

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

**Budget Estimates
Fiscal Year 2011**

As Presented to CONGRESS

February 2010

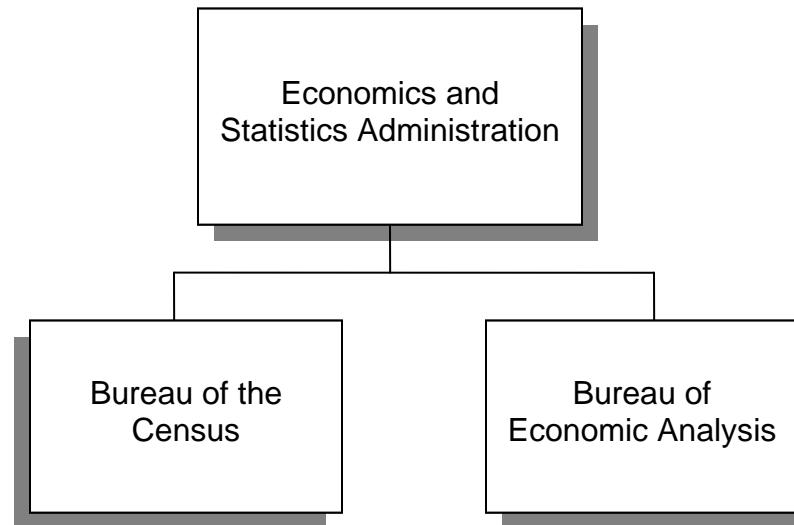


Economic and Statistical Analysis Budget
Economics and Statistics Administration / Bureau of Economic Analysis
Budget Estimates, Fiscal Year 2011
Congressional Submission

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

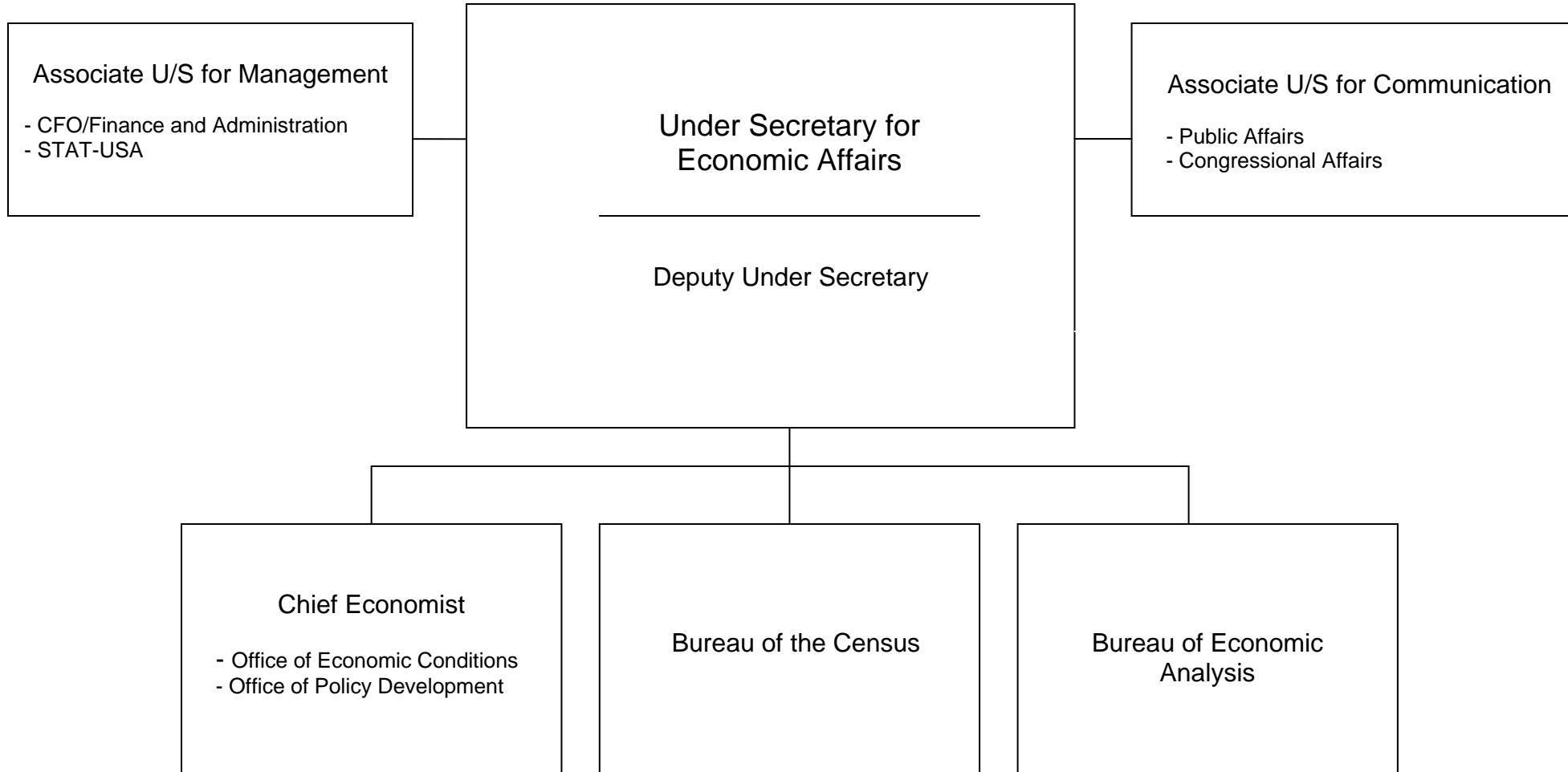


The Economics and Statistics Administration (ESA) includes ESA Headquarters, the Bureau of Economic Analysis (BEA) and the Bureau of the Census. The Bureau of the Census budget is submitted separately.

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

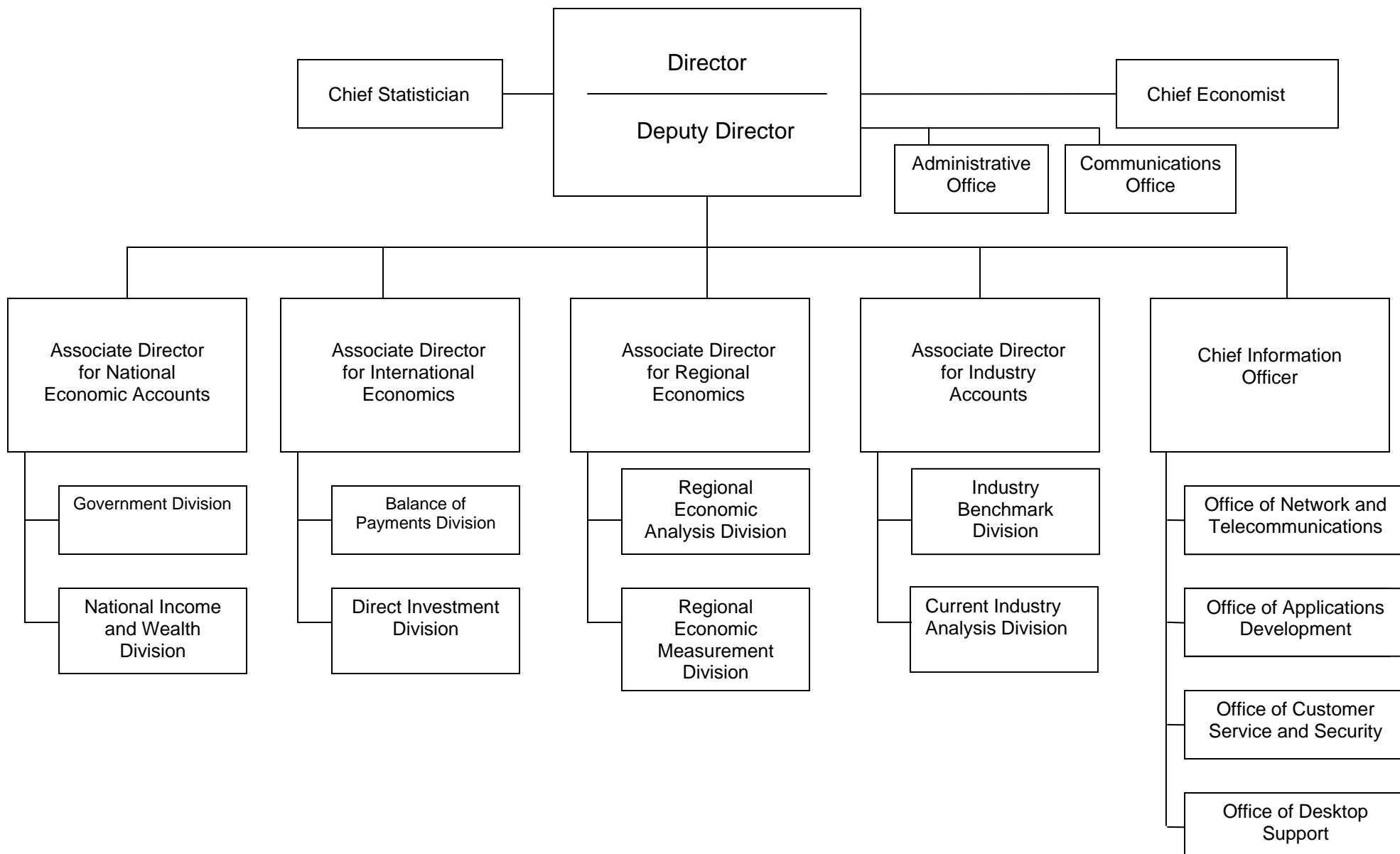
The Bureau of Economic Analysis (BEA), a principal Federal statistical agency, promotes a better understanding of the U.S. economy by providing timely, relevant, and accurate economic accounts data in an objective and cost-effective manner. BEA's national, industry, regional, and international economic 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

Exhibit 2



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

Executive Summary

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

Resource Requirements

<u>FY 2010 Enacted:</u>	<u>FY 2011 Request:</u>	<u>Permanent positions:</u>	<u>FTEs:</u>
\$97.3 million	\$113.2 million	626	577

The United States is widely recognized as being the world's economic information leader. This is due, in large part, to the timely and accurate data provided by the Bureau of Economic Analysis (BEA) and the Census Bureau. BEA and the Census Bureau provide vital economic information, including the gross domestic product (GDP) and international balance of payments, which are essential to decision making by the President, Congress, American business leaders, and participants in the world's financial markets.

