

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

Budget Estimates

Fiscal Year 2014

As Presented to Congress

April 2013



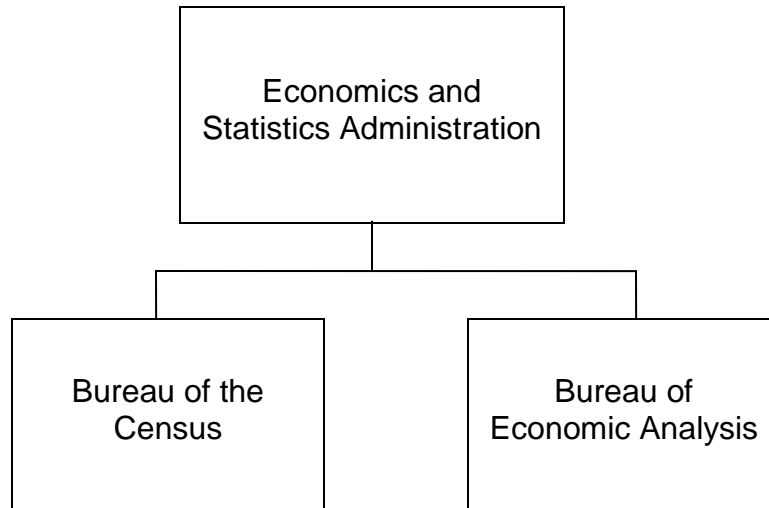
**Economic and Statistical Analysis Budget
Economics and Statistics Administration / Bureau of Economic Analysis
Budget Estimates, Fiscal Year 2014
Congressional Submission**

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

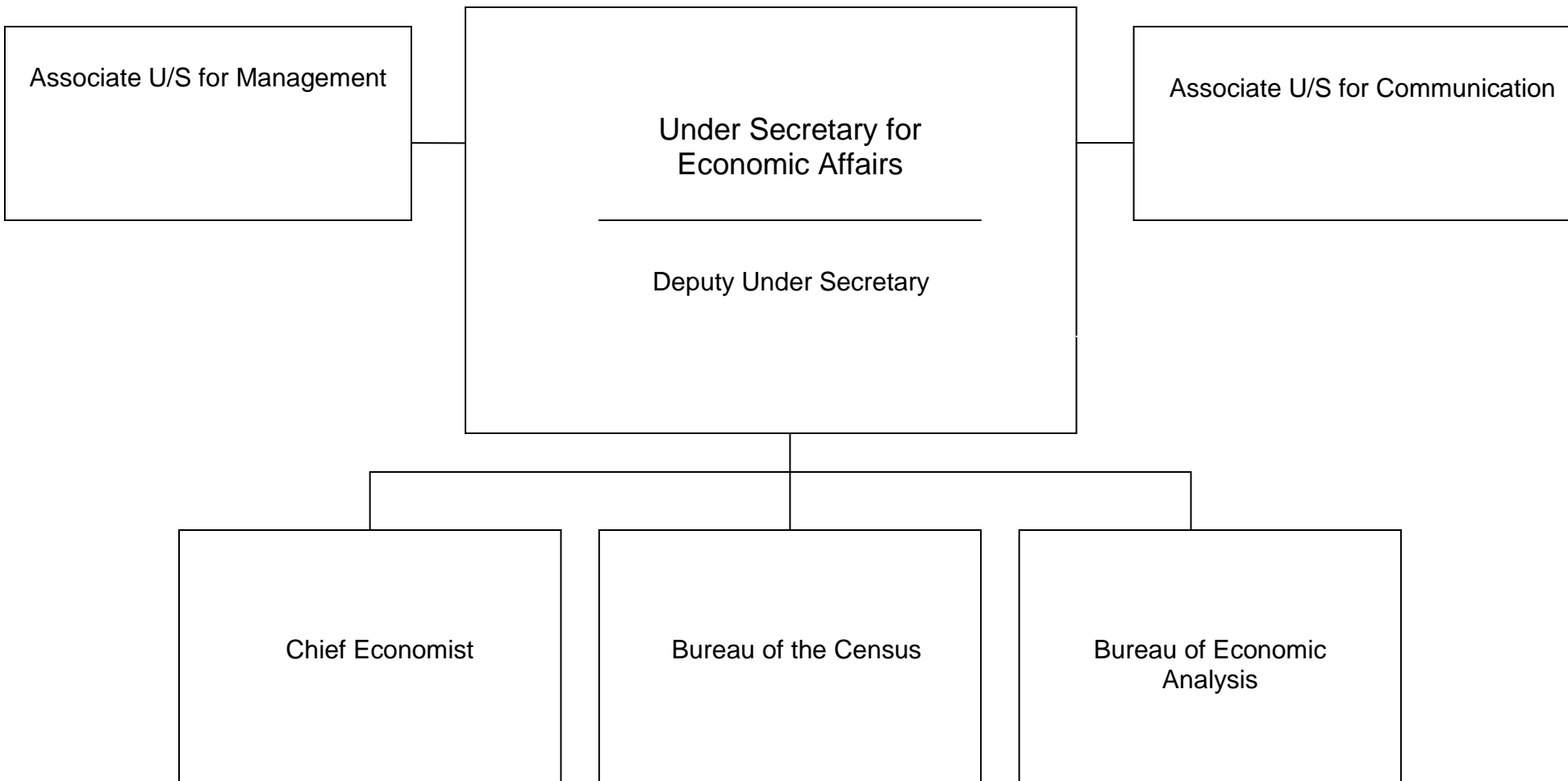


The Economics and Statistics Administration (ESA) includes ESA, the Bureau of Economic Analysis (BEA) and the Bureau of the Census. The Bureau of the Census budget is submitted separately.

