

## 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 and business leaders in decision-making, and ultimately affects the lives of all Americans.

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

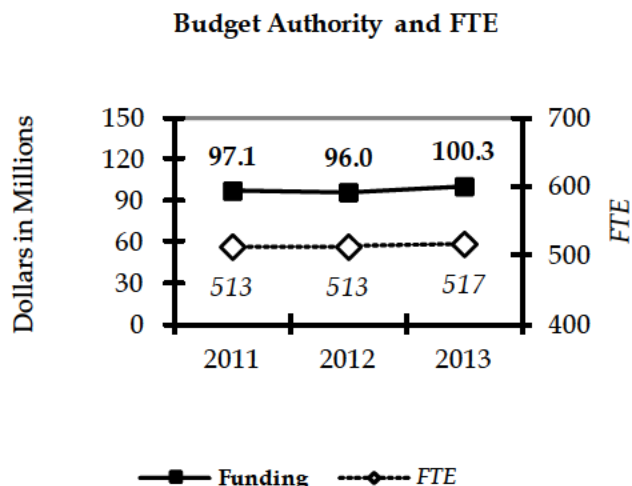
**ESA Headquarters** staff consists of the Office of the Under Secretary for Economic Affairs, economists and policy support staff, and support personnel. The Under Secretary for Economic Affairs provides leadership and executive oversight of all ESA activities including BEA and the Census Bureau. ESA's economists provide 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.

**Bureau of Economic Analysis (BEA).** Funding requested in FY 2013 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 BEA is a relatively small agency, it produces economic statistics that are among the Nation's most closely watched. These statistics influence critical decisions made by policy makers, business leaders, households and individuals that affect interest and exchange rates, tax and budget projections, business investment plans, and the allocation of over \$300 billion in Federal funds to states and local communities.

The National Income and Product Accounts (NIPAs), which feature the GDP statistics and related measures, are the cornerstone of BEA's statistics. Since their inception, BEA has continuously improved and expanded them to keep pace with the constantly changing nature of the U.S. economy. Today, BEA prepares national, regional, industry and international economic accounts that present essential information on such issues as regional economic development, inter-industry relationships, and the Nation's position in the world economy.

The FY 2013 budget allows BEA to maintain the relevance of all of its economic accounts, as outlined in its five-year Strategic Plan, which provides a detailed outline for improving the quality and accuracy of BEA economic statistics. The BEA Strategic Plan, which is reviewed and provided to stakeholders annually, calls for a number of ambitious undertakings to improve its measures in FY 2013 to better meet its mission.

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.



## Summary of Appropriations

### Funding Levels

<b>Appropriation</b>	2011 <u>Actual</u>	2012 <u>Enacted</u>	2013 <u>Estimate</u>	Increase <u>(Decrease)</u>
Salaries and Expenses	\$97,060	\$96,000	\$100,269	\$4,269
<b>TOTAL, BUDGET AUTHORITY</b>	97,060	96,000	100,269	4,269
<b>FTE</b>				
Salaries and Expenses	513	513	517	4
Reimbursable	31	32	30	(2)
<b>TOTAL</b>	544	545	547	2

## 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>
<b>2012 Enacted</b>			513	\$96,000
<b>Adjustments to Base</b>				
<b><u>Other Changes</u></b>				
2013 Pay raise		\$230		
Civil Service Retirement System (CSRS)		(110)		
Federal Employees' Retirement System (FERS)		183		
Thrift Savings Plan		72		
Federal Insurance Contributions Act (FICA) - OASDI		110		
Health insurance		272		
Travel: Per Diem		11		
Rent payments to GSA		81		
Printing and reproduction		4		
HCHB Electricity		(59)		
Other services:				
Working Capital Fund		(98)		
Costs associated with BEA's expiring lease		2,241		
General Pricing Level Adjustments				
Rental payments to others		1		
Communications, utilities, and miscellaneous charges		4		
Other services		294		
Supplies		21		
Equipment		12		
Subtotal, other cost changes			0	3,269
<b>Total, Adjustments to Base</b>			0	3,269
<b>2013 Base</b>			513	99,269
Administrative Cost Savings [non-add]			0	[144]
Program Changes			4	1,000
<b>2013 APPROPRIATION</b>			517	100,269