The largest component of the Economic and Statistical Analysis budget is the Bureau of Economic Analysis, which accounts for 97 percent of the FY 2011 budget request. The Census Bureau budget is submitted separately. Although a relatively small agency, BEA produces some of the most closely watched national economic statistics that directly affect decisions made by policy makers, business leaders, and the American public. All of BEA's programs and activities fully support the Departmental goal to "maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers."

For FY 2011, BEA is requesting a total of \$113.2 million to continue to improve the timeliness, relevance, and accuracy of the national economic accounts. Base funds will be used for work outlined in the BEA Strategic Plan, which provides a detailed plan for maintaining and improving those accounts. For FY 2011 BEA is requesting support for four initiatives: \$3.3 million for an initiative that improves and enhances foreign direct investment statistics it collects on multinational corporations to maximize their efficiency

and improve the quantity and usefulness of the resulting data; \$5.2 million for an initiative to expand and realign the statistical coverage of the business, government, and international sectors and to develop new data series that, together, will create and “Economic Dashboard” of detail on economic sectors and the drivers of economic growth; \$3.9 million for an initiative to create a new suite of measures of household income, expenses, debt, and savings—including statistics on State-level personal consumption expenditures, alternative measures of disposable personal income, and greater detail on the nature of household wealth; and \$1.2 million to extend the U.S. economic accounts to include new and expanded statistics on energy usage.

This request also contains \$4.0 million for ESA headquarters to fund its base program.

ESA’s economic policy support is provided by the ESA headquarters staff which consists of the Office of the Under Secretary for Economic Affairs, policy support staff led by the Chief Economist, STAT-USA, and support personnel. STAT-USA is a self-sustaining, fee-for-service organization. The Under Secretary for Economic Affairs provides leadership and critical oversight of the Census Bureau and Bureau of Economic Analysis, and works to advance U.S. goals related to growing the economy, supporting trade, and fostering innovation.

ESA provided valuable economic analysis and advice to the Secretary of Commerce and the Administration throughout the past year and plans to continue this level of support in areas such as green jobs, an economic definition of the middle class, economic recovery, climate change, 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. The Under Secretary will continue work on pension reform through the Pension Benefit Guaranty Corporation. ESA is also leading the Department’s efforts to measure the impact of innovation on the U.S. economy; innovation metrics will improve our understanding of how innovation occurs and how it impacts economic growth and productivity. ESA continues its work through the U.S.-China Joint Commission on Commerce and Trade to improve bilateral trade with China.

ESA provides economic analyses to aid policy makers. In the last year, the topic of these analyses included green jobs, the middle class, climate change, economic recovery and the housing crisis. ESA economists reported on income inequality, foreign investment in the U.S. and U.S. investment abroad, and the personal savings rate. ESA will continue to quantify and add value to the most critical policy debates by briefing the Secretary and other leaders in the Administration on the issues that affect the economy.

The Bureau of Economic Analysis regularly examines its base funding to ensure all public funds support activities that fit BEA’s core mission.

The following list shows BEA’s four economic accounts and their products. The review determined that each product serves the core mission of the Agency and either feeds

into the GDP and other core accounts, is required by law, or is used to implement Federal programs. By account, the review found the following:

- **National Economic Accounts:** GDP and related accounts are the basis for Federal budget projections and are the mainstay of macroeconomic analysis;
- **International Economic Accounts:** Balance-of-payments data are required by the Bretton Woods Agreement and are critical to monetary, trade, investment, exchange rate, and financial policies. BEA's direct investment programs are also required by law and are critical to understanding the impact of U.S. and foreign multinational companies on the U.S. and world economies;
- **Regional Economic Accounts:** Regional data are used to allocate over \$226 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.

Conclusion

The rapid growth, increasing complexity, and changing structure of the American economy make it increasingly important for policy makers and business leaders to have the most timely, relevant, and accurate economic information possible. The work performed by ESA and BEA helps maintain a sound Federal statistical system to provide such information. The data produced, including the GDP, personal income, and balance-of-payments accounts, have a major effect on government spending and taxing decisions, the allocation of Federal funds to states, and private sector business planning of all types. The GDP and related accounts data are critical inputs to monetary, fiscal, trade, and regulatory policies, and because they influence interest rates and financial markets, they also affect every American who runs a business, saves for retirement, or borrows to buy a home. The FY 2011 Economic and Statistical Analysis budget request helps the Nation's economic accounts keep pace with the rapidly changing U.S. economy.

Bureau of Economic Analysis: Economic Accounts

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

<p>National Income and Product Accounts</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>International Accounts</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>Industry Accounts</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>Regional Accounts</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 2009 Annual Performance Plan

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BEA Mission Statement:

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

Corresponding DOC Strategic Goal, Objective / Outcome

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 Strategic Goal 1, Objective 1.3 in the *U.S. Department of Commerce Strategic Plan FY 2007—FY 2012*.

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

Strategic Goal 1:

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

Objective 1.3:

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

The BEA Five-Year Strategic Plan is a comprehensive plan of action that tracks BEA's progress toward accomplishing its mission—which is its performance goal—and contributing to the completion of the Department's Strategic Goal 1. The Plan has 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 Objective 1.3 to the BEA mission and, finally, to the milestones of the BEA Five-Year Strategic Plan, reinforces the link between the first strategic goal of DOC and the employees at BEA.

Priorities / Management Challenges

This FY 2011 budget request enables BEA to: (1) maintain “core” statistical programs that produce statistics that feed into the estimation of GDP and related statistics, are required by law, and/or are required for the administration of Federal programs; (2) restore and expand foreign direct investment statistics (3) maximize the Department's ability to provide the right information at the right time in the future by expanding and realigning the statistical coverage of the business, government, and international sectors; as well as develop new data series that will better serve the statistical and regulatory communities' evolving needs and (4) begin publishing a new suite of measures of household income, expenses, debt, and savings.

BEA faces three 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.

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.

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 2011 budget submission includes requests designed to address these challenges and allow BEA to not only maintain, but improve, its high-priority statistics.

Targets and Performance Summary / FY 2011 Target Description / Measure Descriptions / Validation and Verification

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

Outcome – Timeliness						
Measure 1a: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	54 of 54	54 of 54	57 of 58	56 of 57	55 of 55	TBD
Description: The importance of BEA 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 2009, BEA released 56 of 57 scheduled releases on time.						
Comments on Changes to Targets: In FY 2009, BEA delayed a release because of concerns that the statistics did not meet BEA 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.						

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 2010 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.

Outcome – Customer Satisfaction						
Measure 1b: Score on Customer Satisfaction Survey	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	4.2	4.3	4.2	4.2	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 2009, BEA scored 4.2 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 customer satisfaction 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: Improving the Foreign Direct Investment Statistics A New Economic Dashboard Everyday Economics – The American Household Energy's Economic Impact				Exhibit 13 Page no: ESA - 53 ESA - 59 ESA - 65 ESA - 71	

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.	

Outcome – Accuracy						
Measure 1c: Percent of GDP Statistics Correct	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	96%	93%	94%	88%	Greater than 85%	Greater than 85%
Description: This performance measure tracks BEA's ability to accurately estimate its most important statistic, the gross domestic product (GDP). This measure is a composite index of six indicators of accuracy, applied using three-year rolling averages to develop a single measure of the correctness of the GDP statistics. BEA exceeded this target with a score of 88% in FY 2009.						
Comments on Changes to Targets: BEA's GDP statistics are recognized world-wide 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. Also, 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.						
Relevant Program Change(s):	Title: Energy's Economic Impact				Exhibit 13 Page no: ESA - 71	

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 2009.

Outcome – Improved GDP and Economic Accounts						
Measure 1d: Complete all major Strategic Plan milestones related to improving the economic accounts	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	Related milestones completed.	Related milestones completed.	Related milestones completed.	Related milestones completed.	Successfully complete related milestones.	Successfully complete related milestones.
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 2009, 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.						
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. In FY 2010, BEA will implement new flexible revision procedures; incorporate new, improved source data and methods; and accelerate implementation of new IT processing systems.						
Relevant Program Change(s):	Title: Improving the Foreign Direct Investment Statistics A New Economic Dashboard Everyday Economics – The American Household				Exhibit 13 Page no: ESA - 53 ESA - 59 ESA - 65	

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.