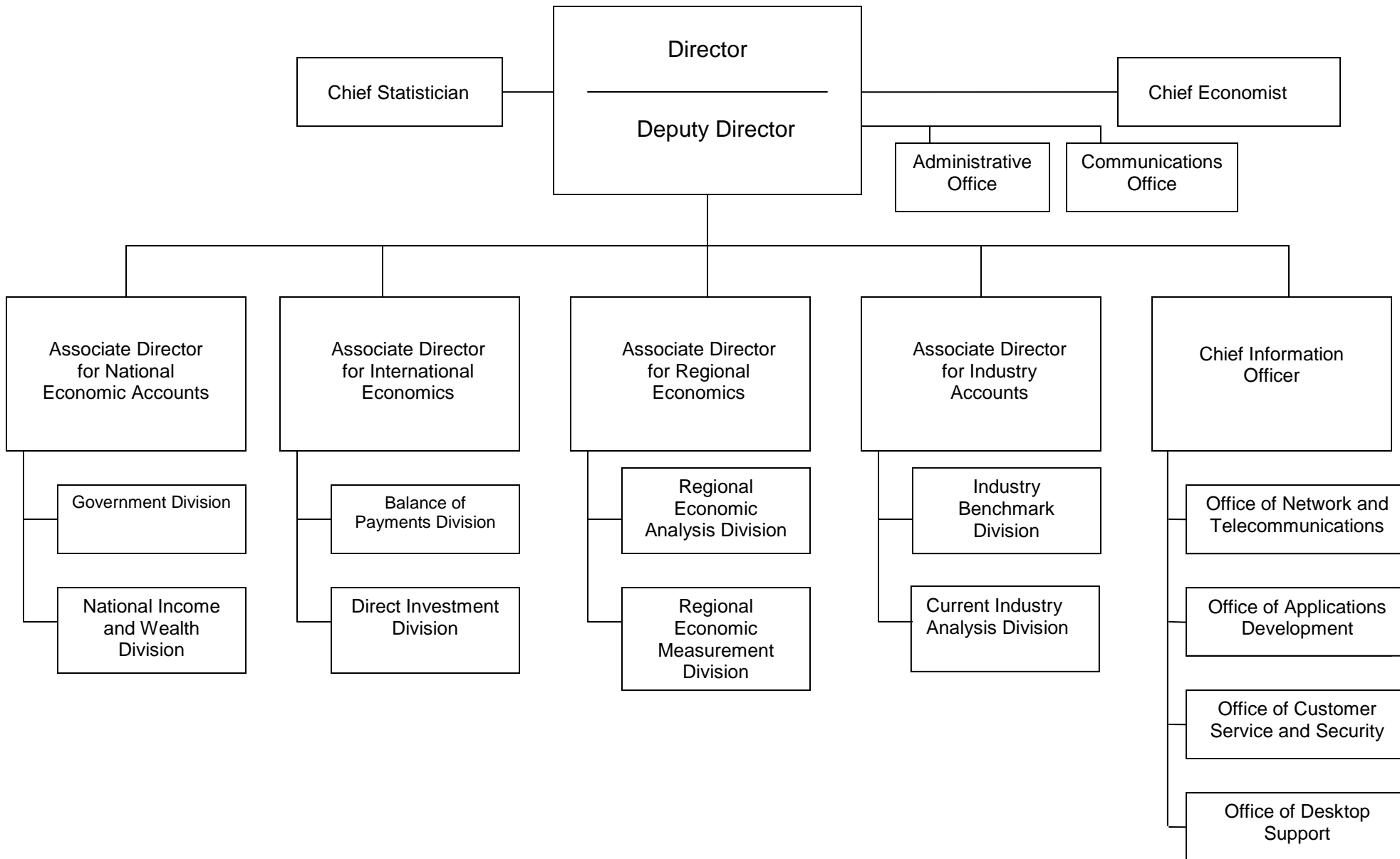
ESA (Policy Support and Management Oversight) consists of the Under Secretary for Economic Affairs and the Office of the Chief Economist. The Under Secretary for Economic Affairs provides leadership and critical oversight of the Census Bureau and Bureau of Economic Analysis. The policy support staff, located within the office of the Chief Economist, conducts economic research and policy analysis in direct 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.

The Bureau of Economic Analysis (BEA), a principal Federal statistical agency, promotes a better understanding of the U.S. economy by providing 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 and by metropolitan area, 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.

Economics and Statistics Administration



Bureau of Economic Analysis



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Department of Commerce
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Executive Summary

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 Economics and Statistics Administration (ESA) through the Bureau of Economic Analysis (BEA) and the Census Bureau. BEA provides 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 Bureau of Economic Analysis, although a relatively small agency, produces some of the most closely watched national economic statistics that directly affect decisions made by policy makers, business leaders, and the American public.

For FY 2014, BEA is submitting a budget that is sufficient to preserve the timeliness, relevance, and accuracy of the nation's 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. The table below reflects BEA's proposal for FY 2014. BEA also offers one initiative that aligns with the Department's priority of "Build it here, Sell it everywhere."

FY 2013 Full Year Continuing Resolution	96,588
Adjustments to Base (incl. costs associated with BEA lease expiration)	4,697
Better Measurement of "Build it here, Sell it everywhere"	3,892
Elimination of Advance GDP by Industry	(1,129)
FY 2014 President's Budget	104,048

Unfortunately, in FY 2014 BEA is facing a steep and unavoidable cost increase due to the renewal of its building lease in the last quarter of FY 2013. In FY 2013, BEA will come to the end of a 20-year lease. The expiring lease, due to strategic negotiation by both GSA and BEA, was set at very favorable rates to the government. However, the relatively low cost of the expiring lease makes the step up to a new, higher-cost lease difficult to manage in this climate of flat and declining budgets. It requires BEA to request additional base funding to cover this escalation.

In order to accommodate this large increase within the guidance ceiling, BEA first sought—and will continue to seek—efficiencies throughout the Bureau. The end of its 5-year Statistical Production Modernization Plan and other administrative efficiencies will allow BEA to responsibly absorb part of the rent increase through greater productivity. However, those efficiencies will not be sufficient to absorb the total price increase BEA will face by FY 2014. This will force BEA to eliminate one of its base

programs, Advanced GDP by Industry, an action that will certainly result in protest from a number of data users.

ESA's economic policy support is provided by staff in the Office of the Under Secretary for Economic Affairs and by economists and policy analysts in the Office of the Chief Economist. In FY 2014, ESA policy support is requesting \$3.8 million to provide leadership and critical oversight of the Census Bureau and Bureau of Economic Analysis, and to advance U.S. goals related to growing the economy, supporting trade, and fostering innovation.

ESA provides valuable economic analysis and advice to the Secretary of Commerce and the Administration and plans to continue this level of support in areas such as intellectual property, the competitiveness of the U.S. economy, innovation and trade. ESA will also measure the economic impacts of policy proposals, natural and man-made disasters, and prices on the Nation's economy like the work completed for the Gulf Coast region estimating the economic impact of the Deepwater Horizon oil spill and the drilling moratorium. The Under Secretary will continue work on pension reform through the Pension Benefit Guaranty Corporation. ESA continues its work through the U.S.-China Joint Commission on Commerce and Trade to improve bilateral trade with China. 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 Administration is continuing its pursuit of an aggressive government-wide effort to curb non-essential administrative spending. As a result, the Department of Commerce continues to seek ways to improve the efficiency of programs without reducing their effectiveness. The Department's total savings target for FY 2014 is \$194.8 million, which includes \$142.8 million in savings in FY 2012, \$33.2 million planned for FY 2012 and an additional \$18.8 million in savings is targeted for FY 2014. Building on ESA's planned administrative savings in FY 2012 [0.511 million] and FY 2013 [0.144 million], and additional \$0.800 million in savings is targeted for FY 2014.

Conclusion

The continuing growth, increasing complexity, and changing structure of the American economy make it increasingly important for policy makers and business leaders to have the timeliest, 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 affect every American who runs a business, saves for retirement, or borrows to buy a home.

