailed estimates and an article describing the budget within the NIPA framework are published in the *Survey* soon after the President's budget is released. Detailed reconciliations between this concept and the actual outlays and receipts as presented in the U.S. budget and subsequent financial reports of the U.S. Treasury are published in the March *Survey*.
5. Special compilations for international organizations - BEA prepares annual "translations" of GDP and other NIPA estimates into the forms prescribed by the United Nations and the Organisation for Economic Co-operation and Development (OECD).

6. Intangibles research – The national and industry accounts continue to collaborate on the production and improvement of the research and development (R&D) satellite account in order to produce better measures of the 21st century knowledge economy. The first estimate of the contribution of R&D to GDP growth was released in 2006. In addition, BEA is updating the estimate of the effect of R&D on GDP growth, developing a preliminary industry-level R&D account, and beginning work on a prototype health-care satellite account.

Performance Goals:

Progress toward achieving long-term results for the national economic accounts is monitored by three long-term performance measures. These measures track BEA's ability to release its estimates on time and on schedule, customer satisfaction with BEA programs, and the accuracy of one of the most important BEA estimates, GDP.

Measure	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2009 Target	FY 2010 Target	FY 2011 Target
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	54 of 54	54 of 54	54 of 54	56 of 56	TBD	TBD	TBD
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5- Point Scale)	4.2	Greater than 4.0	4.3	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
1c. Accuracy¹: Percent of GDP Estimates Correct /1	96%	Greater than 85%	93%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%

¹ This performance measure provides an estimate of BEA's ability- through its early GDP estimates- to accurately measure: (1) whether the economy is expanding or contracting; (2) whether the economy is growing faster or slowing; (3) whether the economy is strong or weak; (4) the trend GDP growth rate; (5) the quarterly GDP growth rate; and (6) the level of current-dollar GDP.

In addition to the measures that track long-term results of base programs, other budget-specific performance measures are used to monitor annual progress toward achieving specifically funded program initiatives. These measures are

closely tied to milestones in the BEA 5-year Strategic Plan. For the national economic accounts, the following four measures are used to gauge performance.

Measure	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Discontinue measure as acceleration work is complete.	Discontinue measure as acceleration work is complete.
Budget-Related: Meeting U.S. International Obligations	BEA completed all major Strategic Plan milestones related to meeting international commitments.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Measuring the Knowledge Economy			BEA completed all major Strategic Plan milestones related to measuring the knowledge economy.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to measuring the knowledge economy.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.

Department of Commerce
Economic and Statistical Analysis Budget
Economics and Statistics Administration/ Bureau of Economic Analysis
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: International Economic Accounts

Goals and Objectives

Goals: To strengthen our understanding of the U.S. economy and its competitive position by improving GDP and other national, industry, regional, and international economic accounts data and to provide these data in the most timely, relevant, accurate, cost-effective, and easily accessible manner possible.

Objectives: To maintain and improve the system of international economic accounts. Efforts to improve these accounts include developing new and improved measures of U.S. international trade and finance. Efforts to improve the accuracy, timeliness, cost-effectiveness, and accessibility of the data include upgrades to statistical processing systems, expansion of sample frames using data from other government agencies, and introduction of new surveys and redesign of existing surveys to close data gaps.

Base Program

Balance-of-payments accounts - This work consists of the preparation, development, analysis, and publication of the balance-of-payments accounts and international investment position accounts. The balance-of-payment accounts provide a comprehensive and detailed view of economic transactions between the United States and other countries. Major types of transactions covered are trade in goods; travel, transportation, and other private services; income on international investment; U.S. Government military and other services; private remittances; foreign aid programs; private financial flows; and changes in foreign official assets in the United States and U.S. official reserve assets. The international investment position accounts provide estimates of the accumulated stocks of U.S.-owned assets abroad and of foreign-owned assets in the United States, as well as estimates of the value of the net international investment position of the United States. BEA continuously modernizes and expands these accounts to improve their reliability and relevance and their alignment with international guidelines.

The output consists of the following:

1. Balance-of-payments estimates - Estimates containing all major components of the balance-of-payments accounts, including regional and country breakdowns, are published quarterly in the *Survey*. The regional and country breakdowns include bilateral balance-of-payments estimates for selected countries and regions.

Estimates are released to the public quarterly and are published in the *Survey* along with articles that analyze current developments in the U.S. balance of payments, changes in the foreign exchange value of the U.S. dollar, and the economic developments here and abroad that affect them. Each year, estimates for at least the three most recent years are revised on the basis of more comprehensive information and are published in the July *Survey*.

2. Special analyses - Special studies of current developments related to the balance of payments are prepared. Examples include ways of estimating the market value of imported computer software and appraisals of supplementary ways of classifying and presenting the balance-of-payments accounts.
3. Trade in goods - Quarterly estimates (on a balance-of-payments basis) of trade in goods, grouped by end-use categories, are prepared as part of the quarterly balance-of-payments accounts. The end-use classification system was developed by BEA for use in both the international and national accounts.

Since 1994, BEA and the Bureau of the Census have jointly issued monthly reports on trade in goods and services, which include goods trade totals on both a Census basis and on a balance-of-payments basis.

4. Trade in services - Detailed estimates of receipts and payments arising from international travel and transportation, military expenditures and sales, and of a number of other U.S. Government and private services transactions are prepared for the quarterly balance-of-payments accounts. Most services estimates are based on BEA surveys. Every five years, a benchmark survey of selected services is conducted to obtain data, by country, on a variety of business, professional, and technical services. Quarterly follow-up surveys update the selected services data. In addition, every five years, a benchmark survey of financial services is conducted to obtain data by country and by detailed type of financial service. An ongoing quarterly survey of financial services is also conducted, both in benchmark and nonbenchmark years. Surveys are also conducted covering insurance services and transportation services.

Summary measures of services are prepared as part of the monthly BEA–Census report mentioned above. As a result, this release gives a comprehensive view of trade, including both goods and services.

Data on services transactions from the balance-of-payments accounts, together with data from BEA's direct investment surveys on services sold through U.S. and foreign affiliates, are published annually in a detailed and unified format, usually in the October *Survey*.