Outcome – Data that conform to international standards						
Measure 1e: Complete all major Strategic Plan milestones related to meeting international obligations.	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	Related milestones completed.	Related milestones completed.	Related milestones completed.	Related milestones completed.	Successfully complete related milestones.	Successfully complete related milestones.
Description: BEA is responsible for making its data series conform to standards agreed to by the U.S. Government with international organizations and other countries. Meeting these commitments is important to maintaining the United States' leadership in economic measurement. In FY 2009, BEA met all of the major milestones related to meeting its international obligations and expects to do the same in current and future years.						
Comments on Changes to Targets: Meeting commitments to international statistical bodies is important to maintaining the United States' leadership in economic measurement. In FY 2011 BEA will continue its leadership role in the UN, IMF, OECD, and other international foray by continuing to lead in implementing the new international accounting standards adopted for national and international accounts.						

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.

Outcome – Measuring the Knowledge Economy (Budget related)						
Measure 1f: Complete all major Strategic Plan milestones related to the preparation of innovation accounts.	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	Related milestones completed.	Related milestones completed.	Related milestones completed.	Related milestones completed.	Successfully complete related milestones.	Successfully complete related milestones.
Description: This performance measure monitors and signifies BEA's commitment to better measuring the 21 st Century knowledge economy in order to accurately report a comprehensive picture of the U.S. economy. In FY 2009, BEA met all of the major milestones related to measuring the knowledge economy.						
Comments on Changes to Targets: This performance measure monitors and signifies BEA's commitment to better measuring the 21 st Century knowledge economy in order to accurately report a comprehensive picture of the U.S. economy. In FY 2011 BEA will continue on-going work on developing new methods and source data to capture the role of innovation in driving economic activity and updating BEA's prototype estimates of research and development.						

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.

FY 2011 Program Changes

	Accompanying GPRA		Base		Increase/Decrease		Exhibit 13 Page #
Program Change:	APP Page #.	Performance Measure	FTE	Amount	FTE	Amount	
Improving the Foreign Direct Investment Statistics	ESA – 13,15	1b, 1d	76	11,406	11	3,285	ESA – 53
A New Economic Dashboard	ESA – 13,15	1b, 1d	0	0	21	5,198	ESA – 59
Everyday Economics – The American Household	ESA – 13,15	1b, 1d	0	0	15	3,870	ESA – 65
Energy's Economic Impact	ESA – 13,14	1b, 1c	0	0	8	1,200	ESA – 71

Resource Requirements Table

	(Dollars in millions)							
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate	FY 2011 Base	Increase / (Decrease)	FY 2011 Request
Salaries and Expenses	83.8	85.2	86.8	97.0	104.2	106.2	13.6	119.8
Total Funding	85.6	87.0	88.4	98.7	106.0	108.0	13.6	121.6
Direct	79.2	79.9	81.6	91.1	97.3	99.6	13.6	113.2
Reimbursable ¹	6.4	7.1	6.8	7.6	8.7	8.4	0.0	8.4
IT Funding ²	13.3	11.3	12.4	16.9	16.8	16.8	3.0	19.8
FTE ³	543	536	524	529	562	561	55	616

¹ Reimbursable include ESA, BEA, and STAT–USA revolving fund.

² ESA/BEA IT funding is included in total funding. IT Funding includes ESA until FY 2006. Beginning in FY 2007 ESA's IT funding is reporting with Departmental Management, as IT services were centralized within the Department.

³ Total FTE includes ESA, BEA, and STAT–USA FTE.

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

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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
2010 Enacted								548	519	97,255	97,433
less: Unobligated Balance, start of year								3	3	(178)	(178)
plus: 2011 Adjustments to base								551	522	2,392	2,392
2011 Base								75	55	99,647	99,647
plus: 2011 Program changes								626	577	13,553	13,553
2011 Estimate								626	577	113,200	113,200
Comparison by activity/subactivity		FY 2009 Actual		2010 Enacted		2011 Base		2011 Estimate		2011 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Bureau of Economic Analysis.....	Pos/BA	503	86,948	532	93,431	535	95,654	610	109,207	75	13,553
	FTE/Obl.	478	87,393	503	93,497	506		561		55	
Policy support.....	Pos/BA	18	3,673	16	3,824	16	3,993	16	3,993	0	0
	FTE/Obl.	13	3,708	16	3,936	16		16		0	
TOTALS.....	Pos/BA	521	\$90,621	548	\$97,255	551	\$99,647	626	\$113,200	75	\$13,553
	FTE/Obl.	491	91,101	519	97,433	522		577		55	
Adjustments to Obligations											
Recoveries and Refunds											
Unobligated Balance, start of year											
Unobligated balance transferred											
Unobligated Balance, end of year											
Unobligated Balance, rescission											
Unobligated balance expiring											
Appropriation		491	\$90,621	519	\$97,255	522	\$99,647	577	\$113,200	55	\$13,553

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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	2009 Actual	2010 Enacted	2011 Base	2011 Estimate	2011 Increase/ (Decrease)
Total Obligations	96,979	104,532	106,205	119,758	13,553
Offsetting collections from:					
Federal Funds	(5,746)	(6,753)	(6,308)	(6,308)	0
Trust funds	0	0	0	0	0
Non-Federal sources	(258)	(220)	(250)	(250)	0
Recoveries and Refunds	(420)	0	0	0	0
Unobligated balance direct, start of year	(257)	(178)	0	0	0
Unobligated balance reimbursable, start of year	0	(126)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance direct, end of year	178	0	0	0	0
Unobligated balance reimbursable, end of year	126	0	0	0	0
Unobligated balance expiring	19	0	0	0	0
Budget Authority	90,621	97,255	99,647	113,200	13,553
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	90,621	97,255	99,647	113,200	13,553

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

Adjustments to Base	FTE	Amount
<u>ESTIMATED COST CHANGES:</u>		
Annualization of FY 2010 pay raise		293
FY 2011 pay raise		662
Full year cost in FY 2011 of positions financed for part-year in FY 2010	3	339
Civil Service Retirement System (CSRS)		(82)
Federal Employees Retirement System (FERS)		343
Thrift Savings Plan		54
Federal Insurance Contribution Act (FICA) - OASDI		52
Health Insurance		213
Employees Compensation Fund		5
Rental payments to GSA		85
Printing and reproduction		2
Postage		6
NARA		2
Working Capital Fund		209
General Pricing Level Adjustments:		
Communications, Utilities and Miscellaneous		26
Other Services		155
Supplies and materials		13
Equipment		15
Subtotal Estimated Cost Changes	<hr/> 3	<hr/> 2,392
Total, Adjustments to Base	<hr/> 3	<hr/> 2,392

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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
<u>Annualization of FY 2010 pay raise</u>		293
Full-year cost of the 2010 pay increase and related costs. A pay raise of 2.0% is effective for FY 2009 January 1, 2010.		
Total cost of FY 2010 pay increase	1,170,667	
Less amount requested in FY 2010	(878,000)	
Amount requested in FY 2011 for FY 2010 pay increase	<u>292,667</u>	
<u>FY 2011 pay raise and related costs</u>		662
A general pay raise of 1.4% is assumed to be effective January 1, 2011.		
Total cost in FY 2011 of pay increase	861,000	
Payment to Working Capital Fund	16,000	
Amount requested in FY 2011 for FY 2011 pay increase (3/4 of year)	<u>661,750</u>	
<u>Full-year cost in FY 2011 of positions financed for part-year in FY 2010</u>		339
An increase of \$339,390 is required to fund the full-year cost in FY 2011 of positions financed for part-year in FY 2010. The computation follows:		
Annual salary of new positions in FY 2010	1,266,432	19
Plus FY 2010 pay raise of 2.0%	25,329	
Less 5% lapse	(64,588)	(1)
Full-year cost of personnel compensation	<u>1,227,173</u>	18
Less compensation included in the FY 2010 budget	(968,820)	(15)
Subtotal Personnel Compensation	258,353	3
Adjustment for FY 2011 pay raise (1.4% x .75)	2,712	
Amount required for personnel compensation	<u>261,065</u>	3
Benefits	78,325	
Total Adjustments to Base	<u>339,390</u>	3

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
<u>Civil Service Retirement System (CSRS)</u>		(82)
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 19.0% in FY 2010 to 16.7% in FY 2011. The contribution rate will remain 7.0%.		
FY 2011 (\$50,810,000 x .167 x .07)	593,969	
FY 2010 (\$50,810,000 x .19 x .07)	675,773	
Total adjustment to base	<hr/> (81,804)	
<u>Federal Employees Retirement System (FERS)</u>		343
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 81.0% in FY 2010 to 83.3% in FY 2011. The contribution rate increases to 11.7%.		
FY 2011 (\$50,810,000 x .833 x .117)	4,951,993	
FY 2010 (\$50,810,000 x .81 x .112)	4,609,483	
Total adjustment to base	<hr/> 342,510	
<u>Thrift Savings Plan (TSP)</u>		54
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 2011 (\$50,810,000 x .833 x .046)	1,946,938	
FY 2010 (\$50,810,000 x .81 x .046)	1,893,181	
Total adjustment to base	<hr/> 53,757	

