

Economic and Statistical Analysis

Includes the Bureau of Economic Analysis and the Economics and Statistics Administration Headquarters

The United States is widely recognized as the world's economic information leader, due in large part to the timely, relevant, and accurate data and analyses produced by the Economics and Statistics Administration's (ESA) Bureau of Economic Analysis (BEA) and the Bureau of the Census. BEA produces some of the Nation's most important economic statistics, including the gross domestic product (GDP) and the balance of payments; the Bureau of the Census conducts the quinquennial Economic Census and produces important economic measures, including durable goods, wholesale and retail trade, and new construction. ESA provides economic policy analysis that is used by the President and Congress, as well as business leaders, and ultimately affects the lives of all Americans.

ESA includes: **ESA Headquarters, the Bureau of Economic Analysis (BEA), and the Bureau of the Census.**

ESA Headquarters 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 executive oversight of all ESA activities including BEA and the Census Bureau. The policy support staff provides real time, sophisticated economic research and policy analysis directly in support of the Secretary of Commerce and the Administration. ESA monitors and interprets economic developments and domestic fiscal and monetary policies, and analyzes economic conditions and policy initiatives of major trading partners. STAT-USA offers fee-based data dissemination services that provide a focal point for business, economic and trade statistics. STAT-USA operates under a revolving fund account.

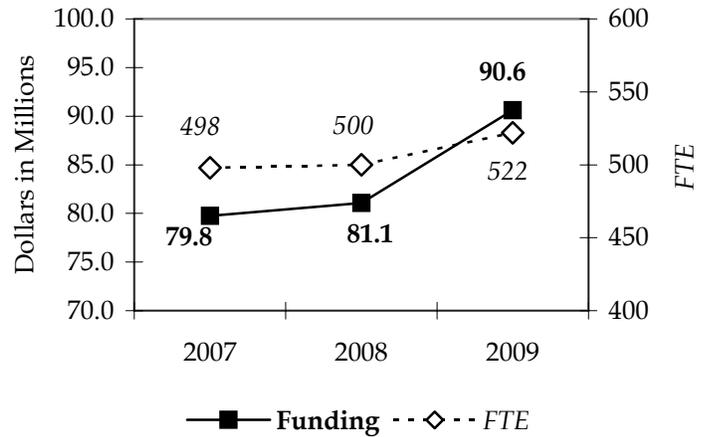
Bureau of Economic Analysis (BEA). Funding requested in FY 2009 will help BEA achieve its mission to promote a better understanding of the U.S. economy by providing timely, relevant and accurate economic accounts data in an objective and cost-effective manner. Although a relatively small agency, BEA's economic statistics are among the Nation's most closely watched. BEA's statistics influence critical decisions made by policy makers, business leaders, households and individuals affecting interest and exchange rates, tax and budget projections, business investment plans, and the allocation of over \$214 billion in Federal funds.

The cornerstone of BEA's statistics is the National Income and Product Accounts (NIPAs), which feature the estimates of the GDP and related measures. Since the NIPAs were first published, BEA has developed and extended these estimates to keep pace with the constantly changing nature of U.S. economic activity, and the FY 2009 budget provides an increase to allow BEA to continue these efforts. Today, BEA prepares national, regional, industry and international economic accounts that present essential information on such issues as economic growth, regional economic development, inter-industry relationships and the Nation's position in the world economy.

The BEA five-year Strategic Plan provides a detailed outline for improving the quality and accuracy of BEA economic statistics. Annually reviewed by BEA and provided to stakeholders, users and the public for comment, the BEA Strategic Plan calls for a number of ambitious undertakings to improve its measures and better meet its mission in FY 2009.

The **Bureau of the Census** budget is discussed in its own section of the Budget in Brief, as it receives its funding from a separate appropriation.

Salaries and Expenses Appropriation and FTE



Summary of Appropriations

Funding Levels

Appropriation	2007 <u>Actual</u>	2008 <u>Estimate</u>	2009 <u>Estimate</u>	Increase <u>(Decrease)</u>
Salaries and Expenses	\$79,751	\$81,075	\$90,621	\$9,546
Unobligated balance rescission	0	(800)	0	800
TOTAL, BUDGET AUTHORITY	79,751	80,275	90,621	10,346

FTE

Salaries and Expenses	498	500	522	22
Reimbursable	27	30	26	(4)
Revolving Fund	11	12	12	0
TOTAL	536	542	560	18

Highlights of Budget Changes

Appropriation: Salaries and Expenses

Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
2008 Appropriation			500	\$81,075
Unobligated Balance Rescission			0	(800)
Adjustments to Base				
Restoration of base reductions from prior years				1,845
Restoration of unobligated balance rescission				800
Other Changes				
2008 Pay raise		\$404		
2009 Pay raise		1,144		
Payment to the Working Capital Fund		29		
Change in Compensable Days		(199)		
Civil Service Retirement System (CSRS)		(101)		
Federal Employees' Retirement System (FERS)		162		
Thrift Savings Plan		66		
Federal Insurance Contributions Act (FICA) - OASDI		85		
Health insurance		47		
Employees' Compensation Fund		(179)		
Travel: Per Diem		26		
Rent payments to GSA		127		
Printing and reproduction		3		
Postage		3		
NARA		(2)		
Other services: Working Capital Fund		62		
General Pricing Level Adjustments				
Communications, utilities, and miscellaneous charges		9		
Other services		273		
Supplies		24		
Equipment		7		
Subtotal, other cost changes			0	1,990
Total, Adjustments to Base			0	4,635
2009 Base			500	84,910
Program Changes			22	5,711
2009 APPROPRIATION			522	90,621