5. Income - Quarterly estimates are prepared for income derived from direct investment, portfolio investment, other investment, and compensation of employees. These estimates are included in the quarterly balance-of-payments accounts.
6. Government grants and credits - Quarterly estimates are prepared with information by program on grants, credits, and other assistance to foreign countries by the U.S. Government. These estimates are included in the quarterly balance-of-payments accounts.
7. Financial account - Tabulations of banking and securities transactions, of direct investment transactions, and of corporate transactions with unaffiliated foreigners are prepared. These estimates are included in the quarterly balance-of-payments accounts.
8. Special compilations of the balance-of-payments accounts - Quarterly and annual “translations” of the balance-of-payments accounts into the format and content prescribed by the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) are prepared for these organizations. In addition, tabulations of current-account data are presented on a supplemental, ownership basis annually.
9. Bilateral reconciliation - The bilateral current-account statistics of the United States and Canada are reconciled and published annually. Results of the reconciliation are published in the November *Survey*.
10. International investment position of the United States - Detailed annual estimates are prepared of the international assets and liabilities of the United States, changes in its net investment position, and factors accounting for those changes. These estimates, published in the July *Survey*, are reconciled with the financial flows shown in the balance-of-payments accounts. The direct investment components of these accounts are published on a current-cost, a market-value, and a historical-cost basis. Also, quarterly estimates of direct investment debt and selected

other categories of U.S. debt owed to foreigners are prepared in the format and contain the content prescribed by the IMF's Special Data Dissemination Standards.

Direct investment estimates - This work consists of the preparation, development, analysis, and publication of estimates of U.S. direct investment abroad; foreign direct investment in the United States; income flows associated with these investments; and other economic aspects of multinational companies, including their trade, employment, taxes, sales, research and development, and plant and equipment expenditures.

The output consists of the following:

1. Regular sample surveys of foreign direct investment - Quarterly surveys of U.S. direct investment abroad and of foreign direct investment in the United States collect data on income and capital flows for inclusion in the quarterly balance-of-payments accounts. A summary presentation of the direct investment position at the end of each year is published in the July *Survey*. A more detailed annual recapitulation of the results of these surveys is published later in the year. This annual report gives detailed information by country and by industry on direct investment capital flows, income, reinvested earnings, and the year-end direct investment position at historical cost.

Annual surveys of foreign direct investment in the United States and of U.S. direct investment abroad gather other financial and operating data, such as data on trade, employment, sales, property, plant, and equipment, with the results published in the *Survey* and more detailed data appearing in separate annual data reports. In addition, a survey of new foreign direct investment in the United States collects data on outlays by foreigners to acquire or establish new U.S. affiliates and selected operating data for the new affiliates. These results also are published in the *Survey*.

2. Benchmark surveys of international direct investment - These surveys cover transactions and positions between all U.S. parent organizations and their foreign affiliates and between foreign parent organizations and their U.S. affiliates. Other information collected relating to U.S. parents and U.S. and foreign affiliates includes sales of goods and services, international trade, employment, balance sheets, and income statements. The estimates for these multinational companies from the benchmark surveys are shown separately by industry and by country or region.
3. Multinational company activities - An information system is maintained that integrates the international and domestic data for multinational companies collected by BEA. This system provides for the production of

consistently defined information on U.S. companies and their foreign affiliates, and on the U.S. affiliates of foreign companies. The system provides needed detail, including data on type of ownership, industry, and country classification. Data are stored in an accessible form and are organized to facilitate the matching of benchmark surveys against sample surveys, permitting efficient universe estimates from sample surveys. Analyses using the data are published in the *Survey* and cover such topics as patterns of production and employment by U.S. multinational companies, the role of multinational companies in U.S. international trade, rates of return of foreign-owned U.S. companies, estimates of value added of foreign affiliates of U.S. companies and of U.S. affiliates of foreign companies, and differences in the characteristics of foreign-owned U.S. manufacturing establishments by country of owner and by location.

Data in the system for foreign-owned U.S. business enterprises are being linked to the Census Bureau's data for individual establishments (i.e., plants) of those enterprises to obtain more detailed data by state and industry for foreign-owned enterprises than would otherwise be available. The first results of this link project, covering 1987, were published in 1992. Results covering the years 1988—1992, 1997, and 2002 have also been published.

Performance Goals:

Progress toward achieving long-term results for the international economic accounts is monitored by three long-term performance measures. These measures track BEA's ability to release its estimates on time and on schedule, customer satisfaction with BEA programs, and the accuracy of one of the most important BEA estimates, GDP.

Measure	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2009 Target	FY 2010 Target	FY 2011 Target
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	54 of 54	54 of 54	54 of 54	56 of 56	TBD	TBD	TBD
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	4.2	Greater than 4.0	4.3	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
1c. Accuracy¹: Percent of GDP Estimates Correct /1	96%	Greater than 85%	93%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%

¹ This performance measure provides an estimate of BEA's ability- through its early GDP estimates- to accurately measure: (1) whether the economy is expanding or contracting; (2) whether the economy is growing faster or slowing; (3) whether the economy is strong or weak; (4) the trend GDP growth rate; (5) the quarterly GDP growth rate; and (6) the level of current-dollar GDP.

In addition to the measures that track long-term results of base programs, other budget-specific performance measures are used to monitor annual progress toward achieving specifically funded program initiatives. These measures are closely tied to milestones in the BEA 5-year Strategic Plan. For the international economic accounts, the following three measures are used to gauge performance.

Measure	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Discontinue measure as acceleration work is complete.	Discontinue measure as acceleration work is complete.
Budget-Related: Meeting U.S. International Obligations	BEA completed all major Strategic Plan milestones related to meeting international commitments.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.

Department of Commerce
Economic and Statistical Analysis Budget
Economics and Statistics Administration/ Bureau of Economic Analysis
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JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: Regional Economic Accounts

Goals and Objectives

Goals: To strengthen our understanding of the U.S. economy and its competitive position by improving GDP and other national, industry, regional, and international economic accounts data and to provide these data in the most timely, relevant, accurate, cost-effective, and easily accessible manner possible.

Objectives: To maintain and improve the system of regional economic accounts. Efforts to improve these accounts build on, and extend the improvements in, the national economic accounts. Efforts to improve the accuracy, timeliness, cost-effectiveness, and accessibility of the data include upgrades to statistical processing systems, standardization of data transfer, and increased access to BEA products through the Internet and other electronic gateways.

Base Program

This work consists of the preparation, development, analysis, and publication of economic accounts that show detail on economic activity by region, state, metropolitan area, and county. BEA continuously modernizes and expands these accounts to improve their reliability and relevance.

The output consists of the following:

1. Gross domestic product (GDP) by state - Annual estimates of GDP by state and industry provide the most comprehensive measure of economic activity available for a state. Advance total GDP by state and industry are released in June of each year. Revised total and industry GDP by state, based on more complete source data and revised national data, are then released in the following June. Statistics are provided for 81 industries.

Benchmark estimates of GDP by state are prepared about every five years based largely on the comprehensive NIPA revisions and additional or more current state data.

2. Personal income by state - Quarterly estimates of personal income by type of income and place of residence and earnings by major industry and place of work for the 50 states and the District of Columbia are prepared four times a year. State estimates of personal income by major source and earnings by industry are released in March, June, September, and December.