Bureau of Economic Analysis: Economic Accounts

□ 10,000 time series produced each month □ Nearly 2 million other data produced quarterly and annually □

<p style="text-align: center;"><u>National Income and Product Accounts</u></p> <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 – Comprehensive and timely monthly statistics on 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 statistics on corporate earnings. These statistics are an important baseline for businesses and individuals in judging corporate earnings.</p> <p>Fixed Assets – Comprehensive statistics on U.S. wealth including capital stocks, consumer durable goods, and depreciation. These statistics are crucial in the analysis of the effect of wealth on consumer spending, investment, and economic growth.</p>	<p style="text-align: center;"><u>International Accounts</u></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 statistics 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>
<p style="text-align: center;"><u>Industry Accounts</u></p> <p>Annual Industry Accounts – These accounts are a set of integrated statistics 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 style="text-align: center;"><u>Regional Accounts</u></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 GDP by State to allocate over \$226 billion in Medicaid and other grants to states. States use state personal income to project tax receipts and set spending caps.</p> <p>Gross Domestic Product (GDP) by State and by Metropolitan Area – GDP by State shows the portion of the Nation’s output produced in each state and the portion of each industry’s output by state; it is used to distribute Federal grants to states. GDP by Metropolitan Area statistics are useful for determining the overall size and growth of metropolitan economies.</p> <p>Regional Input-Output Multipliers – These statistics 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
Economics and Statistics Administration/ Bureau of Economic Analysis

FY 2014 Annual Performance Plan

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Section 1. Agency Information

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. Further information is contained in exhibits 2 and 3.

Section 2. Cross-Agency Priority Goals

BEA is not a leader or participant in any Cross-Agency Priority Goals

Section 3. Corresponding DOC Strategic Themes and Goals

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.

BEA's mission statement reflects its commitment to achieve its performance outcome as detailed in the Department's Science and Information Theme, Objective 14:

“Improve understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted and accurate data, standards and services enabling entities to make informed decisions.”

Section 4. Strategic Objectives – including Management Challenges

The BEA Five-Year Strategic Plan is a comprehensive plan of action that tracks BEA's progress toward accomplishing its mission. Through its identification of four strategic objectives and, within them, more detailed strategic goals, BEA's progress is tied to its contributions to the Department's themes of Economic Growth, Science and Information, customer service, organizational excellence, and workforce excellence. The Plan has nearly 200 detailed milestones, which ensure that BEA statistics 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 themes to the BEA mission and, finally, to the objectives, goals, and milestones of the BEA Five-Year Strategic Plan reinforces the link between the DOC mission and the employees at BEA.

This FY 2014 budget request enables BEA to maintain “core” statistical programs in three categories: statistics that feed into the estimation of GDP and related products, statistics that are required by law, and statistics that are required for the administration of federal programs.

BEA faces long-term challenges to its mission:

1. **Stay relevant:** Given our constantly changing economy, keeping our accounts relevant has always been one of our top challenges. To tell the “right story,” BEA must be quick to recognize and understand the changes occurring in the economy. The most pressing public policy issues today call for new and expanded statistics that extend the GDP and related accounts beyond their long-established boundaries to address national priorities such as health care, innovation and energy. At the same time, data users have long demanded greater consistency among the federal economic accounts provided by the decentralized U.S. statistical system, and that demand has only grown stronger as the economy has become more complex. As a leading statistical agency, BEA must contribute to the effort to integrate the federal economic accounts.
2. **Manage for flexibility:** The rapidity of the recent changes in the economy poses considerable methodological and computational challenges. In response, BEA must be flexible enough to quickly adapt its measures to changing economic conditions. As technological capabilities increase, customers expect easier access, quicker turnaround, and accessible interface mechanisms. In addition, BEA must make information readily available to all types of data uses. Information should be available to everyone, from the

least to the most experienced data user, which requires cost-effective strategies for the continued delivery of useful information to a very diverse customer base.

3. **Build future leaders:** As much of BEA's senior staff nears retirement, BEA is experiencing firsthand the importance of institutional knowledge and experience. BEA is devoting itself to the preparation of a new generation of cutting-edge experts and leaders.

These challenges threaten BEA's ability to fulfill its highest priority, its mission to promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic accounts data possible. BEA's FY 2014 budget submission is designed to address these challenges and enable BEA to not only maintain but also improve its high-priority statistics.

Section 5. Performance Goals and Other Indicators

BEA has established four 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 mission to provide timely, relevant, and accurate economic data. The final measure is directly related to budget initiatives and tracking progress toward meeting its commitments to the President, Congress, and the American public when such funds are provided.

Timeliness Performance Objective						
Measure 1a: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Target	FY 2014 Target
	56 of 57	61 of 55	62 of 62	62 of 62	TBD	TBD
Description: The importance of data as an ingredient for sound economic decision-making requires BEA to deliver data to decision-makers and other data users not only quickly but also reliably—that is, on schedule. Each fall, BEA publishes a schedule for the release of its economic data the following year; this measure is evaluated as the number of scheduled releases issued on time. BEA has an outstanding record of releasing its economic data on schedule and on time. In FY 2012, BEA met the target of planned releases.						
Comments on Changes to Targets: In FY 2009, BEA delayed a release because of concerns that the statistics did not meet accuracy and best practices standards. However, as the delayed release—the September release of the comprehensive revision to State Personal Income—would have reflected an acceleration of previous releases, BEA's performance with respect to this measure is considered successful.						
Relevant Program Change(s):		Title:			Exhibit 12-15 Page no:	

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
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.	Quarterly	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.	Scheduled and actual release dates are a matter of public record and can be verified via the Internet at www.bea.gov .	Not all releases may be included in the published annual schedule because their release dates cannot be established that far in advance.	FY 2013 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.

Customer Satisfaction Performance Objective						
Measure 1b: Score on Customer Satisfaction Survey	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Target	FY 2014 Target
	4.2	4.2	4.4	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 an on-going online survey of users. In FY 2012, BEA scored 4.3 out of a maximum of 5.0, indicating users are very satisfied with the overall quality of BEA's products and services.						
Comments on Changes to Targets: As BEA moves forward with improving its economic statistics to reflect the unpredictable and rapidly-changing economy, it will strive to reach a customer satisfaction rating greater than 4.0 on a 5-point scale—a rate of over 80%. Given the current unpredictability of the economy, a customer satisfaction rating of BEA's ability to keep up with these changes that exceeds 80% will be a challenge to achieve.						
Relevant Program Change(s):	Title: How we measure "Build it here, Sell it everywhere"				Exhibit 12-15 Page no: ESA – 34	

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
BEA customer satisfaction survey conducted online at BEA's website, www.bea.gov.	Continually	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 on the BEA website.	BEA provides a copy of the survey results to OMB, the DOC Budget Office, and the Economics and Statistics Administration. The report is made available on the BEA website.	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.	Survey is continually conducted with results monitored quarterly and reported after the end of the fiscal year.

Accuracy Performance Objective						
Measure 1c: Percent of GDP Statistics Correct	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Target	FY 2014 Target
		94%	88%	88%	87%	Greater than 85%
<p>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 statistics. BEA exceeded this target with a score of 87% in FY 2012.</p>						
<p>Comments on Changes to Targets: BEA's GDP statistics are recognized worldwide as the most timely and accurate national statistics available. However, the economy--in particular the service sector (which includes finance, insurance, and real estate)--is in a significant state of flux, and this is not likely to end in the immediate future. In addition, during turning points in the economy, our studies illustrate an increased likelihood of revisions, largely due to volatility in the source data. Given this, a goal of 85% accuracy in the GDP statistics may be challenging to achieve.</p>						
Relevant Program Change(s):	Title:				Exhibit 12-15 Page no:	

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
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.	Annually	The <i>Survey of Current Business</i> is published monthly and available online.	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.	The measure is the best single point estimation of the accuracy of GDP. Economic conditions, rather than statistical practices, could dramatically change the measure.	Research to calculate the new measure will be conducted, following the completion of the annual revisions, in August 2012.