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
<u>Federal Insurance Contribution Act (FICA)</u>		52
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 \$110,400 in FY 2010 to \$114,975 in FY 2011. The OASDI tax rate will remain 6.2% in FY 2011.		
<u>Full-time and part-time salaries</u>		
FY 2011 (\$50,810,000 x .833 x .934 x .062)	2,450,940	
FY 2010 (\$50,810,000 x .81 x .94 x .062)	2,398,578	
	<hr/> 52,363	
<u>Other salaries</u>		
FY 2011 (\$66,000 x .833 x .934 x .062)	3,184	
FY 2010 (\$66,000 x .81 x .94 x .062)	3,116	
	<hr/> 68	
<u>Health Insurance</u>		213
Effective January 2009 the cost of the ESA's contribution to the Federal employees' health insurance premium increased by 7.8%. Applied against the FY 2010 estimate of \$2,735,000, the additional amount requested is \$213,330.		
<u>Employee's Compensation Fund</u>		5
The Employee's Compensation Fund is based on the actual billing from the Department of Labor.		
<u>Rental payments to GSA</u>		85
GSA rates are projected to increase 1.4% over the FY 2010 estimate of \$6,042,000 for currently occupied space. This results in an increase of \$84,588.		
<u>GPO Printing</u>		2
GPO has provided an estimated rate increase of 0.8%. This percentage was applied to the 2010 estimate of \$223,000 to arrive at an increase of \$1,784.		

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
<u>National Archives & Records Administration</u>		2
The National Archives and Records Administration (NARA) projects storage costs will increase in price by \$2,000 for ESA.		
<u>Working Capital Fund</u>		209
An additional \$209,000 is required to fund cost increases in the Departmental Management's Working Capital Fund.		
<u>Postage</u>		6
Effective May 11, 2009, the Governors of the Postal Service implemented a rate increase for first-class mail from 42 cents to 44 cents. The percentage increase of 4.8% was applied to the FY 2010 estimate of \$122,000 to arrive at an increase of \$5,856		
<u>General Pricing Level Adjustment</u>		
This request applies a 0.8% general pricing adjustment based on OMB economic assumptions for FY 2011 to object classes where the prices that the Government pays are established through the market system.		
Factors are applied to the following:		
Communications, utilities and miscellaneous charges		26
This includes the general pricing adjustment applied to a base of \$288,000 (excluding utilities) for an increase of \$2,304 plus a price increase of \$24,000 for GSA Electricity.		
Other services		155
Supplies and materials		13
Equipment		15
Total, Estimated Cost Changes	3	2,392
Total, Adjustments to Base	3	2,392

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

Activity: Bureau of Economic Analysis
Subactivity: National Economic Accounts

Comparison by line item	FY 2009 Actual		2010 Enacted		2011 Base		2011 Estimate		2011 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
National Economic Accounts..... Pos/BA FTE/Obl.	149 142	30,771 30,712	154 147	33,321 33,345	154 147	34,114	179 165	39,470	25 18	5,356
Direct Obligations Pos/BA FTE/Obl.	149 142	30,771 30,712	154 147	33,321 33,345	154 147	34,114	179 165	39,470	25 18	5,356

Activity: Bureau of Economic Analysis
Subactivity: International Economic Accounts

Comparison by line item	FY 2009 Actual		2010 Enacted		2011 Base		2011 Estimate		2011 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
International Economic Accounts.. Pos/BA FTE/Obl.	185 175	27,868 28,645	189 179	28,842 28,863	189 179	29,528	204 190	32,813	15 11	3,285
Direct Obligations Pos/BA FTE/Obl.	185 175	27,868 28,645	189 179	28,842 28,863	189 179	29,528	204 190	32,813	15 11	3,285

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

Activity: Bureau of Economic Analysis
Subactivity: Regional Economic Accounts

Comparison by line item	FY 2009 Actual		2010 Enacted		2011 Base		2011 Estimate		2011 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Regional Economic Accounts..... Pos/BA FTE/Obl.	96 92	14,822 16,316	113 105	17,315 17,326	116 108	17,727 17,727	126 116	18,980 18,980	10 8	1,253
Direct Obligations Pos/BA FTE/Obl.	96 92	14,822 16,316	113 105	17,315 17,326	116 108	17,727 17,727	126 116	18,980 18,980	10 8	1,253

Activity: Bureau of Economic Analysis
Subactivity: Industry Economic Accounts

Comparison by line item	FY 2009 Actual		2010 Enacted		2011 Base		2011 Estimate		2011 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Industry Economic Accounts Pos/BA FTE/Obl.	73 69	13,487 11,720	76 72	13,953 13,963	76 72	14,285 14,285	101 90	17,944 17,944	25 25	3,659
Direct Obligations Pos/BA FTE/Obl.	73 69	13,487 11,720	76 72	13,953 13,963	76 72	14,285 14,285	101 90	17,944 17,944	25 25	3,659

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

Activity: Policy Support

Subactivity: Policy Support

Comparison by line item	FY 2009 Actual		2010 Enacted		2011 Base		2011 Estimate		2011 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy support.....Pos/BA FTE/Obl.	18	3,673	16	3,824	16	3,993	16	3,993	0	0
	13	3,708	16	3,936	16	3,993	16	3,993	0	0
Direct Obligations.....Pos/BA FTE/Obl.	18	3,673	16	3,824	16	3,993	16	3,993	0	0

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

Justification of Program and Performance

Activity: Bureau of Economic Analysis

Subactivity: National Economic Accounts

Goals and Objectives

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

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

Base Program

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

The output consists of the following:

1. Personal income and outlays - These estimates show personal income by type, personal taxes, personal savings, and both total and per capita disposable

personal income in current dollars and in real terms, and personal consumption expenditures in current dollars and in real terms. Estimates of personal income and outlays are published monthly on the BEA Web site and in the *Survey of Current Business (Survey)*.

2. GDP estimates - This family of estimates includes:

- GDP by type of expenditure (consumption and investment), by type of product (goods, services, and structures), and by sector (business, households and institutions, and general government);
- National and domestic income by type, including compensation of employees and self-employment income;
- Personal income, spending, and saving;
- Exports and imports of goods and services and receipts and payments of income;
- Investment in fixed assets by type;
- Inventory investment, stock, and ratios of inventories to sales;
- Government consumption expenditures and gross investment, current receipts, and expenditures by type;
- Contributions of GDP components to growth in real GDP;
- Output of select economic sectors, such as farms, motor vehicles, computers, and housing; and
- Comparisons of key GDP components to similar series from other agencies.

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

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

Comprehensive (benchmark) NIPA estimates, based largely on the results of the quinquennial economic censuses and the benchmark input-output tables are prepared approximately every five years. On July 31, 2009, BEA released the initial results from the 13th comprehensive revision of NIPAs beginning with revised estimates for 1929. The revised estimates incorporate a number of

changes in classifications and definitions as well as statistical improvements that are designed to better measure the ever-changing U.S. economy.

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

Exhibit 12

United Nations and the Organisation for Economic Co-operation and Development (OECD).

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

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

Activity: Bureau of Economic Analysis

Subactivity: International Economic Accounts

Goals and Objectives

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

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

Base Programs

Balance-of-payments accounts - This work consists of the preparation, analysis, and publication of the balance-of-payments accounts and international investment position accounts. The balance-of-payment accounts provide a comprehensive and detailed view of economic transactions between the United States and other countries. Major types of transactions covered are trade in goods; 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 international investment position accounts provide estimates of the accumulated stocks of U.S.-owned assets abroad and of foreign-owned assets in the United States, as well as estimates of the value of the net international investment position of the United States. BEA continuously modernizes and expands these accounts to improve their reliability and relevance and their alignment with international guidelines.

The output consists of the following:

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

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

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

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

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

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

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

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

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

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

The output consists of the following:

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

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

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

Exhibit 12

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

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

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

Activity: Bureau of Economic Analysis

Subactivity: Regional Economic Accounts

Goals and Objectives

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

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

Base Program

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

The output consists of the following:

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

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

Exhibit 12

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

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

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

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

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

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

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

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

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

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

Activity: Bureau of Economic Analysis

Subactivity: Industry Economic Accounts

Goals and Objectives

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

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

Base Program

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

The output consists of the following:

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

The GDP-by-industry family of estimates includes:

- GDP-by-industry - also referred to as industry “value added”;
- Gross output by industry;

- Intermediate inputs by industry;
 - KLEMS (K-capital, L-labor, E-energy, M-materials, and S-purchased services) by industry;
 - Quantity and price indexes for value added, gross output, intermediate inputs, and KLEMS;
 - Contributions by industry to growth in real GDP;
 - Contributions by industry to growth in GDP prices; and
 - Current-dollar cost per unit of real GDP by industry.
- b. Annual input-output accounts – Input-output tables show how industries interact; specifically, they show how industries provide input to and use output from other industries to produce GDP. These accounts provide detailed information on the flows of the goods and services that make up the production processes of industries. The annual input-output accounts, prepared as a time series for 1998–2004, were released in December 2005. These estimates are based on less comprehensive data than the data from the 5-year economic censuses, and are published at a 65-industry level. The annual tables are integrated with the GDP-by-industry accounts.
2. Benchmark input-output accounts - Input-output tables show how industries interact; specifically, they show how industries provide input to and use output from other industries to produce gross domestic product (GDP). These accounts provide detailed information on the flows of the goods and services that make up the production processes of industries.