Annual estimates of personal income by type of income, personal current taxes, and disposable personal income by place of residence and earnings by industry and place of work for the 50 states and the District of Columbia are prepared twice each year. Summary level preliminary estimates of total and per-capita personal income and disposable personal income are released in March. A revised, more detailed set of estimates based on more complete data is released in September. The complete database is released on the BEA website and on CD-ROM.

Benchmark estimates of personal income are prepared about every five years based largely on the comprehensive NIPA revisions and additional or more current state data.

3. Personal income by county, metropolitan area, and micropolitan area – Local area personal income estimates are the most comprehensive and detailed economic series available annually on a local area basis. Annual metropolitan area estimates of personal income by type of income and place of residence and compensation by major industry and place of work are prepared twice each year and are first available in September, nine months after the end of the reference year. Annual estimates of compensation by detailed industry and place of work for counties, metropolitan areas, micropolitan areas, and BEA economic areas are available each December, twelve months after the end of the reference year. A complete set of annual estimates of personal income by type of income and place of residence and earnings by industry and place of work for counties, metropolitan areas, micropolitan areas, and BEA economic areas are available in April, sixteen months after the reference year. The complete set of tables that are released in April includes summary estimates of total and per-capita personal income, compensation and earnings by NAICS subsector industries, personal current transfer receipts by major program, farm income and expenses by major category, employment by industry, and a description of the methodology. All of the information is available on the BEA website and on DVD. Benchmark estimates of

personal income are prepared about every five years based largely on national and state benchmark estimates and additional or more current local area data.

4. Regional input-output modeling system (RIMS II) - Regional economic multipliers for any combination of counties are provided to users on a reimbursable basis from the regional input-output modeling system (RIMS II). The multipliers are used to analyze the local economic effects of events such as disasters, the conversion or closing of military bases, and economic development projects. A handbook, *Regional Multipliers* (1997), provides the detailed information needed to use the multipliers effectively and is available on the BEA website. In addition, training in the proper use of RIMS multipliers is provided to users three to four times a year at BEA headquarters. RIMS II is funded through fee sales.
5. Regional economic information dissemination - This work consists of maintaining the regional economic information system (REIS) and supporting the BEA User Group.

Regional staff maintain and distribute all annual and quarterly estimates of personal income by type, earnings and employment by industry, and annual estimates of GDP by state. The REIS staff maintain the complete database on the BEA website, and they prepare and distribute the REIS DVD and the state personal income (SPI) CD-ROM. These discs contain detailed regional databases for states, metropolitan and micropolitan areas, counties, and BEA economic areas. Staff also prepare the BEA Regional Fact sheets (BEARFACTS), a computer-based quick-turnaround narrative summary of recent economic trends for any state or local area.

Data and analyses are shared with the BEA User Group, which consists of over 200 institutions based mainly in state government offices, state universities, or state libraries. Members of the user group help to disseminate BEA data in their states.

6. Regional, state, and local area economic analyses - Analyses are carried out to identify and measure the factors that determine area differences in levels and growth rates of total and per-capita personal income and of industrially-detailed earnings, employment, and gross product. Analyses of journey-to-work data are used to produce the BEA economic areas, which are groupings of counties that entirely cover the United States and are defined to minimize the amount of commuting from one BEA economic area to another. Analyses are published in the *Survey*, in news releases, in working papers on the BEA website, and in separate volumes. Special tabulations and analyses are prepared on a reimbursable basis for customers ranging from other Federal agencies to state universities to private consultants.

Performance Goals:

Progress toward achieving long-term results for the regional economic accounts is monitored by three long-term performance measures. These measures track BEA's ability to release its estimates on time and on schedule, customer satisfaction with BEA programs, and the accuracy of one of the most important BEA estimates, GDP.

Measure	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2009 Target	FY 2010 Target	FY 2011 Target
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	54 of 54	54 of 54	54 of 54	56 of 56	TBD	TBD	TBD
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	4.2	Greater than 4.0	4.3	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
1c. Accuracy¹: Percent of GDP Estimates Correct /1	96%	Greater than 85%	93%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%

¹ This performance measure provides an estimate of BEA's ability- through its early GDP estimates- to accurately measure: (1) whether the economy is expanding or contracting; (2) whether the economy is growing faster or slowing; (3) whether the economy is strong or weak; (4) the trend GDP growth rate; (5) the quarterly GDP growth rate; and (6) the level of current-dollar GDP.

In addition to the measures that track long-term results of base programs, other budget-specific performance measures are used to monitor annual progress toward achieving specifically funded program initiatives. These measures are closely tied to milestones in the BEA 5-year Strategic Plan. For the regional economic accounts, the following two measures are used to gauge performance.

Measure	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Discontinue measure as acceleration work is complete.	Discontinue measure as acceleration work is complete.

Department of Commerce
Economic and Statistical Analysis Budget
Economics and Statistics Administration/ Bureau of Economic Analysis
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: Industry Economic Accounts

Goals and Objectives

Goals: To strengthen our understanding of the U.S. economy and its competitive position by improving GDP and other national, industry, regional, and international economic accounts data and to provide these data in the most timely, relevant, accurate, cost-effective, and easily accessible manner possible.

Objectives: To maintain and improve the system of industry economic accounts. Efforts to improve these accounts include developing new and improved measures of industry outputs, inputs, and prices that build on, and extend improvements in, the national accounts. Efforts to improve the accuracy, timeliness, cost-effectiveness, and accessibility of the data include upgrades to statistical processing systems, standardization of data transfer, and increased access to BEA products through the Internet and other electronic gateways.

Base Program

Industry economic accounts - The industry accounts, presented both in an input-output accounting framework and as a time series, provide a detailed view of the interrelationships between U.S. producers and users and the contribution to production across industries. BEA continuously modernizes and expands these accounts to improve their reliability, relevance, and their alignment with international guidelines.

The output consists of the following:

1. Annual Industry Accounts

- a. GDP-by-industry – GDP-by-industry measures the contribution of each private industry and government to the nation's output, or GDP.

The GDP-by-industry family of estimates includes:

- GDP-by-industry - also referred to as industry “value added”;
- Gross output by industry;
- Intermediate inputs by industry;
- KLEMS (K-capital, L-labor, E-energy, M-materials, and S-purchased services) by industry;
- Quantity and price indexes for value added, gross output, intermediate inputs, and KLEMS;
- Contributions by industry to growth in real GDP;
- Contributions by industry to growth in GDP prices; and
- Current-dollar cost per unit of real GDP by industry.

- b. Annual input-output accounts – Input-output tables show how industries interact; specifically, they show how industries provide input to and use output from other industries to produce GDP. These accounts provide detailed information on the flows of the goods and services that make up the production processes of industries. The annual input-output accounts, prepared as a time series for 1998–2004, were released in December 2005. These estimates are based on less comprehensive data than the data from the 5-year economic censuses, and are published at a 65-industry level. The annual tables are integrated with the GDP-by-industry accounts.