Improved GDP and Economic Accounts Performance Objective						
Measure 1d: Complete all major Strategic Plan milestones related to improving the economic accounts	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Target	FY 2014 Target
		Related milestones completed.	Related milestones completed.	Related milestones completed.	Related milestones completed.	Successfully complete related milestones.
<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 2012, BEA completed all of its major milestones related to improving GDP and the economic accounts and expects to meet this target in current and future years.</p>						
<p>Comments on Changes to Targets: 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.</p>						
Relevant Program Change(s):	Title:				Exhibit 12-15 Page no:	

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
The BEA five-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 five-year Strategic Plan.

Section 6. Resource Requirements Table (obligations in millions)

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Base	Increase/ Decrease	FY 2014 Request
Funding								
Direct	91.1	98.0	97.5	96.4	96.6	101.3	2.7	104.0
Reimbursable	5.9	6.6	7.3	6.5	6.5	6.3	0	6.3
Total	97.0	104.6	104.8	102.9	103.1	107.6	2.7	110.3

Section 7. Agency Priority Goals

While BEA does not have any Agency Priority Goals, BEA has established four 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 mission to provide timely, relevant, and accurate economic data. The final measure is directly related to budget initiatives and tracking progress toward meeting its commitments to the President, Congress, and the American public when such funds are provided.

BEA regularly consults with Congress, both formally and informally, to ensure that the Bureau's goals remain in line with, and relevant to, the data needs of congressional policy-makers. Formally, BEA leaders meet quarterly with senior economic policy staff of both the House and Senate. In addition, BEA staff meet with congressional officials on an ad hoc basis to address specific topics.

Section 8. Other Information

Implicit in BEA's strategic goals is the recognition and support for advancing and enhancing mission performance. Involving all BEA staff, this over-arching goal captures the shared responsibility for achieving and maintaining excellence in order to provide a comprehensive picture of the U.S. economy and the key ingredients to critical decisions affecting fiscal and monetary policy, tax and budget projections, and household and business investment plans. This is reflected in the specific strategy to analyze and prioritize the critical workforce skill gaps and address these needs through training and effective recruitment.

This approach reflects more than training of present staff. It also includes the broader and basic goal of recruiting and retaining a competent and diverse staff and offering an inclusive work environment that supports staff development and provides work-life balance and flexibility. Success in achieving the strategic goals requires a strong and viable organization supported by excellent leadership and management to enable individual excellence in performance to carry out the BEA mission.

A challenge for BEA centers on succession planning. Several years of decreased hiring and departure of staff has had an impact on continuity of leadership, corporate knowledge, and institutional memory, specifically the retention of lessons-learned and best practices. To reach the objectives of BEA's strategic goals, there must be effective human resource management, encompassing leadership and knowledge management, a results-oriented culture, and talent management, sustained by workforce planning, including work-life satisfaction effectuated through human capital strategies.

Historically, BEA's human capital programs and policies have incorporated the goal of ensuring that the agency has the right people, with the right skills, in the right places to effectively accomplish the mission. In support of that broad goal, BEA embraced Hiring Reform to attract talent reflective of the diversity of the population, while improving work-life quality. As a result, BEA has consistently remained one of the highest rated bureaus in federal government for employee satisfaction, receiving the highest scores in 2010 of all participating agencies on 10 of 12 dimensions (tied for highest on 3) of OPM's Organizational Assessment. BEA employs a variety of means to send the positive message that employee satisfaction and engagement are critical to the agency's success.

- Cross-Agency collaborations – BEA is not involved in any cross-agency collaborations.
- Program evaluations – BEA does not have any formal, DOC led program evaluations proposed in the coming year.
- Data Validation and Verification – “The FY 2012 PAR includes in the Secretary's Statement an assessment of the reliability and completeness of the Department's performance data.”

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
FY 2013 President's Budget								514	491	96,588	96,588
plus: 2014 Adjustments to base (including rent escalation)								0	0	4,697	4,697
2014 Base								514	491	101,285	101,285
plus: How we measure "Build it here, Sell it everywhere."								28	21	3,892	3,892
less: Eliminate Advance GDP by Industry								(7)	(7)	(1,129)	(1,129)
less: Administrative Savings								0	0	[800]	[800]
2014 Estimate								535	505	104,048	104,048
Comparison by activity/subactivity		2012 Actual		2013 CR Annualized		2014 Base		2014 Estimate		2014 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Bureau of Economic Analysis	Pos/BA	500	92,225	500	92,790	500	97,414	521	100,177	21	2,763
	FTE/Obl.	478	92,510	478	92,790	478		492		14	
Policy support	Pos/BA	14	3,775	14	3,798	14	3,871	14	3,871	0	0
	FTE/Obl.	13	3,886	13	3,798	13		13			
TOTALS	Pos/BA	514	96,000	514	96,588	514	101,285	535	104,048	21	2,763
	FTE/Obl.	491	96,396	491	96,588	491		505		14	
Adjustments to Obligations											
Recoveries and Refunds											
Unobligated Balance, start of year			(396)		-						
Unobligated balance transferred											
Unobligated Balance, end of year											
Unobligated Balance, rescission			-								
Unobligated balance expiring											
Appropriation		491	96,000	491	96,588	491	101,285	505	104,048	14	2,763

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	2012 Actual	2013 CR Annualized	2014 Base	2014 Estimate	2014 Increase/ (Decrease)
Total Obligations	102,919	103,083	107,543	110,306	2,763
Offsetting collections from:					
Federal Funds	(6,523)	(5,985)	(5,858)	(5,858)	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	(510)	(400)	(400)	0
Recoveries and Refunds	0	0	0	0	0
Unobligated balance direct, start of year	(396)	0	0	0	0
Unobligated balance reimbursable, start of year	0	0	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance direct, end of year	0	0	0	0	0
Unobligated balance reimbursable, end of year	0	0	0	0	0
Unobligated balance expiring	0	0	0	0	0
Budget Authority	96,000	96,588	101,285	104,048	2,763
Financing:					
Unobligated balance rescission	0	0	0	0	0
Transferred from other accounts (-)	0	0	0	0	0
Transferred to other accounts (+)	0	0	0	0	0
Appropriation	96,000	96,588	101,285	104,048	2,763

