

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.

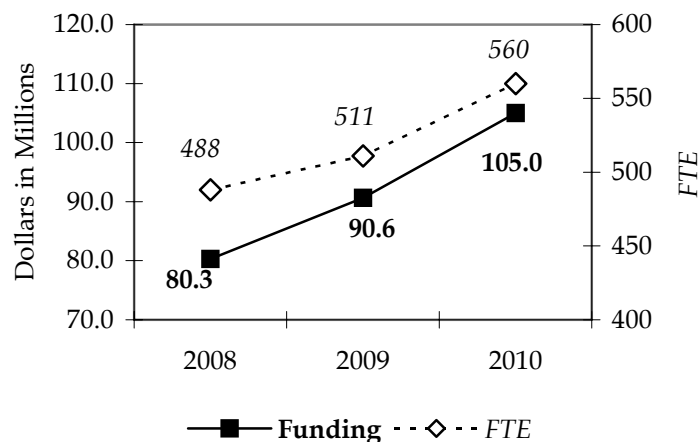
Bureau of Economic Analysis (BEA). Funding requested in FY 2010 will help BEA achieve its mission to promote a better understanding of the U.S. economy by providing timely, relevant and accurate economic accounts data in an objective and cost-effective manner. Although a relatively small agency, BEA's 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 \$200 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 2010 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 2010.

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.

Budget Authority and FTE



Summary of Appropriations

Funding Levels

Appropriation	2008 <u>Actual</u>	2009 <u>Estimate</u>	2010 <u>Estimate</u>	Increase <u>(Decrease)</u>
Salaries and Expenses	\$81,075	\$90,621	\$105,000	\$14,379
Unobligated balance rescission	(800)	0	0	0
TOTAL, BUDGET AUTHORITY	80,275	90,621	105,000	14,379

FTE

Salaries and Expenses	488	511	560	49
Reimbursable	26	30	31	1
Revolving Fund	10	12	12	0
TOTAL	524	553	603	50

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>
2009 Appropriation			511	\$90,621
Adjustments to Base				
<u>Other Changes</u>				
2009 Pay raise		\$930		
2010 Pay raise		860		
Payment to the Working Capital Fund		18		
Full year cost in FY 2010 of positions financed for part-year in FY 2009	6	609		
Civil Service Retirement System (CSRS)		(43)		
Federal Employees' Retirement System (FERS)		69		
Thrift Savings Plan		28		
Federal Insurance Contributions Act (FICA) - OASDI		27		
Health insurance		90		
Employees' Compensation Fund		35		
Mileage		1		
Travel: Per Diem		73		
Rent payments to GSA		145		
Printing and reproduction		2		
Postage		2		
NARA		2		
Other services: Working Capital Fund		(76)		
General Pricing Level Adjustments				
Communications, utilities, and miscellaneous charges		245		
Other services		131		
Supplies		11		
Equipment		6		
Subtotal, other cost changes			6	3,165
Total, Adjustments to Base			6	3,165
2010 Base			517	93,786
Program Changes			43	11,214
2010 APPROPRIATION			560	105,000

Comparison by Activity

	2009 Currently Avail.		2010 Base		2010 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	496	\$87,082	502	\$89,962	545	\$101,176	43	\$11,214
Policy Support	15	3,796	15	3,824	15	3,824	0	0
TOTAL DIRECT OBLIGATIONS	511	90,878	517	93,786	560	105,000	43	11,214
REIMBURSABLE OBLIGATIONS	30	6,299	31	5,647	31	5,647	0	0
TOTAL OBLIGATIONS	541	97,177	548	99,433	591	110,647	43	11,214
FINANCING								
Unobligated balance, start of year (Direct)		(257)						
Offsetting collections from:								
Federal funds	(28)	(6,109)			(29)	(5,457)		
Non-Federal sources	(2)	(190)			(2)	(190)		
Subtotal, financing	(30)	(6,556)			(31)	(5,647)		
TOTAL BUDGET AUTHORITY / APPROPRIATION	511	90,621			560	105,000		

Highlights of Program Changes

	<u>FTE</u>	<u>Base</u>	<u>Increase / Decrease</u>	
		<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Critical Service Sector Improvement	1	\$1,200	2	1,502

The economy, in particular the service sector (which includes finance, insurance, and real estate), is in a significant state of flux. Moreover, today's economic conditions have created an environment where the once tolerable gaps in data and stability are no longer tolerable without significant risk to the nation's economic indicators. The Bureau of Economic Analysis must strengthen its internal capacity to further understand today's economy, build new estimation models and incorporate tomorrow's new source data. The Bureau proposes to increase the size of its research staff in order to provide the BEA with dedicated researchers, supplemented as necessary by outside expertise, focused on the development of new estimation models and the incorporation of those models and new source data into current computations.