2. Benchmark input-output accounts - Input-output tables show how industries interact; specifically, they show how industries provide input to and use output from other industries to produce gross domestic product (GDP). These accounts provide detailed information on the flows of the goods and services that make up the production processes of industries.

The benchmark input-output family of estimates includes:

- Benchmark input-output tables, which are based on detailed data from the economic censuses that are conducted every five years by the Bureau of the Census; they are published at the summary level for 97 industries and at the detailed level for 498 industries. The 2002 benchmark input-output tables were published in the October 2007 *Survey*.

Business investment (or capital flow) estimates, which are a supplement to the benchmark input-output tables, show the flows of new structures and equipment to the private industries that purchase or lease them. The estimates are used in preparing the wealth accounts. These tables are prepared for the same years as the benchmark tables.

- Employment and compensation tables, which supplement the benchmark input-output tables, shown by industry, employment, wages, and salaries; supplements to wages and salaries; and hours worked.
3. Satellite accounts - The satellite accounts are unique economic accounts that are linked to the input-output and GDP accounts, but that organize those data differently. By remaining consistent with the broader economic accounts, while adding new information and formats better suited to answering particular analytical questions, these accounts provide a “laboratory” for economic accounting research into specific industries and markets. The travel and tourism satellite accounts present a detailed picture of travel and tourism activity and its role in the U.S. economy.
 4. Intangibles research – The industry and national accounts continue to collaborate on the production and improvement of the research and development (R&D) satellite account in order to produce better measures of the 21st century knowledge economy.

Performance Goals:

Progress toward achieving long-term results for the industry economic accounts is monitored by three long-term performance measures. These measures track BEA's ability to release its estimates on time and on schedule, customer satisfaction with BEA programs, and the accuracy of one of the most important BEA estimates, GDP.

Measure	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2009 Target	FY 2010 Target	FY 2011 Target
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	54 of 54	54 of 54	54 of 54	56 of 56	TBD	TBD	TBD
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	4.2	Greater than 4.0	4.3	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
1c. Accuracy¹: Percent of GDP Estimates Correct /1	96%	Greater than 85%	93%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%

¹ This performance measure provides an estimate of BEA's ability- through its early GDP estimates- to accurately measure: (1) whether the economy is expanding or contracting; (2) whether the economy is growing faster or slowing; (3) whether the economy is strong or weak; (4) the trend GDP growth rate; (5) the quarterly GDP growth rate; and (6) the level of current-dollar GDP.

In addition to the measures that track long-term results of base programs, other budget-specific performance measures are used to monitor annual progress toward achieving specifically funded program initiatives. These measures are closely tied to milestones in the BEA 5-year Strategic Plan. For the industry economic accounts, the following three measures are used to gauge performance.

Measure	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2009 Target
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Discontinue measure as acceleration work is complete.	Discontinue measure as acceleration work is complete.
Budget-Related: Measuring the Knowledge Economy			BEA completed all major Strategic Plan milestones related to measuring the knowledge economy.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to measuring the knowledge economy.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.

Department of Commerce
Economic and Statistical Analysis Budget
Economics and Statistics Administration / Bureau of Economic Analysis
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Policy support
Subactivity: Policy support

Goals and Objectives

Goals: To provide relevant, timely and accurate economic information and analyses to the President, Congress and the American public to help them to make informed economic and financial decisions.

Objective: To provide executive direction, oversight, management, and financial and administrative support to ESA headquarters, the U.S. Census Bureau, and the Bureau of Economic Analysis; to evaluate current economic conditions; to provide economic policy analyses; and to provide data dissemination services.

Base Program

The Economics and Statistics Administration (ESA) provides broad and targeted economic data, analyses and forecasts for use by Government agencies, businesses and others, as well as develops domestic and international economic policy. ESA's mission is three-fold:

- Support the information and analytical needs of the Department of Commerce, the Executive Branch, the President, and Congress;
- Maintain the highest possible quality Federal statistical system and make improvements where warranted and feasible; and
- Communicate a vision of the key forces at work in the economy and of the opportunities they create for improving the well-being of all Americans.

The Under Secretary for Economic Affairs provides leadership and executive management of the Census Bureau and the Bureau of Economic Analysis, and works to advance U.S. goals related to growing the economy, supporting trade and fostering innovation. ESA headquarters staff consists of policy support staff, STAT-USA (a fee-for-service organization), and support personnel.

The economic policy staff advises the Secretary, Under Secretary, and other Government officials on matters related to economic developments and forecasts and the development of options and positions relating to economic policy. The staff supports the Secretary's and Under Secretary's participation in White House policy councils, in similar Administration economic policy forums, and on the Board of the Pension Benefit Guaranty Corporation. The economic policy staff analyzes domestic and international economic developments; conducts studies contributing to economic policy development; provides weekly analyses on the near-term prospects and composition of economic activity in the U.S.; produces periodic analyses of international macroeconomic issues and their implications for the U.S. economy; and maintains a tabulation of diverse economic indicators. The staff provides research on contemporary industrial performance and analyses of cross-industry effects of economic trends, proposed and current policies, and unique events such as supply interruptions, strikes, natural disasters, and threats to homeland security.

For example in FY 2007, ESA's policy staff prepared reports to support the Secretary of Commerce on the prevailing topics of the day including the role of immigrants in the U.S. economy, subprime mortgages, the role of the U.S. dollar in trade, and the offshoring of service jobs. The policy staff researched jobs supported by exports, employment in small firms, and the impact of the current account deficit of GDP and job creation. ESA supported the Secretary's trade creation role by reporting on the economies of Columbia, Peru, Panama, Mexico, India, and Russia. ESA economists modeled exercises related to energy, immigration, and pandemic flu policy issues. ESA partnered with other bureaus to provide policy makers current analysis on ethanol, natural gas prices, nanotechnology, and pension reform. In addition, ESA supported the American Competitiveness Initiative through its Advisory Committee on Measuring Innovation in the 21st Century. This blue ribbon panel assembled from leaders of industry and academia met in roundtables twice in FY 2007 and expects to release its final report in FY 2008.

Department of Commerce
 Economic and Statistical Analysis Budget – Salaries and Expenses
 Economics and Statistics Administration / Bureau of Economic Analysis
 Increase for FY 2009
 (Thousands of dollars)

FY 2008 Base		FY 2009 Estimate		FY 2009 Increase/Decrease	
<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>
0	0	+11	3,180	+11	\$3,180

Develop a More Accurate and Comprehensive Measure of the Health Sector in GDP

Summary: (\$3.2 million, +11 FTE) – To develop a more accurate measure of the health care sector in GDP and create a supplemental, satellite account that provides detailed and specific information on the expenditures of the health care industry and the costs of treating specific diseases.