## Comparison by Activity

	2012 Currently Avail.		2013 Base		2013 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>
<b>DIRECT OBLIGATIONS</b>								
Bureau of Economic Analysis	497	\$92,509	497	\$95,453	501	\$96,453	4	\$1,000
Policy Support	16	3,886	16	3,816	16	3,816	0	0
<b>TOTAL DIRECT OBLIGATIONS</b>	<b>513</b>	<b>96,395</b>	<b>513</b>	<b>99,269</b>	<b>517</b>	<b>100,269</b>	<b>4</b>	<b>1,000</b>
REIMBURSABLE OBLIGATIONS	32	6,983	30	6,495	30	6,495	0	0
<b>TOTAL OBLIGATIONS</b>	<b>545</b>	<b>103,378</b>	<b>543</b>	<b>105,764</b>	<b>547</b>	<b>106,764</b>	<b>4</b>	<b>1,000</b>
<b>FINANCING</b>								
Unobligated balance, start of year (Direct)		(395)						
Offsetting collections from:								
Federal funds	(29)	(6,523)			(27)	(6,035)		
Non-Federal sources	(3)	(460)			(3)	(460)		
Subtotal, financing	(32)	(7,378)			(30)	(6,495)		
<b>TOTAL BUDGET AUTHORITY / APPROPRIATION</b>	<b>513</b>	<b>96,000</b>			<b>517</b>	<b>100,269</b>		

Note: The distribution of administrative savings reflected in this table is based on current estimates. As the review and implementation processes proceed, the distribution of these savings may change.

## Administrative Savings

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. Building on ESA's administrative savings planned for FY 2012 (\$0.62 million), an additional \$0.14 million in savings is targeted for FY 2013 for total savings in FY 2013 of \$0.76 million. For additional information see the Administrative Savings section of the Introduction to the Budget in Brief.

## Highlights of Program Changes

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Quarterly GDP by Industry	0	\$0	2	+\$500

Producing GDP by industry on a quarterly basis will provide real-time information on the health and stability of every sector in the U.S. economy. By identifying real-time fluctuations across sectors, government and businesses will have a comprehensive set of statistics on which to base policy decisions and critical business investments.

The Federal economic statistical system – charged with providing key actionable intelligence on the status, trends, and dynamics of the American economy – fell short in providing the advanced warning signs of a building economic crisis. In no small part, this was due to an inability to see, both at the detailed and aggregate levels, warning signs of systematic risk. This shortcoming was not a result of a lack of attention, competence, or focus, but rather the exceptional tempo of change and evolution occurring in the economy and the existing statistical system's inability to keep pace.

The addition of GDP-by-Industry statistics on a quarterly basis will enable policymakers to quickly identify fluctuations across sectors and thus improve the ability to understand and target responses to a given sector's economic position. These key data will also help inform business investment decisions, providing more effective real-time information that will help small business improve their growth potential. They will also provide an early tool to evaluate the economic performance of U.S. industries.

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Decomposition of Personal Income	0	\$0	2	+\$500

A decomposition of personal income that presents median, as well as mean, income and other measures of the distribution of income across households are critical for understanding how the business cycle affects U.S. households and their ability to spend on such crucial items as housing, food, transportation, and medical care. These data will provide a more detailed picture of households’ ability to consume – arguably the single most important component of economic recovery and future growth – and will fill one of the most notable gaps in public data made apparent by the ongoing economic crisis. These data will illustrate how changes in the economy are affecting different households over time, and provide better insight into the everyday experience of American households – key information for U.S. policymakers to have at their disposal.

Currently, no statistics provide a true picture of the discretionary income of consumers. This initiative will serve to address missing pieces of the household economic picture that will provide valuable new understanding and insights, including:

- Valuable insight into the household sector, and changes in household consumption and capacity, allowing better informed government policy decisions aimed at helping the American household;
- The ability to anticipate and identify critical shifts in household discretionary income, providing policymakers with key tools to help determine the right response;
- More descriptive and detailed ability to understand and respond to the household economic experience.

This new economic indicator will present a nuanced understanding of households’ purchasing power and how it varies across households and over time. As households attempt to rebuild their balance sheets, serious questions are being raised about the contribution of consumer spending to economic recovery and growth. America’s path to economic recovery will require a new mix of consumption and savings, and developing key new statistics detailing spending power and decomposition of personal income will provide a roadmap, a gauge of progress, and critical tools to identify signs of weakness in the future.

## Performance Objective and Measures

(Dollars reflect obligations in Millions)

ESA/BEA's program activities support the theme of Science and Information and corresponding goal of Generating and communicating new, cutting-edge scientific understanding of technical, economic, social, and environmental systems while appearing within one objective - 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 (Objective 14).

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 developed four performance measures 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.

	2011 Actual	2012 Enacted / Targets	2013 Estimate / Targets
<b>Objective 14:</b> 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	\$104.8	\$103.4	\$106.8
Reliability of delivery of economic data (number of scheduled releases issued on time)	62	62 of 62	TBD <sup>1</sup>
Customer satisfaction with quality of products and services (mean rating on a 5 point scale)	4.1	Greater than 4.0	Greater than 4.0
Percent of GDP estimates correct	89%	Greater than 85%	Greater than 85%
Improvement of GDP and the economic accounts	Completed major milestones	Successful completion of Strategic Plan milestones	Successful completion of Strategic Plan milestones

1. FY 2013 targets 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