The benchmark input-output family of estimates includes:

- Benchmark input-output tables, which are based on detailed data from the economic censuses that are conducted every five years by the Bureau of the Census; they are published at the summary level for 97 industries and at the detailed level for 498 industries. The 2002 benchmark input-output tables were published on BEA's Web site and in the October 2007 Survey.
- Business investment (or capital flow) estimates, which are a supplement to the benchmark input-output tables, show the flows of new structures and equipment to the private industries that purchase or lease them. The estimates are used in preparing the wealth accounts. These tables are prepared for the same years as the benchmark tables.
- Employment and compensation tables, which supplement the benchmark input-output tables, are shown by industry, employment, wages, and salaries; supplements to wages and salaries; and hours worked.

Exhibit 12

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

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

Activity: Policy support

Subactivity: Policy support

Goals and Objectives

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

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

Base Program

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

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

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

The economic policy staff advises the Secretary, Under Secretary, and other Government officials on matters related to economic developments and forecasts and the development of options and positions relating to economic policy. The staff

Exhibit 12

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

For example, ESA's policy staff has prepared analysis to support the Secretary of Commerce on the prevailing topics of the day including two measures of green jobs. One method uses an input-output model to measure the relative 'green-ness' of industries and the other uses the products data in the Census Bureau's Economic Census to identify 'green products.' ESA economists have also produced a report for the Vice President's Task Force on Middle Class Working Families on the economic definition of the middle class. Other topics of interest that ESA economists have contributed to include climate change, the housing crisis and the resulting financial crisis, options for economic stimulus and the impact of soaring commodity prices on consumer prices. ESA research included modeling exercises related to energy and the pandemic influenza policy. ESA partnered with other bureaus to provide policy makers with current analysis on natural gas prices, nanotechnology, and pension reform.

Department of Commerce
Economic and Statistical Analysis Budget – Salaries and Expenses
Bureau of Economic Analysis / Economics and Statistics Administration
Increase for FY 2011
(Thousands of dollars)

FY 2011 Base		FY 2011 Estimate		FY 2011 Increase/Decrease	
<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>
76	11,406	87	14,691	11	3,285

Improving the Foreign Direct Investment Statistics

Background: The recent turmoil in the U.S. economy and in the global economy has resulted in heightened interest and debate on the significance and effects of foreign direct investment in the United States and U.S. direct investment abroad. Questions have been raised on the contributions of direct investments to domestic income, output, employment, and capital formation. Other questions concern the role of Multinational Corporations (MNCs) in international trade and the international transmission of technology, and on the apparent reasons—which may be related to labor and other costs or to proximity to markets—why firms locate production where they do. Good statistics are required to address these.

Proposal: The Bureau 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 optimum coverage. Each of these elements is geared towards responding directly to the needs of BEA's customers, and ensuring the most accurate and efficient statistics possible. As such, 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 inward investment in the U.S. by foreign investors. Under this initiative, the tracking of new foreign investments in the U.S. would take a broader prospective to better capture greenfield investment, such as through the construction of new plants. The new investment survey is needed to comprehensively differentiate 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 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.

- **Improve Statistical Detail of Annual Inward & Outward Investment Surveys:** The Bureau would return to 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 are used by 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 state programs to attract foreign direct investment.
- **Reduce Reporting Thresholds and Optimize Coverage:** Reporting thresholds trigger a requirement to respond to BEA's inward and outward investment surveys. Under this proposal, BEA would revise reporting thresholds to increase coverage of small to mid-sized investment activity while ensuring that the information collected meets current needs without imposing undue burden on respondents.

Importantly, only through consistent, reliable survey data can information on foreign direct investment be provided to all states, and other data users, in a uniform way; and only the federal government has the authority to collect such information.

Supporters: The data are used by several U.S. Government agencies, including the Office of the U.S. Trade Representative, the International Trade Administration, 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 provide detailed information, by country and industry, on assets, sales, employment, trade, research and development, taxes, and other measures of affiliates' activities that the U.S. Government requires to assess their effects on U.S. and foreign economies. Selected data items are reported by state; this data is essential to state economic development officials in monitoring the near and long-term efficacy and economic value of their efforts.

International organizations and private researchers also 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 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.

Exhibit 13

Targets without increase

FY 2011

1b. Score on Customer Satisfaction Survey	Greater than 4.0
1d. Complete all Major Strategic Plan milestones related to improving the economic accounts	Successfully complete related milestones

Targets with increase

FY 2011

1b. Score on Customer Satisfaction Survey	Greater than 4.0
1d. Complete all Major Strategic Plan milestones related to improving the economic accounts	Successfully complete related milestones

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

Activity: Bureau of Economic Analysis
Subactivity: International
Program Change: Improving the Foreign Direct Investment Statistics

Title	Band	Interval	Number	Annual Salary	Total Salary
Accountant	IV	1	4	88,666	354,664
Accountant	III	1	3	62,209	186,627
Accountant	II	1	8	42,034	336,272
Total			15		877,563
Less Lapse			(4)		(219,391)
Total Full-time permanent (FTE)			11		658,172
2011 Pay Adjustment (1.4%)				9,214	
Total					667,386

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	11
Other than full-time permanent	0
Total	11

Authorized Positions:

Full-time permanent	15
Other than full-time permanent	0
Total	15

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

Activity: Bureau of Economic Analysis
Subactivity: International
Program Change: Improving the Foreign Direct Investment Statistics

	Object Class	2011 Increase/ (Decrease)
11.0	Personnel compensation	
11.1	Full-time permanent	667
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel service payments	0
	Total personnel compensation	667
12.1	Civilian personnel benefits	165
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	204
22.0	Transportation of things	1
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	14
24.0	Printing and reproduction	7
25.1	Advisory and assistance services	50
25.2	Other services	327
25.3	Purchases of goods and services from Government accounts	1,622
25.4	Operation of GOCOs	0
25.5	Research and Development contracts	0
25.6	Medical Care	0
25.7	Operation and maintenance of equipment	36
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	34
31.0	Equipment	158
	TOTAL OBLIGATIONS	3,285

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Department of Commerce
Economic and Statistical Analysis Budget – Salaries and Expenses
Bureau of Economic Analysis / Economics and Statistics Administration
Increase for FY 2011
(Thousands of dollars)

FY 2011 Base		FY 2011 Estimate		FY 2011 Increase/Decrease	
<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>
0	0	21	5,198	21	5,198

A New Economic Dashboard

Background: 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. The statistical system, along with its regulatory partners, were rendered unable to answer key questions such as the true size and extent of the crisis, the exact drivers of risk, and the true level of interconnectivity of the American economy in quantifiable terms.

Lacking such information, policy-makers and the business community's ability to rapidly identify and respond to emerging weakness in specific industries, trade arenas, and small business sectors was hampered. An important part of the government's response to the current economic challenges must be ensuring that the economic monitoring systems are properly modified, correcting the flaws revealed by the current recession, and ensuring advance warnings in the future.

Proposal: To rectify this problem and maximize the Government's ability to provide timely and critical information in the future, the Bureau of Economic Analysis is proposing to expand and realign the statistical coverage of business and industry, with a new emphasis on small businesses; as well as to develop new statistical series that will better serve the policy and regulatory communities' real-time needs. Creating, in effect, a "New Economic Dashboard" this initiative will provide far greater detail on key industry sectors, identify the drivers of growth and fluctuations, and publish several new statistics to ensure analysts and regulators have the necessary detail at their disposal.

The current economic downturn illustrated the complexities of the modern economy, where asset value, in addition to income, is more directly connected to consumption – which accounts for more than two-thirds of economic activity – than previously understood. Merely measuring income, consumption, and values, but failing to do so in a detailed and integrated way, is no longer sufficient. In conjunction with the Bureau's other FY11 initiative, Everyday Economics: The American Household, which focuses on

new measures of consumption capacity, this effort is designed to improve and integrate measures of business health and growth with other key economic measures. This proposal involves the development and publication of several new and highly anticipated data series including:

- Quarterly GDP-by-Industry
- New Industry-level Production Accounts
- Measures of sustainability of economic trends including quarterly Net Investment and Net Domestic Product and other measures of the long-term health and sustainability of U.S. economic activity
- New Detail and breakouts for all Business Sectors

Taken together, these new data series will provide far greater tools than currently exist for business analysts, policy-makers, and regulators to monitor the economy, identify risk, and respond accordingly.

Quarterly GDP-by-Industry: Current GDP-by-Industry statistics are essential to understanding the changing structure of domestic industries, which in turn is critical for addressing concerns about the competitiveness of U.S. industries – such as the recent-period performance of the manufacturing sector. However, BEA's existing by industry statistics do not provide the coverage, or timeliness, necessary to inform policy, and rectifying this is a priority goal. To accomplish this goal, BEA will fully expand its current Annual GDP-by-Industry statistics and begin publishing GDP-by-Industry statistics on a quarterly basis. The statistics, based on a methodology fully integrated with BEA's income and expenditures measures, will be published quarterly, shortly after the Advanced GDP release. The new quarterly industry statistics will include inflation-adjusted measures of GDP-by-Industry and industry contributions to overall U.S. economic growth and inflation. They will provide an early tool to evaluate the economic performance of U.S. industries, including:

- Which industries are driving U.S. economic growth or contraction.
- Which industries are contributing to growth over the business cycle.
- What is the impact of specific policy changes on specific industries on a quarterly basis.