Background: Health care spending has doubled over the last ten years and is 16 percent of the U.S. gross domestic product (GDP). The increasing cost of health care is the number-one, long-term budget issue confronting the Federal Government. Most projections suggest that this increasing trend is likely to continue. The Office of Management and Budget, the Council of Economic Advisors, and the Congressional Budget Office all point to health care spending as the most important long-term issue confronting the Federal budget. Many ask why these increases in spending have not produced healthier Americans – U.S. per capita health spending ranks high relative to other countries, but the U.S. ranks well down the list in the health status of its population. The overriding question becomes “Do the large increases in U.S. health expenditures represent increases in costs or increases in the delivery of real medical services to an aging population?”

Why Good Data is Needed for Good Policy

J. Newhouse and A. Sinaiko of Harvard University detail the challenges in measuring physicians' productivity and trace through the implications of measurement errors for public policy. Problems with the productivity measure in the Medicare physicians' reimbursement formula have contributed to Congress' suspending the application of the formula. In addition, “the inability to measure physician productivity in a satisfactory fashion translates into errors in projecting future Medicare spending on physician services and hence errors in forecasting future federal deficits.”

J. Newhouse and A. Sinaiko, Paper presented at the American Economic Association Meetings, January 2007

To address these and other critical policy questions related to health care, better measures are required. Unfortunately, the metrics used to guide policy are flawed and incomplete. Many health care statistics end-users (e.g. Congress, the Federal Reserve Bank, and other Federal, state and local agencies) have raised concerns about the accuracy of the current metrics. Additionally, several panels of the National Academies of Sciences have recommended that the Federal statistics agencies, including BEA, need to take steps to improve measures of spending and costs related to the health care sector.

Preliminary research suggests that the Bureau of Labor Statistics measures of health care inflation used by BEA may be overstated by as much as 1 ½ percentage points each year and, as a result, growth rates for real output and productivity in the health care sector may be understated by similar amounts. These and other problems in the measurement of the growing health care sector not only have major implications for Federal health care policy, but for broader issues ranging from inflation forecasts and budget projections to monetary and fiscal policies. Much of the data currently used to evaluate health care spending and its costs originate in BEA's detailed GDP accounts.

Proposal: Understanding the changing role of health care in the U.S. economy and its impact on economic growth is critical to addressing many of the important policy issues being raised regarding health care. With this initiative, BEA will improve the accuracy of its core GDP estimates and develop a supplemental set of satellite accounts on health care that will:

Create common BEA-CMS sets of health expenditure statistics. As the leading Federal statistical agency responsible for developing relevant and accurate aggregate industry data, BEA will work with the Center for Medicaid and Medicare Services (CMS) to reconcile health care spending estimates. Although the measures are quite similar for total health spending, there are substantial differences in the underlying details. At one level, this reflects the different uses of the data, but for many purposes there is a need for a common, reconciled set of estimates. Differences in data produced by the decentralized U.S. statistical system have produced differing conclusions among researchers about the sources of the recent rise in U.S. productivity and the decline in savings. It is important that this problem not affect analyses of health care spending. Harmonization of the U.S. health data will address this issue by providing a common set of metrics for discussing trends in health care spending.

Produce a comprehensive set of health care sector accounts for health care income, expenditure, and product. The GDP accounts currently include a complete accounting for health care, but the accounts are designed for macroeconomic rather than health analysis; the health-related components are scattered throughout

the accounts. This project would pull together these health data to present a comprehensive picture of the health sector that is consistent with BEA's existing accounts so that the health sectors' contributions to economic growth, productivity, inflation, the trade balance, and income growth can be isolated. It will also allow consistent and integrated analysis of the health care sector itself, including changes in its structure, through the BEA input-output accounts; regional impacts, through the BEA regional accounts; and the impact on medical care productivity and inflation for all health spending and by component (physicians, hospitals, etc.).

Develop state-of-the-art medical care price and real output measures that better break out the delivery of health care from increases in the price of that care. Research suggests that existing medical care price indexes fail to capture such cost-saving measures as the substitution of drug therapy for inpatient therapy. BEA would extend preliminary work that it has conducted using insurance records to track the total cost of treating episodes of disease. These experimental indexes suggest that more of the increase in medical spending in recent years has been in real services, or medical output, than in prices, as measured by existing measures. This distinction may have important implications for policy actions to restrain medical care spending. These new data would also be helpful in assessing medical care productivity. The new data also may be important for developing health care policy and reimbursement rates that are based on measures of medical care productivity (see box on preceding page ESA-68).

Produce medical care spending by type of disease that go beyond estimates of spending by type of providers. These estimates are necessary to understand what is happening to costs and outcomes across these categories. This exercise will include a cross-walk between disease categories (depression, heart disease, etc.) and BEA's existing product-based estimates (prescription drugs, office visits, hospital outpatient, hospital inpatient, etc.). These new cost-of-disease estimates, along with BEA's new disease-based price indexes, will help provide a much clearer picture of the drivers of medical care cost increases. They will also be used to create a measure of medical care productivity across diseases that can be used to trace the expenditures back to the underlying treatment modes, such as prescription drugs or surgery. These estimates could also prove quite helpful in projecting future costs by providing a tighter link between the demographics of the population and other factors to the prevalence of diseases and, ultimately, the cost of treating those diseases.

BEA and the National Institutes of Health are co-sponsoring a National Academies Panel Study on National Health Accounts. Using internal research funds, BEA has begun preliminary research into the feasibility of producing these

accounts. To continue the baseline work BEA has begun and to implement the recommendations from the National Academies Panel funds will be required starting in FY 2009.

Potential Supporters: Congressional Budget Office, Office of Management and Budget, U.S. Treasury, Council of Economic Advisers, Department of Health and Human Services and other Federal, state and Local agencies involved in health care planning; American Association of Retired Persons, American Federation of Labor, Congress of Industrial Organizations, and other organizations concerned with health care issues affecting their members; American Medical Association and other health care associations; Coalition of Service Industries, National Association for Business Economists, National Bureau of Economic Research, the Federal Reserve Board, and other groups interested in the future trends in health care and overall inflation and productivity.