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Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	FTE	Amount
<u>Annualization of FY 2013 pay raise</u>		77
Full-year cost of the 2013 pay increase and related costs. A pay raise of 0.5% is effective for FY 2013 January 1, 2013.		
Total cost of FY 2013 pay increase	306,667	
Less amount requested in FY 2013	230,000	
Amount requested in FY 2014 for FY 2013 pay increase	76,667	
<u>FY 2014 pay raise and related costs</u>		457
A general pay raise of 1.0% is assumed to be effective January 1, 2014.		
Total cost in FY 2014 of pay increase	597,000	
Payment to Working Capital Fund	9,000	
Amount requested in FY 2014 for FY 2014 pay increase (3/4 of year)	456,750	
<u>Civil Service Retirement System (CSRS)</u>		(85)
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 11.9% in FY 2013 to 9.4% in FY 2014. The contribution rate will remain 7.0%.		
FY 2014 (\$48,720,000 x .094 x .07)	320,578	
FY 2013 (\$48,720,000 x .119 x .07)	405,838	
Total adjustment to base	(85,260)	
<u>Federal Employees Retirement System (FERS)</u>		231
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 88.1% in FY 2013 to 90.6% in FY 2014. The contribution rate increase to is 11.9%.		
FY 2014 (\$48,720,000 x .906 x .119)	5,252,698	
FY 2013 (\$48,720,000 x .881 x .117)	5,021,911	
Total adjustment to base	230,787	
<u>Thrift Savings Plan (TSP)</u>		56
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%.		
FY 2014 (\$48,720,000 x .906 x .046)	2,030,455	
FY 2013 (\$48,720,000 x .881 x .046)	1,974,427	
Total adjustment to base	56,028	
<u>Federal Insurance Contribution Act (FICA)</u>		113
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 \$114,100 in FY 2013 to \$119,100 in FY 2014. The OASDI tax rate will remain 6.2% in FY 2014.		
<u>Full-time and part-time salaries</u>		
FY 2014 (\$48,720,000 x .906 x .929 x .062)	2,542,394	
FY 2013 (\$48,720,000 x .881 x .914 x .062)	2,432,322	
Total adjustment to base	110,072	
<u>Other salaries</u>		
FY 2014 (\$1,365,000 x .906 x .929 x .062)	71,231	
FY 2013 (\$1,365,000 x .881 x .914 x .062)	68,147	
Total adjustment to base	3,084	
<u>Health Insurance</u>		138
Effective January 2011 the cost of the ESA's contribution to the Federal employees' health		

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
insurance premium increased by 4.4%. Applied against the FY 2012 estimate of \$3,133,000, the additional amount requested is \$138,000.		
<u>Employee's Compensation Fund</u> The Employee's Compensation Fund is based on the actual billing from the Department of Labor.		(7)
<u>Rental payments to GSA</u> GSA rates are projected to increase 1.6% over the FY 2012 estimate of \$6,875,000 for currently occupied space. This results in an increase of \$110,000.		110
<u>BEA's Expiring Lease</u> BEA's lease on their current facility, 1441 L Street, NW, Washington, D.C., expires in June, 2013. This estimate provides additional funding for escalating rent costs remaining in FY 2014. Because a new lease has not been executed, GSA will execute a short-term extension to the current lease on BEA's behalf. This extension will be at market rates until a new lease is executed or another location is secured. The estimate was developed from guidance provided by DOC Real Estate Office and GSA.		2,866
<u>GPO Printing</u> GPO has provided an estimated rate increase of 1.5%. This percentage was applied to the 2013 estimate of \$264,000 for an increase of \$3,840.		4
<u>National Archives & Records Administration</u> The National Archives and Records Administration (NARA) projects storage costs will increase in price by \$1,249 for ESA.		1
<u>Working Capital Fund</u> A reduction of \$3,000 toward decreases in the Departmental Management's Working Capital Fund.		(3)
<u>Personal Identity Verification (PIV)</u> A \$389,000 increase is required to fund accelerated planning, implementation, training and oversight of the Department-wide efforts to meet 75 percent PIV compliance by the end of FY 2014. This effort will be executed via the Departmental Management's Advances and Reimbursements Fund.		389
<u>Postage</u> Effective January 22, 2012, the Governors of the Postal Service implemented a rate increase for first-class mail from 44 cents to 45 cents. The percentage increase of 4.6% was applied to the FY 2012 estimate of \$72,000 to arrive at an increase of \$3,312.		3
<u>General Pricing Level Adjustment</u> This request applies a 1.7% general pricing adjustment based on OMB economic assumptions for FY 2014 to object classes where the prices that the Government pays are established through the market system. Factors are applied to the following:		
Transportation of things		0
Communications, utilities and miscellaneous charges This includes the general pricing adjustment plus a price decrease of \$24,000 for HCHB Utilities		(21)
Other Services / Rental Payments to Others / Transportation of things		330
Supplies and materials		23
Equipment		15
Total, Estimated Cost Changes	0	4,697
Total, Adjustments to Base	0	4,697

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

Activity: Bureau of Economic Analysis
 Subactivity: National Economic Accounts

Comparison by line item	2012 Actual		2013 CR Annualized		2014 Base		2014 Estimate		2014 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
National Economic Accounts..... Pos/BA	170	31,357	170	31,549	170	33,122	170	33,122	-	-
FTE/Obl.	163	31,454	163	31,549	163		163		-	
Direct Obligations Pos/BA	170	31,357	170	31,549	170	33,122	170	33,122	-	-
FTE/Obl.	163	31,454	163	31,549	163		163		-	

Activity: Bureau of Economic Analysis
 Subactivity: International Economic Accounts

Comparison by line item	2012 Actual		2013 CR Annualized		2014 Base		2014 Estimate		2014 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
International Economic Accounts.. Pos/BA	170	31,357	170	31,549	170	33,121	198	37,013	28	3,892
FTE/Obl.	163	31,454	163	31,549	163		184		21	
Direct Obligations Pos/BA	170	31,357	170	31,549	170	33,121	198	37,013	28	3,892
FTE/Obl.	163	31,454	163	31,549	163		184		21	

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

Activity: Bureau of Economic Analysis
 Subactivity: Regional Economic Accounts

Comparison by line item	2012 Actual		2013 CR Annualized		2014 Base		2014 Estimate		2014 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Regional Economic Accounts..... Pos/BA	90	16,601	90	16,702	90	17,534	83	16,405	(7)	(1,129)
FTE/Obl.	86	16,655	86	16,702	86		79		(7)	
Direct Obligations..... Pos/BA	90	16,601	90	16,702	90	17,534	83	16,405	(7)	(1,129)
FTE/Obl.	86	16,655	86	16,702	86		79		(7)	

Activity: Bureau of Economic Analysis
 Subactivity: Industry Economic Accounts

Comparison by line item	2012 Actual		2013 CR Annualized		2014 Base		2014 Estimate		2014 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Industry Economic Accounts Pos/BA	70	12,912	70	12,991	70	13,638	70	13,638	-	-
FTE/Obl.	67	12,949	67	12,991	67		67		-	
Direct Obligations..... Pos/BA	70	12,912	70	12,991	70	13,638	70	13,638	-	-
FTE/Obl.	67	12,949	67	12,991	67		67		-	

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

Activity: Policy Support
 Subactivity: Policy Support

Comparison by line item	2012 Actual		2013 CR Annualized		2014 Base		2014 Estimate		2014 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy support..... Pos/BA	14	3,775	14	3,798	14	3,871	14	3,871	-	-
FTE/Obl.	13	3,886	13	3,798	13		13		-	
Direct Obligations..... Pos/BA	14	3,775	14	3,798	14	3,871	14	3,871	-	-
FTE/Obl.	13	3,886	13	3,798	13		13		-	

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APPROPRIATION ACCOUNT: Economics and Statistics Administration**BUDGET PROGRAM: Economic Policy Support**

For FY 2014, ESA requests \$3,871,000 for Economic Policy Support. ESA requests no program increases for Policy Support in FY 2014.