Most importantly, adding GDP-by-Industry statistics on a quarterly basis brings this critically informative statistic on the health and stability of each industry sector into near real-time. The ability to identify, in near real-time, fluctuations across sectors will provide for a far more comprehensive ability to understand and target responses to a given sector's economic health.

Finally, the ability to improve the coverage and timeliness of industry statistics is a direct result of Congress's funding, in FY09, of the new annual and quarterly service sector surveys conducted by the Census Bureau. Bringing Quarterly GDP-by-Industry statistics online is one of the primary goals and benefits of that funding.

Integrated Industry-level Production Accounts: BEA will publish a breakout of U.S. productivity statistics at the industry level, representing a major step toward the development of a full set of integrated U.S. economic accounts. BEA will extend current efforts with the Bureau of Labor Statistics (BLS) to develop a production account – consistent with GDP measures – that includes statistics for industries such as manufacturing, professional and business services, and finance and insurance.

Net Domestic Product: Just as a business deducts a charge for depreciation reserves, depreciation can be “net” from “gross” domestic product to provide a measure of sustainable product, including a deduction for an amount necessary to replace the capital used in production. This measure, which is not featured in the current GDP accounts, as well as a number of similar “net” measures of investment, savings, and of business and household income, will provide a better and more nuanced picture of the nation’s long-term health.

For example, three fourths of gross business investment goes to replacing depreciation of existing stock of plant and equipment, leaving net investment – which raises the nation’s wealth and future productivity – accounting for only one-fourth of production. Such an ability to assess the sustainability of net investment is crucial to long-term growth policy.

New Detail on Small Businesses: This effort will provide important new detail and breakout of the economic dynamics within the business sector – including financial corporate, non-financial corporate, and the non-corporate business sector – and, importantly, also provide key new insight into the small business arena. New data that BEA will produce include:

- New, and better integrated, BEA and Federal Reserve Board balance sheet information by sector and by type of asset. The recent financial crisis has revealed significant gaps in the U.S. domestic and international data related to systematic and sectoral exposure to risk – which would be addressed by this initiative.
- New statistics that breakout S-type corporations and limited liability corporations from other corporate types, considerably enhancing transparency between BEA’s corporate profits estimates and publicly reported financial accounting data.
- New time-series data on the business income of partnerships and of sole proprietorships; which are currently only available on a combined basis. This additional information will allow BEA to better measure each, and to distinguish between partnerships made up of corporations (which are part

Exhibit 13

of the corporate sector) and those made up of individuals (small businesses).

Targets without increase

FY 2011

1b. Score on Customer Satisfaction Survey	Greater than 4.0
1d. Complete all Major Strategic Plan milestones related to improving the economic accounts	Successfully complete related milestones

Targets with increase

FY 2011

1b. Score on Customer Satisfaction Survey	Greater than 4.0
1d. Complete all Major Strategic Plan milestones related to improving the economic accounts	Successfully complete related milestones

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

Activity: Bureau of Economic Analysis
Subactivity: National, Industry
Program Change: A New Economic Dashboard

Title	Band	Interval	Number	Annual Salary	Total Salary
Senior Economist	V	1	1	123,247	123,247
Senior Economist	IV	1	11	88,666	975,326
Economist	III	1	10	62,209	622,090
Economist	II	1	5	42,034	210,170
IT Specialist	III	1	<u>2</u>	62,209	<u>124,418</u>
Total			<u>29</u>		<u>2,055,251</u>
Less Lapse			<u>(8)</u>		<u>(513,813)</u>
Total Full-time permanent (FTE)			<u>21</u>		<u>1,541,438</u>
2011 Pay Adjustment (1.4%)				<u>21,580</u>	
Total					<u>1,563,018</u>

Personnel Data**Full-time Equivalent Employment:**

Full-time permanent	21
Other than full-time permanent	0
Total	21

Authorized Positions:

Full-time permanent	29
Other than full-time permanent	0
Total	29

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

Activity: Bureau of Economic Analysis
Subactivity: National, Industry
Program Change: A New Economic Dashboard

	Object Class	2011 Increase/ (Decrease)
11.0	Personnel compensation	
11.1	Full-time permanent	1,563
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel service payments	0
	Total personnel compensation	1,563
12.1	Civilian personnel benefits	387
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	105
22.0	Transportation of things	1
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	27
24.0	Printing and reproduction	14
25.1	Advisory and assistance services	97
25.2	Other services	1,119
25.3	Purchases of goods and services from Government accounts	935
25.4	Operation of GOCOs	0
25.5	Research and Development contracts	0
25.6	Medical Care	0
25.7	Operation and maintenance of equipment	70
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	325
31.0	Equipment	555
	TOTAL OBLIGATIONS	5,198

Department of Commerce
Economic and Statistical Analysis Budget – Salaries and Expenses
Bureau of Economic Analysis / Economics and Statistics Administration
Increase for FY 2011
(Thousands of dollars)

		FY 2011		FY 2011	
		Base		Increase/Decrease	
		<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>
		0	0	15	3,870

Everyday Economics: The American Household

Background: The economy of the United States is a complex system, and often times understanding it can be elusive. BEA's Gross Domestic Product (GDP) is the broadest single measure of the economy, and is one of the most closely watched indicators of growth. Yet, due to its structure as a broad measure, often times GDP seems to fall short in telling the story of the everyday economic experience of the American household. Why is this important? It's important because household consumption accounts for more than two thirds of all economic activity in the U.S., and is an important guide for government policy and business investment alike.

Many users are unaware that GDP is a complex and interwoven system consisting of hundreds of specific measurements which, when examined in a narrower context, can provide a far more detailed and nuanced picture of household economic dynamics. How, for example, can GDP suggest overall growth, when the average Americans' everyday economic encounter suggests otherwise? While this and similar questions can be answered through a sophisticated analysis of the national accounts, new concise sub-accounts would make this information more accessible and understandable even by those with no economics knowledge. New quarterly releases of household indicators will prove exceedingly valuable to businesses (particularly small businesses), political and policy leaders, the public, and the media.

The initiative will serve to fill notable existing gaps in official government statistics, and will provide highly valuable new detail on the American household, its income, outlays, and savings – in other words, the capacity of households to engage in economic activity and how that changes over time. Of great value to economic policy-makers, these new data will also be of high value to the business community, in particular small businesses. Major corporations have staffs of economists, advisors, and consultants assisting in interpreting and understanding the economy and guiding investments – small businesses do not. To address both this gap in government statistics, as well as provide valuable new information and analytical tools to policy and business leaders,

BEA proposes a new suite of indicators designed to tell the story of the American household economic experience.

New quarterly releases of household indicators will prove exceedingly valuable to businesses (particularly small businesses), political and policy leaders, the public, and the media.

Proposal: Developing new measures, in conjunction with building on selected existing series, the Bureau will begin publishing a new suite of statistics on household income, expenses, debt, and savings. This new suite of indicators will represent both a significant expansion of detail in the existing measures of consumption in the National Accounts, as well as provide new insight into changes in the consumer's capacity to consume. Taken together, and in the context of broader national aggregates such as Gross Domestic Product, this new series of indicators will provide valuable insight into the household sector, and its impacts on the business sector. Elements of this new suite of measures will include:

- State-level personal consumption expenditure statistics (PCE), which will illustrate the differences in the prices consumers encounter at the local (state) level including household-level expenses and how these change over time.
- Disposable personal income excluding tax rebates and government transfers, which will provide a transparent picture of household market income.
- New measures of disposable personal income that is net of taxes and household spending for essentials – such as housing, food, transportation and medical care – to provide a clearer picture of true discretionary income.
- A decomposition of household savings and wealth estimates into assets and liabilities, illustrating what percentage of household consumption is financed by debt.
- The share of household wealth based on appreciation in housing prices and capital gains versus the share from savings of income earned by households.
- Insight into changes in household leveraging of investments in housing.
- Breakout and valuation of supplemental compensation such as employer paid benefits.

These new statistics and accounts will build on existing statistics, as well as new ones – for example, currently no statistics provide a true picture of the discretionary income of consumers. Importantly, this proposal will integrate these measures with other essential economic data produced by BEA. Additionally, this initiative will serve to address other missing pieces of the household economic picture that will provide valuable new understanding and insights, including:

Exhibit 13

- 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 isolate the household sector from other economic actors (i.e., trade, corporate profits, governments);
- The ability to anticipate and identify critical shifts in household debt, savings, and discretionary income, and respond accordingly;
- A wealth of instructive data on trends and patterns in local economies;
- More descriptive and detailed ability to describe and respond to the household economic experience.
- A decomposition of personal income that presents median as well as mean income and other measures of the distribution of income across households.

Most critically, this new suite of indicators will provide a far more detailed and nuanced understanding of the public's ability to consume – arguably the single most important component of overall economic recovery and future growth. As households raise their saving rate and 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 a key new indicator suite detailing spending power, debt, and the composition of savings will provide a roadmap, a gauge of progress, and critical tools to identify signs of weakness in the future.