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL
 (Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
 Subactivity: National Economic Accounts and Industry Economic Accounts
 Program Change: Develop a more comprehensive measure of the health care sector

Title	Band	Interval	Number	Annual Salary	Total Salary
Senior Economist	V	1	2	113,674	227,348
Senior Economist	IV	2	5	101,268	506,340
Economist	III	1	5	57,377	286,885
Economist	II	1	2	38,769	77,538
Computer Specialist	III	1	1	58,060	58,060
Total			15		1,156,171
Less Lapse			4		(289,043)
Total Full-time permanent (FTE)			11		867,128
2009 Pay Adjustment (2.9%)					25,147
Total					892,275

Personnel Data

Full-time Equivalent Employment:	
Full-time permanent	11
Other than full-time permanent	0
Total	11
Authorized Positions:	
Full-time permanent	15
Other than full-time permanent	0
Total	15

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
 (Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
 Subactivity: National Economic Accounts and Industry Economic Accounts
 Program Change: Develop a more comprehensive measure of the health care sector

		2009 Increase/ (Decrease)
11.0	Personnel compensation	
11.1	Full-time permanent	892
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel service payments	0
	Total personnel compensation	892
12.1	Civilian personnel benefits	252
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	76
22.0	Transportation of things	1
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	15
24.0	Printing and reproduction	6
25.1	Advisory and assistance services	59
25.2	Other services	1477
25.3	Purchases of goods and services from Government accounts	182
25.4	Operation of GOCOs	0
25.5	Research and Development contracts	0
25.6	Medical Care	0
25.7	Operation and maintenance of equipment	33
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	28
31.0	Equipment	159
32.0	Land and structures	0
33.0	Investments and loans	0
43.0	Interest and dividends	0
44.0	Refunds	0
	TOTAL OBLIGATIONS	3,180

Department of Commerce
 Economic and Statistical Analysis Budget – Salaries and Expenses
 Bureau of Economic Analysis / Economics and Statistics Administration
 Increase for FY 2009
 (Thousands of dollars)

FY 2009 Base		FY 2008 Estimate		FY 2008 Increase/Decrease	
<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>
3	376	14	2,907	11	2,531

Incorporate R&D into the GDP Accounts:

Summary: (\$2.5 million, +11 FTE) – To develop and incorporate research and development (R&D) into the National Income and Product Accounts, including the gross domestic product (GDP).

Background: A widely-read *Business Week* cover story entitled, “Why the Economy Is A Lot Stronger than You Think,” helped to raise the profile of important economic activities that are not fully measured in the GDP estimates produced by BEA. These knowledge-based economic activities, or investments in “intangibles,” are thought to be important engines of economic growth, when, in fact, very little is understood about their role in the economy. Much of the growth that the U.S. economy has experienced in the last ten years is not captured by traditional economic measures. Many believe that these knowledge-based activities are responsible for as much as 40 percent of this growth. Understanding their role in the economy is critical to accurately measuring and encouraging a strong U.S. economy.

On September 28, 2006, BEA and the National Science Foundation (NSF) released a preliminary R&D satellite account, which provided prototype estimates of the effects of treating R&D as an investment in GDP rather

Preliminary R&D Satellite Account
 (Released September 28, 2006)

These preliminary estimates suggest that R&D accounted for a substantial share of the resurgence in U.S. growth in recent years:

- Between 1959 and 2002, R&D investment accounted for 4½ percent of growth in real GDP.
- Between 1995 and 2002, its contribution to real growth rose to 6½ percent.
 - In comparison, businesses’ investment in commercial and all other types of buildings accounted for just over 2 percent of real GDP growth between 1995 and 2002.

than as an expense. These preliminary findings are the first glimpse of the effect that R&D and other knowledge-based activities have on our economy (see box on preceding page). This initiative calls on BEA to extend the prototype R&D account, funded by the National Science Foundation (NSF) in 2006 and 2007, with annual updates and extensions to the satellite account between 2008 and 2012, with full incorporation planned in 2013.

Proposal: R&D is possibly one of the most important investments that contribute to the overall growth of the U.S. economy. Although there are currently no direct measures of the impact of investments in intangibles, indirect estimates suggest that R&D and advances in technology account for 40 percent of all economic and productivity growth. Currently, BEA does not include R&D spending as investment in the Nation's economic accounts. This initiative will allow BEA to fully research, identify, and quantify R&D as an investment with the goal of incorporating it into GDP and the other economic accounts. To do this, BEA proposes the following two steps:

- **R&D Measurement** – BEA is currently working with the NSF to further develop its prototype R&D satellite account. This development work will provide a detailed set of estimates of the role of R&D in economic activity. The NSF funding supports the R&D satellite account through 2007. To transition this NSF project from a research study to a regular BEA statistical product, BEA must establish an R&D program at BEA. This program would result in regular annual estimates to the R&D satellite account beginning in 2009 and the eventual incorporation of quarterly estimates into the core GDP accounts.
- **Industry-level Detail in the R&D Satellite Account** – Another important step in the production of an annual R&D satellite account is to expand it to provide detailed industry-level statistics. This information is necessary for identifying the extent to which each industry employs R&D and would provide key information on the sources of productivity gains that could be used to better understand the role of R&D in boosting economic growth.

2006	Published preliminary R&D satellite account for 1959-2002.
2007	Publish enhanced R&D satellite accounts for 1959-2004 and framework for R&D industry account estimates.

2008	Work with NSF and Census on developing more complete coverage and improved reporting from the existing source data.
2009	Continue to work with NSF and Census on developing improved and expanded source data with special attention to regional/state level detail and developing more timely quarterly and annual surveys.
2010	Publish updated annual R&D satellite account and industry account estimates for 2007; begin work on developing estimates by institutional sectors; continue work on incorporating R&D into the input-output accounts; continue developing historical detail with an emphasis on industry estimates; continue to work with NSF and Census on developing improved and expanded source data with special attention to international transactions and more timely quarterly and annual surveys.
2011	Publish updated annual R&D satellite account and industry account estimates for 2010; complete baseline estimates for input-output accounts, complete historical detail for the total economy, sector, and industry; complete baseline work on extrapolators; and incorporate more timely quarterly and annual NSF and Census survey data into satellite accounts.
2012	Fully incorporate R&D estimates into the 2007 input-output accounts.
2013	Fully incorporate quarterly R&D estimates in to the core NIPAs.

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL
 (Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
 Subactivity: National Economic Accounts and Industry Economic Accounts
 Program Change: Develop a more comprehensive measure of the health care sector

Title	Band	Interval	Number	Annual Salary	Total Salary
Senior Economist	V	1	2	113,674	227,348
Senior Economist	IV	2	2	101,268	202,536
Senior Economist	IV	1	1	81,779	81,779
Economist	III	1	3	57,377	172,131
Economist	II	1	5	38,769	193,845
Computer Specialist	III	1	2	58,060	116,120
Total			15		993,759
Less Lapse			4		(248,440)
Total Full-time permanent (FTE)			11		745,319
2009 Pay Adjustment (2.9%)					21,614
Total					766,933

Personnel Data

Full-time Equivalent Employment:	
Full-time permanent	11
Other than full-time permanent	0
Total	11
Authorized Positions:	
Full-time permanent	15
Other than full-time permanent	0
Total	15

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
 (Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
 Subactivity: National Economic Accounts and Industry Economic Accounts
 Program Change: Develop a more comprehensive measure of the health care sector