	PROGRAM BUDGET PROFILE (Dollars in thousands)						
Funding Requirements by Sub-Program:	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Economic Policy Support	3,775	3,798	3,871	3,944	4,020	4,107	4,198
Total FTEs:	13	13	13	13	13	13	13

BASE JUSTIFICATION:**Economic Policy Support Overview**

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. The Economic Policy Support program is responsible for:

- Supporting the information and analytical needs of the Department of Commerce, the Executive Branch, the President, and Congress;
- Maintaining the highest possible quality federal statistical system and make improvements where warranted and feasible; and,
- Communicating 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 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 economic policy forums sponsored by the Administration, 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.

ESA's policy staff prepares in-depth economic analysis including briefings and reports to support the Secretary of Commerce on the prevailing topics of the day. Recent report titles include: The Competitiveness and Innovative Capacity of the United States, Intellectual Property and the U.S. Economy, and The Benefits of Manufacturing Jobs. ESA economists have also produced reports on

the saturation of broadband connectivity and Internet and home computer use and the science, technology, engineering, and mathematical (STEM) workforce. ESA analysts have also provided policy makers with current analysis on oil heat price, foreign direct investment in the United States, and pension reform. Recent briefing topics have included: The National Export Initiative: Doubling Exports, Health Care Reforms and the Economy, Assessing the Economic Costs of the Gulf Oil Spill, Financial Reform Legislation, China's Current Accounts, Exchange Rates and Reserve Currency Choices: Policies and Implications for Trade with China.

ESA's policy staff provides the Secretary's Office and other units within the Department of Commerce with ongoing expert analysis of the data available and describes trends and changing conditions in the U.S. and world economy and advises on the evaluation of policies. ESA's economists are the only group in Commerce that provides this type of economic analysis and data-based economic reporting. ESA's economists specialize in policy analysis using the vast amount of statistical data from the Census Bureau and BEA.

SIGNIFICANT ADJUSTMENTS-TO-BASE (ATBs):

ESA requests a net increase of 0 FTE's and \$73,000 to fund adjustments to current programs for Policy Support activities. The increase will also provide inflationary increases for non-labor activities, including service contracts, utilities, and rent charges from the General Service Administration (GSA).

BUDGET PROGRAM: Bureau of Economic Analysis (BEA)

For FY 2014, BEA requests an increase of \$ 2,763,000 and 14 FTE from the FY 2014 base for a total of \$100,177,000 and 492 FTE.

	PROGRAM BUDGET PROFILE (Dollars in thousands)						
Funding Requirements by Sub-Program:	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
National Economic Accounts	31,357	31,549	33,122	33,744	34,395	35,141	35,918
International Economic Accounts	31,357	31,549	37,013	37,708	38,436	39,270	40,138
Regional Economic Accounts	16,600	16,702	16,405	16,714	17,037	17,407	17,792
Industry Economic Accounts	12,911	12,990	13,638	13,894	14,162	14,469	14,789
Total Dollars:	92,225	92,790	100,177	102,060	104,303	106,287	108,637
Total FTEs:	478	478	492	498	498	500	502

BASE JUSTIFICATION:**BEA Overview**

The Bureau of Economic Analysis is a principal federal statistical agency promoting better understanding of the U.S. economy by providing 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 and by metropolitan area, 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.

The objective of BEA is to promote a better understanding of the U.S. economy by providing timely, relevant, and accurate economic accounts data in an objective and cost-effective manner.

The following describes BEA's four economic accounts and their products. BEA conducted a thorough review of all of its programs in FY 2010 and will continue to conduct these reviews in the future to ensure relevance and efficiency. The review determined that BEA's products support the core mission

of the Agency and either feed into the development of GDP and other core accounts, are required by law, or are 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 foundation 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 \$300 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.

SIGNIFICANT ADJUSTMENTS-TO-BASE (ATBs):

BEA requests a net increase of \$4,624,000 to fund adjustments to programs for BEA's current activities. The increase will fund the estimated 2014 federal pay raise of 1.0 percent. The increase will also provide inflationary increases for non-labor activities, including service contracts, utilities, and rent escalation charges associated with BEA's expiring lease on their current facility.

SUB-PROGRAM: National Economic Accounts

This work consists of the preparation, analysis, and publication of the National Income and Product Accounts (NIPAs), the wealth accounts, and the associated government accounts. In addition, this program works jointly with the Industry Economic Accounts program to provide satellite accounts for innovation and intangibles.

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 personal income and savings. The wealth accounts provide statistics on physical structures, capital equipment and software, and consumer durable goods held by businesses, governments, and others. The government accounts provide statistics on federal, state, and local government transactions in a national accounts framework. Finally, the satellite accounts for innovation and intangibles provide detail on research and development and health-care-related innovation and their impact on economic growth. BEA continuously modernizes and expands all of these accounts to improve their reliability, relevance, and their alignment with international guidelines.

The data produced by BEA include some of the nation's most important and closely-watched economic statistics, such as the GDP, the broadest measure of economic activity. GDP is used by the White House and Congress to prepare the federal budget, by the Federal Reserve to formulate monetary policy, by Wall Street as an indicator of economic activity, and by the business community to prepare forecasts of economic performance that provide the basis for production, investment, and employment planning.

GDP is only one among many measures found in the NIPAs; measures such as personal consumption expenditures, business investment, government spending, personal income, and corporate profits help to answer questions about the sources of economic growth and the levels and composition of the incomes resulting from that growth. These data are used to inform key policy decisions made by Congress and the Administration and by businesses to help determine the right mix of investment to grow businesses and create jobs.

Additional information and products can be found at <http://bea.gov/national/index.htm>

SUB-PROGRAM: International Economic Accounts

This work consists of the preparation, analysis, and publication of the International Transactions Accounts (ITAs), also referred to as balance of payments accounts and International Investment Position accounts (IIPs). The ITAs 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; trade in travel, transportation, and other private services; income from 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 IIPs provide statistics on the accumulated stocks of U.S.-owned assets abroad and of foreign-owned assets in the United States as well as statistics on 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.

Economic globalization has profoundly affected patterns of cross-border trade in goods and services; the size and location of direct investment by U.S. and foreign multinational companies (MNCs), international financial flows, and asset holdings; and the sources of U.S. aid to developing countries. Policymakers and other decision-makers need complete, timely, and reliable data to properly assess the impact of these trends and to develop effective policies related to trade, direct investment, financial regulation, and foreign aid. The ITAs and the IIPs provide those data. The accounts shed light on, among other things, the level of the trade balance and its rate of change; on factors that influence the trade balance; on the influence the trade balance itself has on GDP and on incomes in the United States; on the impacts of recessions abroad on U.S. exports and imports; and on the composition of international investments in the United States by foreigners and in other countries by the United States.

Additional information and products can be found at <http://bea.gov/international/index.htm>

PROGRAM CHANGES:

BEA requests one program increase within the International Economic Accounts, How we can better measure “Build it here, Sell it everywhere.”

**How we can better measure “Build it here, Sell it everywhere”
\$3,892,000, 28 positions / 21 FTE**

Foreign direct investment in the United States is an important goal of the Commerce Department for a simple reason. More investment equals more jobs. America is already the number one destination for foreign direct investment in the world because of our economy, our workers, and our educational opportunities. Foreign companies already support more than 5 million jobs in America.