Comparison by Activity

	2008 Currently Avail.		2009 Base		2009 Estimate		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
DIRECT OBLIGATIONS								
Bureau of Economic Analysis	485	\$77,703	485	\$81,237	507	\$86,948	22	\$5,711
Policy Support	15	3,923	15	3,673	15	3,673	0	0
TOTAL DIRECT OBLIGATIONS	500	81,626	500	84,910	522	90,621	22	5,711
REIMBURSABLE OBLIGATIONS	32	5,661	27	4,994	27	4,994	0	0
TOTAL OBLIGATIONS	532	87,287	527	89,904	549	95,615	22	5,711
FINANCING								
Unobligated balance, start of year (Direct)		(1,351)						
Offsetting collections from:								
Federal funds	(30)	(5,461)			(25)	(4,821)		
Non-Federal sources	(2)	(200)			(2)	(173)		
Subtotal, financing	(32)	(7,012)			(27)	(4,994)		
TOTAL BUDGET AUTHORITY	500	80,275			522	90,621		
Unobligated balance rescission	0	800			0	0		
TOTAL APPROPRIATION	500	81,075			522	90,621		

Highlights of Program Changes

Bureau of Economic Analysis

	<u>FTE</u>	<u>Base</u>	<u>Amount</u>	<u>Increase / Decrease</u>	
	<u>FTE</u>		<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
	485		\$81,237	+22	+\$5,711

BEA requests \$90.6 million for FY 2009 to continue to produce and expand some of the Nation’s most important economic statistics. This includes \$3.2 million to develop a more accurate and comprehensive measure of the health care sector and \$2.5 million to extend the prototype research and development (R&D) satellite accounts to prepare them for incorporation into the GDP accounts.

Develop a more accurate and comprehensive measure of the health care sector	+11	+\$3,180
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Health care spending has doubled over the past 10 years and is 16 percent of GDP. The increasing cost of health care is the number one, long-term budget issue confronting the Federal Government. The metrics used to guide policy are flawed and incomplete. Preliminary research suggests that the measures of health care inflation used by BEA may be overstated by as much as 1.5 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. With this initiative, BEA will improve both the accuracy of its core GDP statistics and develop a supplemental set of satellite accounts on health care that will: (1) create common BEA-Center for Medicaid and Medicare Services sets of health expenditure statistics; (2) produce a comprehensive set of health care sector accounts for health care income, expenditure and product; (3) 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; and (4) produce data on medical care spending by type of disease that go beyond estimates of spending by type of providers.

Bureau of Economic AnalysisBaseIncrease / Decrease

	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Incorporate R&D into the GDP accounts	3	\$376	+11	+\$2,531

There are currently no complete measures of the effect that investment in intangibles such as research and development (R&D) have on the U.S. economy. Many believe that R&D and other knowledge-based activities account for as much as 40 percent of economic growth. 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 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. This initiative calls on BEA to extend the prototype R&D account, funded by NSF in 2006 and 2007, with annual updates and extensions to the satellite account between 2008 and 2012, with full incorporation into the national accounts planned in 2013.

ESA / BEA Performance Measures

ESA and BEA support the Department's strategic goal to "Maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers." BEA's mission is to "promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner." To monitor progress toward achieving this mission, BEA has developed six performance measures for FY 2009 to assess long-term performance and track efforts to accomplish specific budget initiative requests. The first three measures monitor BEA's long-term success at improving timeliness, relevance and accuracy, while the last three measures track specific budget requests for FY 2009. BEA had a seventh measure, however, BEA discontinued it in FY 2008 because it completed the work involving this measure. The following table shows the measures that BEA uses to evaluate its performance. A more detailed description of this outcome and these measures is in the BEA section of the Department of Commerce budget.

Performance Outcome and Measures

(Dollars reflect obligations in Millions)

	2007 Actual	2008 Estimate / Target	2009 Estimate / Target
Outcome: Provide timely, relevant and accurate economic statistics	\$87.0	\$89.0	\$97.4
Reliability of delivery of economic data (number of scheduled releases issued on time)	54 of 54	56 of 56	TBD ¹
Customer satisfaction with quality of products and services (mean rating on a 5 point scale)	4.3	Greater than 4.0	Greater than 4.0
Percent of GDP estimates correct	93%	Greater than 85%	Greater than 85%
Improvement of GDP and the economic accounts	Completed all major Strategic Plan milestones	Successful completion of Strategic Plan milestones	Successful completion of Strategic Plan milestones
Meeting U.S. international obligations	Completed all major Strategic Plan milestones	Successful completion of related Strategic Plan milestones	Successful completion of Strategic Plan milestones
Measurement of the knowledge economy	Completed all major Strategic Plan milestones	Successful completion of Strategic Plan milestones	Successful completion of Strategic Plan milestones
Acceleration of economic estimates	Completed all major Strategic Plan milestones	Discontinued	Discontinued

Note: The total obligations may differ from those reported in the Congressional Justification exhibits due to the inclusion of the revolving fund in the amounts cited above.

1. FY 2009 target will be added when the schedule is made available to OMB and published in the *Survey of Current Business* in the fall of the preceding year

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