		2009 Increase/ (Decrease)
11.0	Personnel compensation	
11.1	Full-time permanent	767
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel service payments	0
	Total personnel compensation	767
12.1	Civilian personnel benefits	261
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	37
22.0	Transportation of things	1
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	14
24.0	Printing and reproduction	6
25.1	Advisory and assistance services	59
25.2	Other services	985
25.3	Purchases of goods and services from Government accounts	182
25.4	Operation of GOCOs	0
25.5	Research and Development contracts	0
25.6	Medical Care	0
25.7	Operation and maintenance of equipment	32
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	28
31.0	Equipment	159
32.0	Land and structures	0
33.0	Investments and loans	0
43.0	Interest and dividends	0
44.0	Refunds	0
	TOTAL OBLIGATIONS	2,531

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

Object Class	2007 Actual	2008 Enacted	2009 Base	2009 Estimate	2009 Increase/ (Decrease)
11 Personnel compensation					
11.1 Full-time permanent	41,908	42,835	45,055	46,714	1,659
11.3 Other than full-time permanent	865	890	922	922	0
11.5 Other personnel compensation	866	884	884	884	0
11.8 Special personnel services payments	361	369	369	369	0
11.9 Total personnel compensation	44,000	44,978	47,230	48,889	1,659
12.1 Civilian personnel benefits	10,638	10,870	11,597	12,110	513
13 Benefits for former personnel	0	0	0	0	0
21 Travel and transportation of persons	968	988	1,020	1,133	113
22 Transportation of things	22	22	22	24	2
23.1 Rental payments to GSA	5,488	5,604	5,819	5,819	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, utilities and miscellaneous charges	509	520	540	569	29
24 Printing and reproduction	169	172	177	189	12
25.1 Advisory and assistance services	487	498	522	640	118
25.2 Other services	4,657	4,760	4,938	7,400	2,462
25.3 Purchases of goods and services from Government accounts	11,281	11,522	11,292	11,656	364
25.4 Operation of GOCOs	0	0	0	0	0
25.5 Research and development contracts	0	0	0	0	0
25.6 Medical care	0	0	0	0	0
25.7 Operation and maintenance of equipment	58	59	62	127	65
25.8 Subsistence and support of persons	0	0	0	0	0
26 Supplies and materials	1,229	1,255	1,292	1,348	56
31 Equipment	371	378	399	717	318
41 Grants, subsidies and contributions	0	0	0	0	0
43 Interest and dividends	0	0	0	0	0
44 Refunds	0	0	0	0	0
99 TOTAL OBLIGATIONS	79,877	81,626	84,910	90,621	5,711
Less, prior year recoveries and refunds	(285)				
Less, prior year unobligated balance	(1,206)	(1,351)			
Plus, unobligated balance, EOY	1,351				
Plus, unobligated balance, rescission		800			
Plus, unobligated balance, expiring	14				
TOTAL BUDGET AUTHORITY	79,751	81,075	84,910	90,621	5,711

Personnel Data	2007 Enacted	2008 Estimate	2009 Base	2009 Estimate	2009 Increase/ (Decrease)
Full-Time Equivalent Employment:					
Full-time permanent	476	478	478	500	11
Other than full-time permanent	22	22	22	22	0
Total	498	500	500	522	22
Authorized Positions:					
Full-time permanent	500	500	500	530	30
Other than full-time permanent	22	22	22	22	0
Total	522	522	522	552	30

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

		Adjustments to Base	2009 Base	2009 Estimate	2009 Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	0	0	0
	Senior executive service	0	2,071	2,071	0
	General schedule	1,201	42,984	44,643	1,659
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Examiners of patent appeals (P.L. 82-593, 98-622)	0	0	0	0
	Examiners of trademark appeals (P.L. 98-622)	0	0	0	0
	Senior foreign service	0	0	0	0
	Foreign service staff	0	0	0	0
	Foreign service nationals	0	0	0	0
	Consultants & experts	0	0	0	0
	Students	0	0	0	0
	Subtotal	1,201	45,055	46,714	1,659
11.3	Other than full-time permanent				
	General schedule	16	922	922	0
	Wage board	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	16	922	922	0
11.5	Other personnel compensation				
	Overtime	0	36	36	0
	SES performance awards	0	177	177	0
	Cash awards	0	671	671	0
	Merit pay awards	0	0	0	0
	Subtotal	0	884	884	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	369	369	0
	Other	0	0	0	0
	Subtotal	0	369	369	0
11.9	Total personnel compensation	1,217	47,230	48,889	1,659

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Adjustments to Base	2009 Base	2009 Estimate	2009 Increase/ (Decrease)
12.1 Civilian personnel benefits				
Civil service retirement	(91)	680	710	30
Federal employees' retirement	232	3,967	4,143	176
Thrift savings plan	96	1,569	1,638	69
Federal insurance contribution act - Medicare	8	1,525	1,592	67
Federal insurance contribution act - OASDI	128	583	609	26
Health insurance	47	2,617	2,733	116
Life insurance	2	68	71	3
Employees' compensation fund	(179)	-67	-70	(3)
Other	(2)	655	684	29
Subtotal	241	11,597	12,110	513
13 Benefits for former personnel				
Severance pay	0	0	0	0
Unemployment compensation	0	0	0	0
Other	0	0	0	0
Subtotal	0	0	0	0
21 Travel and transportation of persons				
Common carrier	0	166	184	18
Mileage	0	3	3	0
Per diem/actual	26	799	888	89
Vehicular	0	0	0	0
Other	0	52	58	6
Subtotal	26	1,020	1,133	113
22 Transportation of things	0	22	24	2
[Overseas estimates]	0	0	0	0
23.1 Rental payments to GSA	127	5,819	5,819	0
23.2 Rental payments to others	0	0	0	0

Department of Commerce
Economic and Statistical Analysis Budget
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DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Adjustments to Base	2009 Base	2009 Estimate	2009 Increase/ (Decrease)
23.3				
Communications, utilities and miscellaneous charges				
Rental of ADP equipment	0	59	62	3
Rental of office copying equipment	0	0	0	0
Other equipment rental	0	0	0	0
Federal telecommunications system	0	10	11	1
Other telecommunications services	0	218	230	12
Postal Service by USPS	3	69	73	4
Other	9	184	193	9
Subtotal	12	540	569	29
24				
Printing and reproduction				
Publications	3	118	126	8
Public use forms	0	37	40	3
Envelopes	0	5	5	0
Other	0	17	18	1
Subtotal	3	177	189	12
25.1				
Advisory and assistance services				
Management and professional support services	1	67	185	118
Studies, analyses, and evaluation	8	455	455	0
Engineering and technical services	0	0	0	0
[Overseas estimates]	0	0	0	0
Subtotal	9	522	640	118
25.2				
Other services				
Training				
University	7	400	599	199
Other	12	634	950	316
ADP services	5	296	444	148
Telecommunications services	0	0	0	0
Other non-government contracts	64	3,502	5,248	1,746
Other	2	106	159	53