In recent years, however, foreign direct investment in the United States, along with associated employment, has stagnated. Until recently, the U.S. was the only major economy without a robust national investment program. Although we have a strong investment climate overall, there are plenty of areas for improvement. To address business concerns about navigating local, state, and federal bureaucracies, the Commerce Department launched SelectUSA. SelectUSA is the first coordinated

federal effort to aggressively pursue and win new business investment in the United States from foreign and domestic companies.

BEA can provide a key contribution to this effort because BEA is responsible for the measurement of foreign direct investment in the United States. In this initiative, BEA proposes to improve measures in three areas of foreign direct investment and direct investment by U.S. companies abroad. This information will help target SelectUSA's efforts by demonstrating its successes, by identifying areas of the country with stronger and weaker foreign direct investment, and by identifying and measuring foreign direct investment in more newly emerging businesses where there is a great potential for growth.

In addition to the needs of SelectUSA, there is a need to monitor and understand the economic roles and impacts of multinational companies in domestic and international markets for goods, services, and capital. Multinational companies accounted for 24 percent of U.S. private sector employment and 63 percent of U.S. exports in 2009. Studies by organizations such as the Government Accountability Office, the National Academy of Public Administration, and the National Bureau of Economic Research have recommended significant expansion of foreign direct investment data and provided specific recommendations for improvement through investment in better data collection, processing, and analysis, which BEA is prepared to implement with the provision of funding.

BEA would improve overall coverage and measurement of foreign direct investment by implementing a modernized new direct investment survey, expanding the level of detail provided, including detail on a state-by-state basis, and reducing survey thresholds to ensure coverage of newly emerging businesses. Each of these elements is geared toward responding directly to the needs of BEA's customers and ensuring the most accurate and concise statistics possible. To accomplish these objectives, BEA will:

Develop and field a new survey of new foreign direct investment in the U.S. - The purpose of this survey would be to identify and quantify new investment in the U.S. by foreign investors. By resuming the measurement of new foreign direct investments in the U.S., BEA would better capture greenfield investment—that is, investment in new enterprises, such as through the construction of new plants. The new investment survey is needed to differentiate comprehensively between growth in foreign investment that results from greenfield investment and growth that results from acquisitions of existing U.S. businesses. These data are essential to SelectUSA along with state and local economic development officials in monitoring the near- and long-term efficacy and economic value of their efforts and are valuable for economic researchers in assessing the impact of direct investment.

Add state-level data on fixed assets, property, and manufacturing employment - Historically, the annual inward and outward investment surveys have collected, and BEA has reported, more detail related to foreign investment than it currently produces. The Bureau would return to collecting and reporting the previous level of statistical detail, including the restoration of state-by-state data on the fixed assets, commercial property, and manufacturing employment of foreign-owned U.S. companies. Such data could be used by SelectUSA and state governments in assessing the impact of foreign direct investment on individual states, in advising foreign investors seeking to invest in the United States, and in developing national policy and state programs to attract foreign direct investment.

Reduce reporting thresholds to include more newly emerging businesses - Reporting thresholds determine requirements to respond to BEA's investment surveys. Higher thresholds likely obscure the picture of small to mid-sized investment activity, which accounts for a substantial share of the foreign investment in many states and for a large share of U.S. investments abroad in small-market and

developing countries. Under this proposal, BEA would lower reporting thresholds to ensure that the information collected better meets current needs without imposing undue burden on respondents.

The data collected under these new initiatives along with ongoing BEA surveys will not only be used by SelectUSA and the International Trade Administration within Commerce but will also be used by the Office of the U.S. Trade Representative, the Departments of Treasury and State, the Council of Economic Advisers, and the Federal Reserve Board to support U.S. international economic policy. The surveys will provide detailed information, by country and industry, on assets, sales, employment, trade, research and development, taxes, value added, and other measures of affiliates' activities that the U.S. Government requires to assess their effects on U.S. and foreign economies.

International organizations and private researchers will also continue to use data from the surveys in assessing the impact of direct investment on the U.S. and foreign economies. International organizations that regularly use BEA data on direct investment include the United Nations, International Monetary Fund, Organisation for Economic Co-operation and Development, and the World Bank. Numerous private researchers use the data; use by researchers affiliated with the National Bureau of Economic Research has been among the most extensive and productive in identifying the economic determinants and impacts of foreign direct investment.

Base Resources Assessment

Base Resource Amount: 33,955	Base FTE: 182
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Performance Goals and Measurement Data:

Performance Goal: Relevance	FY 2012 Act.	FY 2013 Target	FY 2014 Target	FY 2015 Target	FY 2016 Target	FY 2017 Target	FY 2018 Target
With Change	>4.0	>4.0	>4.1	>4.1	>4.0	>4.0	>4.0
Without Change	> 4.0	> 4.0	> 4.0	> 4.0	> 4.0	> 4.0	> 4.0
Description: Customer satisfaction (mean rating on a 5-point scale). It is anticipated that improvements in the foreign direct investment data and the trade in services data will have a positive impact in data users' satisfaction with BEA's international economic account program's products though it is not expected this change would be permanent.							

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: International Economic Account
Program Change: How we measure “Build it here, Sell it everywhere.”

Object Class		2014 Increase
11	Personnel compensation	
11.1	Full-time permanent	\$974
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	<u>974</u>
12	Civilian personnel benefits	276
13	Benefits for former personnel	0
21	Travel and transportation of persons	113
22	Transportation of things	0
23.1	Rental payments to GSA	0
23.2	Rental Payments to others	0
23.3	Communications, utilities and miscellaneous charges	10
24	Printing and reproduction	0
25.1	Advisory and assistance services	1,486
25.2	Other services	184
25.3	Purchases of goods & services from Gov't accounts	613
25.4	Operation and maintenance of facilities	0
25.5	Research and development contracts	0
25.6	Medical care	0
25.7	Operation and maintenance of equipment	0
25.8	Subsistence and support of persons	0
26	Supplies and materials	56
31	Equipment	180
32	Lands and structures	0
33	Investments and loans	0
41	Grants, subsidies and contributions	0
42	Insurance claims and indemnities	0
43	Interest and dividends	0
44	Refunds	0
99	Total obligations	<u>3,892</u>

SUB-PROGRAM: Regional Economic Accounts

This work consists of the preparation, analysis, and publication of economic accounts that show detail on economic activity by region, state, metropolitan area, and county. The accounts include estimates of gross domestic product (GDP) by state and of personal income by state and local area. These regional statistics are consistent with those statistics in the Bureau's national economic accounts. BEA also prepares regional economic multipliers for other geographies defined by our users. BEA continuously modernizes and expands these accounts to improve their reliability and relevance. The statistics on gross domestic product by state, on state and local area personal income, and their accompanying detail provide a consistent framework for analyzing and comparing state and local area economies and meeting these objectives.

The regional statistics on gross domestic product by state and metropolitan area and on state and local area personal income are critical in federal government spending decisions. They are used to distribute over \$300 billion in federal funds to states. Twenty states have set constitutional or statutory limits on state government revenues or spending that are tied to BEA's state personal income statistics and related components. In addition, the data are used by academics and businesses, trade organizations, and labor organizations for area-specific market research.