Targets without increase	FY 2011
1b. Score on Customer Satisfaction Survey	Greater than 4.0
1d. Complete all Major Strategic Plan milestones related to improving the economic accounts	Successfully complete related milestones
Targets with increase	FY 2011
1b. Score on Customer Satisfaction Survey	Greater than 4.0
1d. Complete all Major Strategic Plan milestones related to improving the economic accounts	Successfully complete related milestones

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

Activity: Bureau of Economic Analysis
Subactivity: National, Regional
Program Change: Everyday Economics: The American Household

Title	Band	Interval	Number	Annual Salary	Total Salary
Senior Economist	V	1	1	123,247	123,247
Senior Economist	IV	1	6	88,666	531,996
Economist	III	1	7	62,209	435,463
Economist	II	1	4	42,034	168,136
IT Specialist	III	1	<u>2</u>	62,209	<u>124,418</u>
Total			20		1,383,260
Less Lapse			(5)		(345,815)
Total Full-time permanent (FTE)			15		1,037,445
2011 Pay Adjustment (1.4%)				14,524	
Total					1,051,969

Personnel Data

Full-time Equivalent Employment:

Full-time permanent	15
Other than full-time permanent	0
Total	15

Authorized Positions:

Full-time permanent	20
Other than full-time permanent	0
Total	20

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

Activity: Bureau of Economic Analysis
Subactivity: National, Regional
Program Change: Everyday Economics: The American Household

	Object Class	2011 Increase/ (Decrease)
11.0	Personnel compensation	
11.1	Full-time permanent	1,052
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel service payments	0
	Total personnel compensation	1,052
12.1	Civilian personnel benefits	260
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	73
22.0	Transportation of things	1
23.1	Rental payments to GSA	0
23.2	Rental payments to others	0
23.3	Communications, utilities and miscellaneous charges	18
24.0	Printing and reproduction	9
25.1	Advisory and assistance services	67
25.2	Other services	1,453
25.3	Purchases of goods and services from Government accounts	563
25.4	Operation of GOCOs	0
25.5	Research and Development contracts	0
25.6	Medical Care	0
25.7	Operation and maintenance of equipment	48
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	95
31.0	Equipment	231
	TOTAL OBLIGATIONS	3,870

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Department of Commerce
Economic and Statistical Analysis Budget – Salaries and Expenses
Bureau of Economic Analysis / Economics and Statistics Administration
Increase for FY 2011
(Thousands of dollars)

		FY 2011		FY 2011	
FY 2011 Base		Estimate		Increase/Decrease	
<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>
0	0	8	1,200	8	1,200

Energy's Economic Impact

Background: Prices of commodities, such as energy, have a direct impact on the performance of the economy, and can often be quite volatile, with measurable impacts across nearly all industry sectors and consumers. Historically, run-ups in world commodity prices have dramatically affected U.S. living standards, production methods, and overall economic performance. Unfortunately, the current U.S. Industry accounts contain limited type-of-energy detail, meaning that valuable information on the impact of price volatility and energy usage by industry is unavailable to policy makers. BEA, in consultation with the Energy Information Administration (EIA) of the U.S. Department of Energy, proposed to rectify the gap in statistical data by integrating EIA's detailed data on prices, production, and usage into BEA's national and industry accounts, resulting in critical new statistics on energy prices, usage, and output and the impact on economic growth.

The need for the data is pressing. Since 2000, consumer spending on energy products has risen by 95 percent, reaching nearly \$640 billion in 2008. Prices paid by consumers for energy accounted for 11 percent of average yearly inflation since 2000, nearly four times that of the previous decade, and second only to health care costs and housing prices. In 2007, domestic industries spent over 80 percent more on energy products than they did in 2000. The air transportation industry, for example, more than doubled its spending on energy over the period, with that increase in cost rippling through its production cycle, and throughout the many industries which depend on air transport. Most projections—such as those by the Energy Information Administration and the Government Accountability Office—suggest that rising energy costs will likely continue, making energy a key economic policy issue for the coming decade.

More accurate, comprehensive, and integrated measures for the energy sector—including linking macroeconomic statistics for the United States with micro analysis on energy supply, consumption, and prices from EIA—are critical for understanding U.S. competitiveness and the prospects for future economic growth. Such data are essential

for developing a comprehensive U.S. energy policy built on accurate forecasts of energy supply and consumption. These statistics are also required by policy makers and industry leaders for assessing alternative energy options and for identifying infrastructure enhancements, such as new information technology and key capital investments, which will improve the domestic supply chain for energy goods and services.

Proposal: BEA's GDP accounts provide a comprehensive, macroeconomic view of national and industry-level data on energy. While these accounts are well-suited for studying broad macroeconomic trends, they are not currently suitable for detailed cross-sectional and time-series analysis on energy. To provide data and insight into the changing structure of energy supply and consumption in the U.S., as well as the impact of economic growth and inflation, BEA proposes to integrate BEA and EIA's data sets, resulting in a significant expansion of detail in BEA's accounts previously unavailable. For example, BEA would expand the level of detail for energy-related categories—from the eight current categories to upwards of 40+ in the U.S. input-output (I-O) accounts and would develop detailed price and quantity measures consistent with the expanded categories.

This project will pull together BEA and EIA data on energy with new estimating methods to present a comprehensive and integrated picture of the energy sector. It will provide key statistics for analyzing this sector's contribution to U.S. economic growth, productivity, inflation, the trade balance, and income. It will also provide critical information on changes to the structure of energy supply and consumption, such as "in-house" production of energy by businesses. The new account will introduce new, regularly published industry statistics that will improve the accuracy of BEA's measures of consumer spending on energy goods and services, as well as a comprehensive picture of the energy sector. Additionally, EIA's forecasts of energy supply and consumption of energy will benefit from this integration.

Targets without increase	FY 2011
1b. Score on Customer Satisfaction Survey	Greater than 4.0
1c. Percent of GDP Statistics Correct	Greater than 85%
Targets with increase	FY 2011
1b. Score on Customer Satisfaction Survey	Greater than 4.0
1c. Percent of GDP Statistics Correct	Greater than 85%

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

Activity: Bureau of Economic Analysis
Subactivity: National, Industry
Program Change: Energy's Economic Impact

Title	Band	Interval	Number	Annual Salary	Total Salary
Senior Economist	IV	1	3	88,666	265,998
Economist	III	1	5	62,209	311,045
Economist	II	1	<u>3</u>	42,034	<u>126,102</u>
Total			<u>11</u>		<u>703,145</u>
Less Lapse			<u>(3)</u>		<u>(175,786)</u>
Total Full-time permanent (FTE)			<u>8</u>		<u>527,359</u>
2011 Pay Adjustment (1.4%)					<u>7,383</u>
Total					<u>534,742</u>

Personnel Data**Full-time Equivalent Employment:**

Full-time permanent	8
Other than full-time permanent	0
Total	8

Authorized Positions:

Full-time permanent	11
Other than full-time permanent	0
Total	11

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

Activity: Bureau of Economic Analysis
Subactivity: National, Industry
Program Change: Energy's Economic Impact

Object Class	2011 Increase/ (Decrease)
11.0 Personnel compensation	535
11.1 Full-time permanent	535
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel service payments	0
Total personnel compensation	535
12.1 Civilian personnel benefits	130
13.0 Benefits for former personnel	0
21.0 Travel and transportation of persons	28
22.0 Transportation of things	1
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, utilities and miscellaneous charges	12
24.0 Printing and reproduction	5
25.1 Advisory and assistance services	39
25.2 Other services	142
25.3 Purchases of goods and services from Government accounts	113
25.4 Operation of GOCOs	0
25.5 Research and Development contracts	0
25.6 Medical Care	0
25.7 Operation and maintenance of equipment	21
25.8 Subsistence and support of persons	0
26.0 Supplies and materials	61
31.0 Equipment	113
TOTAL OBLIGATIONS	1,200

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	2009 Actual	2010 Currently Available	2011 Base	2011 Estimate	2011 Increase/ (Decrease)
11 Personnel compensation					
11.1 Full-time permanent	46,777	49,944	51,045	54,862	3,817
11.3 Other than full-time permanent	807	866	866	866	0
11.5 Other personnel compensation	1,127	1,200	1,200	1,200	0
11.8 Special personnel services payments	0	0	0	0	0
11.9 Total personnel compensation	48,711	52,010	53,111	56,928	3,817
12.1 Civilian personnel benefits	11,798	12,598	13,197	14,141	944
13 Benefits for former personnel	2	2	2	2	0
21 Travel and transportation of persons	929	990	990	1,400	410
22 Transportation of things	20	21	21	25	4
23.1 Rental payments to GSA	5,659	6,042	6,127	6,127	0
23.2 Rental payments to others	0	0	0	0	0
23.3 Communications, utilities and miscellaneous charges	502	534	566	636	70
24 Printing and reproduction	209	223	225	260	35
25.1 Advisory and assistance services	290	310	310	563	253
25.2 Other services	10,231	10,928	11,106	14,147	3,041
25.3 Purchases of goods and services from Government accounts	9,351	10,144	10,331	13,563	3,232
25.7 Operation and maintenance of equipment	65	70	72	247	175
25.8 Subsistence and support of persons	0	0	0	0	0
26 Supplies and materials	1,528	1,632	1,645	2,160	515
31 Equipment	1,806	1,929	1,944	3,001	1,057
42 Insurance claims and indemnities	0	0	0	0	0
43 Interest and dividends	0	0	0	0	0
99 TOTAL OBLIGATIONS	91,101	97,433	99,647	113,200	13,553
Less, prior year recoveries and refunds	(420)				
Less, prior year unobligated balance	(257)	(178)			
Plus, unobligated balance, EOY	178				
Plus, unobligated balance, rescission					
Plus, unobligated balance, expiring	19				
TOTAL BUDGET AUTHORITY	90,621	97,255	99,647	113,200	13,553