Department of Commerce
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DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	Adjustments to Base	2009 Base	2009 Estimate	2009 Increase/ (Decrease)
Subtotal	90	4,938	7,400	2,462
25.3 Purchases of goods and services from Government accounts				
Office of Personnel Management Training	1	57	59	2
GSA reimbursable services	0	0	0	0
National Archives and Record Administration	(2)	-1	-1	0
Payments to GA, WCF	103	3,250	3,444	194
Other government accounts	131	7,986	8,154	168
Subtotal	233	11,292	11,656	364
25.4 Operation of GOCOs	0	0	0	0
25.5 Research and development contracts	0	0	0	0
25.6 Medical care	0	0	0	0
25.7 Operation and maintenance of equipment	1	62	127	65
25.8 Subsistence and support of persons	0	0	0	0
26 Supplies and materials				
Office supplies	2	92	96	4
ADP supplies	20	1,078	1,125	47
Other	2	122	127	5
Subtotal	24	1,292	1,348	56
31 Equipment				
Office machines and equipment	1	68	122	54
ADP hardware	2	143	257	114
ADP software	0	0	0	0
Other	4	188	338	150
Subtotal	7	399	717	318
43 Interest and Dividends	0	0	0	0
99 TOTAL OBLIGATIONS	1,990	84,910	90,621	5,711
TOTAL BUDGET AUTHORITY	1,990	84,910	90,621	5,711

Department of Commerce
Economic and Statistical Analysis Budget
Economics and Statistics Administration / Bureau of Economic Analysis

APPROPRIATION LANGUAGE AND CODE CITATIONS

“For necessary expenses as authorized by law of economic and statistical analysis programs of the Department of Commerce, \$90,621,000 to remain available until September 30, 2010.”

15 U.S.C. 171 et seq., provides for the establishment of the Bureau of Economic Analysis (BEA) and provides the authority(s) and responsibility(s) for the functions of the Bureau of Economic Analysis.

15 U.S.C. 1501 et seq., establishes the Department of Commerce and, among other responsibilities, provides the Secretary of Commerce (delegated by Departmental order to the Under Secretary for Economic Affairs) with the authority to carry out economic and statistical analysis functions.

22 U.S.C. 286f provides that the President shall make available balance of payments information as required by the Bretton Woods Agreement Act. The Bureau of Economic Analysis was assigned responsibility by Executive Order No. 10033, as amended and subsequent Departmental delegation for the collection of certain balance of payments data and the publication of the U.S. balance of payments accounts.

22 U.S.C. 3101 et seq., provides that the President shall undertake mandatory surveys of U.S. direct investment abroad and foreign direct investment in the United States. The Bureau of Economic Analysis was assigned responsibility for the direct investment surveys under this Act by Executive Order No. 11961 and subsequent Departmental delegation.

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
ADVISORY AND ASSISTANCE SERVICES
 (Dollar amounts in thousands)

	FY 2007	FY 2008	FY 2009
	Actual	Enacted	Estimate
	Amount	Amount	Amount
Management and Professional Services	63	65	185
Special Studies and Analyses	424	433	455
Engineering and Technical Services	0	0	0
TOTALS.....	487	498	640

Management and professional services, and special studies are utilized to the extent that they provide a cost-effective source for services.

Further, it is not practical for ESA to work in an insulated environment. Consulting and related services contribute to the overall stability of ESA's work by: (1) providing cross-checks to ESA's work; and (2) supplementing staff to investigate important issues or problems.

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PERIODICALS, PAMPHLETS, AND AUDIOVISUAL SERVICES

	FY 2007 Actual Amount	FY 2008 Enacted Amount	FY 2009 Estimate Amount
Periodicals	\$81	\$83	\$84
Pamphlets	\$17	\$17	\$18
Audiovisual Services	\$6	\$6	\$6
TOTALS	\$104	\$106	\$108

A central component of BEA's mission is to gather and disseminate information about U.S. economic accounts in a timely and cost effective manner. BEA accomplishes this dissemination through its public Web site, <www.bea.gov>. The site provides a comprehensive set of data tables, economic indicator releases, methodology papers, the BEA Strategic Plan, and other key information developed by the Bureau. All are presented in a downloadable, Section 508-compliant electronic format BEA's customers can easily access (see table in Exhibit 3a). Another important means of disseminating BEA information is through creation and public distribution of periodicals, reports, pamphlets, and related printed or audiovisual materials. BEA has developed an effective portfolio of these communications tools, maximizing public access to economic account information. A variety of dissemination channels ensures customers have convenient access to BEA information in a format most suited to their needs.

In particular, the types of information dissemination products produced by BEA are as follows:

Periodicals – On a monthly basis, BEA publishes the *Survey of Current Business (SCB)*. The SCB is BEA's flagship journal containing numerous articles written by BEA staff interpreting economic data being disseminated by BEA. In addition, the SCB includes extensive tables and charts of economic data gathered and tracked by BEA. The data

collectively serve as a resource for government officials, economists, the media, financial professionals, academicians, and the general public. The SCB also serves to fulfill BEA's legal requirement to make public the data it collects across the national, international, regional, and industry economic accounts both in print and online versions.

On a periodic basis, BEA issues formal, detailed reports (typically two to six per year) on key topics within these accounts over multiple-year periods, such as to re-establish benchmark data or produce data revisions. In FY 2007 State Personal Income 2004 Methodology, Gross Domestic Product (GDP) by State Estimates Methodology, Foreign Direct Investment in the United States (FDIUS) 2002 Establishment Data, FDIUS Final Results from the 2002 Benchmark Survey, *and a National Income and Product Account (NIPA) Methodology Paper and Primer on GDP and the NIPAs were published.*

Pamphlets and other publications – Each year BEA produces and distributes a variety of publications to support its mission of providing available data and services to thousands of external customers. These products are often distributed to the public through trade shows and regional conferences where BEA staff are present, or at meetings with other government agencies or congressional officials. Products include the BEA brochure, the BEA Strategic Plan, the BEA Customer Service Guide, economic account fact sheets, release schedules, regional data wheels, instructional literature on using BEA data, and the BEA Customer Satisfaction Report.

Audiovisual products - BEA annually produces and disseminates two CD-ROM products covering regional economic data. These products contain explanatory information and extensive, interactive tables provided to customers (particularly local and state governments as well as depository libraries) upon request. All CD-ROM data are downloadable from <www.bea.gov>.

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
AVERAGE GRADE AND SALARIES

	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate
Average ES Salary	\$156,985	\$160,438	\$163,968
Average GS/GM Grade	12.0	12.0	12.0
Average GS/GM Salary	\$88,767	\$91,430	\$94,173