Additional information and products can be found at <http://bea.gov/regional/index.htm>

SUB-PROGRAM: Industry Economic Accounts

The Industry Economic 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 of goods and services and the contribution to production across industries. Specifically, the benchmark input-output (I-O) accounts show the flow of goods and services from each industry to other industries and to final users in the economy and the income originating in them, and the annual input-output (I-O) accounts provide a time series of detailed, consistent information on these flows. The GDP by industry accounts include estimates of value added by industry—a measure of the contribution of each private industry and of government to the nation's GDP. These accounts can be used to examine changes in the structure of the U.S. economy and the importance of an industry and its contribution to GDP. The Travel and Tourism Satellite Accounts present a detailed picture of travel and tourism activity and its role in the U.S. economy. These accounts present estimates of expenditures by tourists, or visitors, on 24 types of goods and services. The capital flow table shows the destination of the new capital investment in equipment, software, and structures by the industries that purchase or lease these capital goods and services. BEA continuously modernizes and expands these accounts to improve their reliability, relevance, and their alignment with international guidelines.

The Industry Accounts data are used extensively by policymakers, businesses, and academics to understand industry interactions and the sources and trends of productivity in the United States, as well as the changing structure of the U.S. economy. The Input-Output (I-O) tables allow researchers to analyze the economic effects of specific events. For example, they can be used in emergency planning and in estimating the economic effects of natural disasters and strikes. Businesses use I-O data to develop forecasting models, which estimate future earnings, among other things, and help guide critical investment decisions. The accounts are also used by other statistical agencies as a framework for preparing further economic statistics: the I-O accounts provide the detail that is essential in determining quantity weights for price indexes, such as the producer price indexes produced by the Bureau of Labor Statistics.

BEA also uses the benchmark I-O accounts as a source of data. In fact, the I-O accounts, which are released at approximately 5-year intervals and are based on the most comprehensive source data available, are the most important statistical source for the comprehensive revision of the NIPAs. They are used to establish the benchmark levels for consumer spending and private equipment and for software investment and to provide information on the composition of final demand, providing the basis for the estimates of GDP for the non-benchmark years.

Additional information and products can be found at <http://bea.gov/industry/index.htm>

PROGRAM CHANGES:

**BEA will eliminate the Advance release of GDP by industry statistics:
-\$1,128,821 / -7 FTE.**

The advance GDP by industry statistics provide a first look at the industry breakout of GDP within four months after the year's end. They are the only comprehensive set of industry statistics available to evaluate U.S. industry competitiveness in a near real-time basis. These statistics are

widely used to assess the relative contributions of industries to overall economic growth, industries' impact on inflation, and whether industries are expanding or contracting.

These data are particularly useful for the study and understanding of business cycle dynamics, especially during periods of economic instability. For example, these statistics proved vital to understanding the current-period performance of the manufacturing sector during the recent recession and economic recovery. The advance GDP by industry statistics revealed a downturn in nondurable-goods manufacturing that led the initial decline in U.S. economic growth in 2008 and showed that the decline in durable-goods manufacturing contributed the most to the larger contraction in 2009. These statistics also revealed that the economic recovery, which began in 2010 and extended through 2011, was attributable to a sustained rebound in durable-goods manufacturing.

The advance statistics provide an early tool to evaluate the economic performance of U.S. industries, including which industries are driving U.S. economic growth or contraction. They are also used to evaluate structural change at the industry level and its implications for U.S. competitiveness in an increasingly complex global economy characterized by fragmented, international supply chains.

BEA's currently produced quarterly GDP by industry statistics, which offers far greater detail than the advance GDP by industry statistics, is an acceptable substitute to the users of these data. The risk to the overall quality of BEA's products by eliminating advance annual GDP by industry data is low. BEA's other data products would not be compromised with this proposed elimination.

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	2012 Actual	2013 CR Annualized	2014 Base	2014 Estimate	2014 Increase
11 Personnel compensation					
11.1 Full-time permanent	49,628	50,025	50,559	50,769	210
11.3 Other than full-time permanent	800	894	894	894	0
11.5 Other personnel compensation	980	757	757	757	0
11.8 Special personnel services payments	0	13	13	13	0
11.9 Total personnel compensation	51,408	51,689	52,223	52,433	210
12.1 Civilian personnel benefits	14,548	15,178	15,624	15,682	58
13.0 Benefits for former personnel	100	275	275	275	0
21.0 Travel and transportation of persons	346	293	293	402	109
22.0 Transportation of things	16	16	16	16	0
23.1 Rental payments to GSA	5,446	6,734	8,770	8,770	0
23.2 Rental payments to others	1,217	1,211	1,212	1,212	0
23.3 Communications, utilities and miscellaneous charges	870	639	618	618	0
24.0 Printing and reproduction	293	293	300	307	7
25.1 Advisory and assistance services	8,198	111	111	1,597	1,486
25.2 Other services from non-federal sources	3,375	5,571	6,370	6,523	153
25.3 Purchases of goods and services from Gov't accounts	7,784	10,963	11,820	12,399	579
25.4 Operation and maintenance of facilities	372	25	25	25	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	110	504	504	504	0
25.8 Subsistence and support of persons	0	0	0	0	0
26.0 Supplies and materials	1,673	1,571	1,594	1,632	38
31.0 Equipment	1,442	1,515	1,530	1,653	123
42.0 Insurance claims and indemnities	0	0	0	0	0
43.0 Interest and dividends	0	0	0	0	0
99.0 TOTAL OBLIGATIONS	97,200	96,588	101,285	104,048	2,763
Less, prior year recoveries and refunds	(1,049)	0			
Less, prior year unobligated balance	(395)	0			
Less, Administrative Cost Savings					
Plus, unobligated balance, EOY	0	0			
Plus, unobligated balance, rescission	0	0			
Plus, unobligated balance, expiring	244				
TOTAL BUDGET AUTHORITY	96,000	96,588	101,285	104,048	2,763

Department of Commerce
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Outlay Analysis Table
 (Dollar amounts in thousands)

	Resources Available For Outlays	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	TOTAL
FY 2013 Obligated balance, SOY.....	\$18,246	\$18,246		\$0	\$0	\$0	\$0	\$0	\$18,246
Unobligated balance, SOY.....	0	0	0						0
Net Obligations.....	93,430	82,218	11,212						93,430
FY 2014 Net Obligations.....	104,048		91,562	12,486	0	0	0	0	104,048
FY 2015 Net Obligations.....	106,004			93,284	12,720	0	0	0	106,004
FY 2016 Net Obligations.....	108,050				95,084	12,966	0	0	108,050
FY 2017 Net Obligations.....	110,395					97,147	13,247	0	110,394
FY 2018 Net Obligations.....	112,834						99,294	13,540	112,834
FY 2019 Net Obligations.....	115,373							101,528	101,528
TOTAL OUTLAYS.....		\$100,464	\$102,774	\$105,770	\$107,805	\$110,113	\$112,541	\$115,068	\$754,534
FY 2013 Obligated Balance, SOY.....		100%							
Unobligated Balance, SOY.....		88%	12%						
Unobligated Balance, EOY.....		88%	12%						
FY 2014 Net Obligations.....			88%	12%					
FY 2015 Net Obligations.....				88%	12%				
FY 2016 Net Obligations.....					88%	12%			
FY 2017 Net Obligations.....						88%	12%		
FY 2018 Net Obligations.....							88%	12%	
FY 2019 Net Obligations.....								88%	

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