Personnel Data	2009 Actual	2010 Currently Available	2011 Base	2011 Estimate	2011 Increase/ (Decrease)
Full-Time Equivalent Employment:					
Full-time permanent	471	499	502	557	55
Other than full-time permanent	20	20	20	20	0
Total	491	519	522	577	55
Authorized Positions:					
Full-time permanent	501	528	531	606	75
Other than full-time permanent	20	20	20	20	0
Total	521	548	551	626	75

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

	Object Class	Adjustments to Base	2011 Base	2011 Estimate	2011 Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	0	0	0
	Senior executive service	0	2,071	2,071	0
	General schedule	1,101	48,974	52,791	3,817
	Consultants & experts	0	0	0	0
	Students	0	0	0	0
	Subtotal	1,101	51,045	54,862	3,817
11.3	Other than full-time permanent				
	General schedule	0	866	866	0
	Wage board	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	866	866	0
11.5	Other personnel compensation				
	Overtime	0	66	66	0
	SES performance awards	0	864	864	0
	Cash awards	0	270	270	0
	Merit pay awards	0	0	0	0
	Subtotal	0	1,200	1,200	0
11.8	Special personnel services payments				
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	1,101	53,111	56,928	3,817

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

	Object Class	Adjustments to Base	2011 Base	2011 Estimate	2011 Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement	(82)	676	676	0
	Federal employees' retirement	343	4,634	5,109	475
	Thrift savings plan	54	1,748	1,823	75
	Federal insurance contribution act - Medicare	12	1,801	1,818	17
	Federal insurance contribution act - OASDI	52	499	571	72
	Health insurance	213	2,948	3,243	295
	Life insurance	2	80	83	3
	Employees' compensation fund	5	5	12	7
	Other	0	806	806	0
	Subtotal	599	13,197	14,141	944
13	Benefits for former personnel				
	Severance pay	0	0	0	0
	Unemployment compensation	0	0	0	0
	Other	0	2	2	0
	Subtotal	0	2	2	0
21	Travel and transportation of persons				
	Common carrier	0	732	1,036	304
	Mileage	0	5	7	2
	Per diem	0	211	298	87
	Vehicular	0	0	0	0
	Other	0	42	59	17
	Subtotal	0	990	1,400	410
22	Transportation of things				
23.1	Rental payments to GSA	0	21	25	4
23.2	Rental payments to others	85	6,127	6,127	0
		0	0	0	0

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

	Object Class	Adjustments to Base	2011 Base	2011 Estimate	2011 Increase/ (Decrease)
23.3	Communications, utilities and miscellaneous charges				
	Electricity	24	106	119	13
	Rental of ADP equipment	0	1	1	0
	Rental of office copying equipment	0	2	2	0
	Other equipment rental	0	0	0	0
	Federal telecommunications system	0	42	47	5
	Other telecommunications services	0	285	321	36
	Postal Service by USPS	6	128	144	16
	Other	2	2	2	0
	Subtotal	32	566	636	70
24	Printing and reproduction				
	Publications	2	192	222	30
	Public use forms	0	23	27	4
	Envelopes	0	1	1	0
	Other	0	9	10	1
	Subtotal	2	225	260	35
25.1	Advisory and assistance services				
	Management and professional support services	0	135	245	110
	Studies, analyses, and evaluation	0	175	318	143
	Engineering and technical services	0	0	0	0
	Subtotal	0	310	563	253
25.2	Other services				
	Training				
	University	7	474	604	130
	Other	10	620	790	170
	ADP services	6	395	503	108
	Telecommunications services	0	18	23	5
	Other non-government contracts	155	9,599	12,227	2,628
	Other	0	0	0	0
	Subtotal	178	11,106	14,147	3,041

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

	Object Class	Adjustments to Base	2011 Base	2011 Estimate	2011 Increase/ (Decrease)
25.3	Purchases of goods and services from Government accounts				
	Office of Personnel Management Training	1	33	43	10
	GSA reimbursable services	0	0	0	0
	National Archives and Record Administration	2	8	11	3
	Payments to GA, WCF	209	2,093	2,748	655
	Other government accounts	153	8,197	10,761	2,564
	Subtotal	365	10,331	13,563	3,232
25.4	Operation of GOCOs	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.6	Medical care	0	0	0	0
25.7	Operation and maintenance of equipment	2	72	247	175
25.8	Subsistence and support of persons	0	0	0	0
26	Supplies and materials				
	Office supplies	2	192	252	60
	ADP supplies	9	1,251	1,643	392
	Other	2	202	265	63
	Subtotal	13	1,645	2,160	515
31	Equipment				
	Office machines and equipment	5	717	1,107	390
	ADP hardware	6	757	1,169	412
	ADP software	0	0	0	0
	Other	4	470	725	255
	Subtotal	15	1,944	3,001	1,057
43	Interest and Dividends				
		0	0	0	0
99	TOTAL OBLIGATIONS	2,392	99,647	113,200	13,553
	TOTAL BUDGET AUTHORITY	2,392	99,647	113,200	13,553

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

JUSTIFICATION OF PROPOSED LANGUAGE CHANGES

After “2012” insert the phrase “including not to exceed \$2,000 for official entertainment.”

The Economics and Statistics Administration (ESA) which is composed of the headquarters of ESA and the Bureau of Economic Analysis (BEA), has a need for a funding mechanism for its Gifts and Bequests fund to use for official entertainment of foreign delegations and visitors. As such we are proposing legislative language to allow the transfer of up to \$2,000 of appropriated funds to ESA's Gifts and Bequests fund.

BEA is considered a world leader in the field of national economic statistics and as such is often visited by foreign delegations seeking education and guidance as those countries build and reform their systems of national economic statistics. BEA's role as a leader is important in that the results of the dissemination of BEA's methodologies and best practices are more comparable statistics across nations. More comparable economic statistics benefit policy makers in that they can see more clearly international trends in, for example, leveraging that could contribute to an international economic downturn, not unlike the experience of 2009.

ESA headquarters, headed by the Under Secretary of Economic Affairs, also faces occasions where official entertainment funds are necessary including hosting delegations from the U.S.-China Joint Committee on Commerce and Trade, where the Under Secretary advocates for more comparable trade statistics on behalf of the Secretary of Commerce to benefit trade discussions between the U.S. and this very important trading partner.

Below are examples from the past year of the delegations and foreign visitors ESA has hosted:

- Statistics Canada came to develop, joint with BEA, a reconciliation of current account statistics
- Swedish government economists came to learn more about BEA's key economic indicators
- Japanese government officials came to learn about underlying methodologies of BEA's key economic indicators
- Japanese government officials came to learn about how BEA measures state and local transportation and infrastructure investment

Exhibit 32

- Economists and statisticians from Belize came to learn more about personal consumption expenditures
- A group of Japanese professors came to learn how BEA measures government infrastructure and the calculation of government consumption of fixed capital
- Chinese government delegation came to learn how the U.S. national accounts relate to the regional statistics
- A delegation from universities across South Korea came to discuss foreign direct investment statistics and issues related to the new international standards on foreign direct investment and balance of payments
- Economists from South Korea came to learn about how BEA estimates fixed assets
- Bulgarian Ministry of Agriculture came to learn how the farm sector is measured in the U.S. economic accounts

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

APPROPRIATION LANGUAGE AND CODE CITATIONS

"For necessary expenses as authorized by law of economic and statistical analysis programs of the Department of Commerce, \$113,200 to remain available until September 30, 2012, including not to exceed \$2,000 for official entertainment."

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

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

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

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

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

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
Management and Professional Services	125	135	245
Special Studies and Analyses	165	175	318
Engineering and Technical Services	0	0	0
TOTALS.....	290	310	563

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

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

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

PERIODICALS, PAMPHLETS, AND AUDIOVISUAL SERVICES

	FY 2009 Actual Amount	FY 2010 Enacted Amount	FY 2011 Estimate Amount
Periodicals	\$143	\$151	\$153
Pamphlets	\$26	\$27	\$28
Audiovisual Services	\$4	\$4	\$4
TOTALS	\$173	\$182	\$185

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

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

Periodicals – On a monthly basis, BEA publishes the *Survey of Current Business (SCB)*. The SCB is BEA's flagship journal containing numerous articles written by BEA staff interpreting economic data being disseminated by BEA. In addition, the SCB includes extensive tables and charts of economic data gathered and tracked by BEA. The data collectively serve as a resource for government officials, economists, the media, financial professionals, academicians, and the general public. The SCB also serves to fulfill BEA's legal requirement to make public the data it collects across the national, international, regional, and industry economic accounts both in print and online versions.

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

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

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

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

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Estimate
Average ES Salary	\$168,282	\$169,965	\$171,664
Average GS/GM Grade	12	12	12
Average GS/GM Salary	\$93,563	\$94,967	\$96,439

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