Navigating the 21st Century Economy: Critical Statistics for Critical Decisions	0	\$0	17	4,467
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The most pressing public policy issues of today call for new and expanded statistics that extend the GDP beyond the long-established boundaries. This initiative extends the accounts to include producing new and expanded statistics on energy usage in the U.S. economy, an expanded set of statistics on the role of innovation in the U.S. economy, and retirement income developments.

Changes in world commodity prices, including energy prices, dramatically affect U.S. living standards, production methods, and U.S. economic production overall. At present, the GDP accounts contain limited type-of-energy information within the GDP. More accurate, comprehensive, and integrated measures for the energy sector are critical—such data are essential for developing a comprehensive U.S. energy policy built on accurate forecasts of energy supply and consumption and for identifying infrastructure enhancements that will improve the domestic supply chain for energy goods and services. With this initiative, BEA will improve both the accuracy of its GDP statistics and its estimates of supply and consumption of energy. It will provide key statistics for analyzing this sector's contribution to U.S. economic growth, productivity, inflation, the trade balance, and income. The new account will introduce quarterly industry statistics that will improve the accuracy of BEA's measures of consumer spending on energy goods and services.

Additionally, building on our work with the National Science Foundation (NSF) measuring Research and Development (R&D), this new initiative will fully research, identify, and quantify the other components of innovation and their contribution to growth. BEA will develop an innovation account that estimates investments in human capital, investments in the design and development of new goods and services, and investments in improved business processes.

Finally, this initiative addresses retirement income developments. The U.S. baby boom generation is beginning to retire and, given advances in education and health care, will live longer, healthier, and wealthier than earlier generations. Their spending will play an increasingly decisive role in the U.S. GDP. This account will include comprehensive measures of pension plan assets, liabilities, and benefits, as well as measures of other assets and sources of income that provide for retirement. BEA will also develop measures of pension-related compensation and of retirement income by state and metropolitan area, in addition to measures for the U.S., as a whole. The retiree population varies substantially across the U.S.: the economic effects of increased retiree purchasing power weigh in as a major factor in the economic health of many areas.

	<u>FTE</u>	<u>Base</u> <u>Amount</u>	<u>Increase / Decrease</u>	
			<u>FTE</u>	<u>Amount</u>
Rebuilding the Foreign Direct Investment Statistics	68	\$10,651	11	3,245

As a result of reductions in its FY 2008 budget, BEA pared back the data it collects on multinational companies (MNCs), eliminating a survey of new foreign direct investments in the United States and scaling back annual surveys of both U.S. direct investment abroad and foreign direct investment in the United States. At the same time, in the face of increasingly globalized production strategies by MNCs and the need to monitor and understand their role in domestic and international markets for goods and capital, the demands for this type of data have grown dramatically. In restoring the coverage and detail of the data that it collects on MNCs, BEA would not simply reinstate the programs as they were before, but would take advantage of the opportunity to reexamine and redesign them, with a view to maximizing their efficiency and improving their usefulness in addressing current needs.

Rebuilding County and Metropolitan Area Economic Statistics	0	\$0	13	2,000
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With this initiative, BEA will restore detailed county-level income statistics that were eliminated in 2008. These statistics are used by trade associations, state and local governments, Congress and other federal agencies to make critical investment and infrastructure decisions. In addition, BEA will accelerate both the annual release of county-level income statistics and the annual release of the measures of GDP by metropolitan area. BEA will also develop additional, new measures of county-level GDP.

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 2010 to assess long-term performance and track efforts to accomplish specific budget initiative requests. 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)

	2008 Actual	2009 Estimate / Target	2010 Estimate / Target
Outcome: Provide timely, relevant and accurate economic statistics	\$88.4	\$98.9	\$112.5
Reliability of delivery of economic data (number of scheduled releases issued on time)	57 of 58	57 of 57	TBD ¹
Customer satisfaction with quality of products and services (mean rating on a 5 point scale)	4.2	Greater than 4.0	Greater than 4.0
Percent of GDP estimates correct	94%	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 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

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 2010 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