

Economic and Statistical Analysis

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

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

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

ESA Headquarters staff consists of the Office of the Under Secretary for Economic Affairs, economists and policy support staff, and support personnel. The Under Secretary for Economic Affairs provides leadership and executive oversight of all ESA activities including BEA and the Census Bureau. ESA's economists provide real time, sophisticated economic research and policy analysis directly in support of the Secretary of Commerce and the Administration. ESA monitors and interprets economic developments and domestic fiscal and monetary policies, and analyzes economic conditions and policy initiatives of major trading partners.

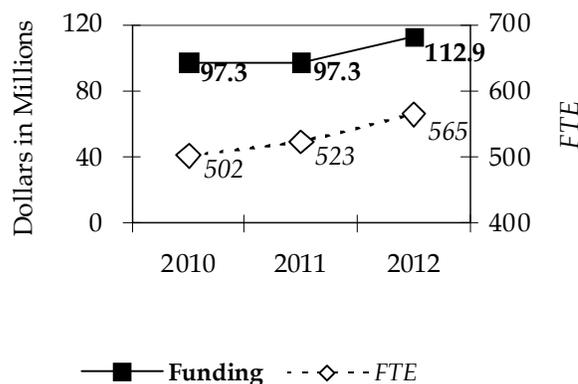
Bureau of Economic Analysis (BEA). Funding requested in FY 2012 will help BEA achieve its mission to promote a better understanding of the U.S. economy by providing timely, relevant and accurate economic accounts data in an objective and cost-effective manner. Although BEA is a relatively small agency, it produces economic statistics that are among the Nation's most closely watched. These statistics influence critical decisions made by policy makers, business leaders, households and individuals that affect interest and exchange rates, tax and budget projections, business investment plans, and the allocation of over \$300 billion in Federal funds to states and local communities.

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

The FY 2012 budget allows BEA to maintain the relevance of all of its economic accounts, as outlined in its five-year Strategic Plan, which provides a detailed outline for improving the quality and accuracy of BEA economic statistics. The BEA Strategic Plan, which is reviewed and provided to stakeholders annually, calls for a number of ambitious undertakings to improve its measures in FY 2012 to better meet its mission.

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

Budget Authority and FTE



Summary of Appropriations

Funding Levels

Appropriation	2010 <u>Actual</u>	2011 CR <u>(Annualized)</u>	2012 <u>Estimate</u>	Increase <u>(Decrease)</u>
Salaries and Expenses	\$97,255	\$97,255	\$112,937	\$15,682
TOTAL, BUDGET AUTHORITY	97,255	97,255	112,937	15,682

FTE

Salaries and Expenses	502	523	565	42
Reimbursable	30	37	37	0
Revolving Fund	9	0	0	0
TOTAL	541	560	602	42

Highlights of Budget Changes

Appropriation: Salaries and Expenses

Summary of Requirements

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
2011 CR (Annualized)			523	\$97,255
Adjustments to Base				
<u>Adjustments</u>				
Restoration of Base			3	1,730
<u>Other Changes</u>				
Civil Service Retirement System (CSRS)		(\$66)		
Federal Employees' Retirement System (FERS)		111		
Thrift Savings Plan		44		
Federal Insurance Contributions Act (FICA) - OASDI		(24)		
Health insurance		246		
Employees' Compensation Fund		(3)		
Travel: Per Diem		19		
Travel: Mileage		(1)		
Rent payments to GSA		1,456		
Printing and reproduction		3		
NARA		2		
Other services: Working Capital Fund		49		
General Pricing Level Adjustments				
Communications, utilities, and miscellaneous charges		52		
Other services		309		
Supplies		26		
Equipment		36		
Subtotal, other cost changes			0	2,259
Total, Adjustments to Base			3	3,989
2012 Base			526	101,244
Administrative Cost Savings			0	(511)
Program Changes			39	12,204
2012 APPROPRIATION			565	112,937

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

Comparison by Activity

	2011 Currently Avail.		2012 Base		2012 Estimate		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
DIRECT OBLIGATIONS								
Bureau of Economic Analysis	505	\$93,484	508	\$97,150	547	\$108,843	39	\$11,693
Policy Support	18	3,929	18	4,094	18	4,094	0	0
TOTAL DIRECT OBLIGATIONS	523	97,413	526	101,244	565	112,937	39	11,693
REIMBURSABLE OBLIGATIONS	37	7,766	37	7,661	37	7,661	0	0
TOTAL OBLIGATIONS	560	105,179	563	108,905	602	120,598	39	11,693
FINANCING								
Unobligated balance, start of year (Direct)		(158)						
Offsetting collections from:								
Federal funds	(35)	(7,566)			(35)	(7,461)		
Non-Federal sources	(2)	(200)			(2)	(200)		
Subtotal, financing	(37)	(7,924)			(37)	(7,661)		
TOTAL BUDGET AUTHORITY / APPROPRIATION	523	97,255			565	112,937		

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

Administrative Savings

	Base		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Administrative Savings	0	\$0	0	-\$511

The Administration is pursuing an aggressive government-wide effort to curb non-essential administrative spending called the Administrative Efficiency Initiative. In order to be good stewards of taxpayer money the Federal Government should continue to seek ways to improve the efficiency of programs without reducing their effectiveness. As such, the President directed each agency to analyze its administrative costs and identify savings where possible. After reviewing its administrative costs, ESA and BEA have identified \$0.5 million in administrative savings. These administrative savings represent reductions to ESA and BEA's funding level and will help reduce overall spending by the Federal government. In addition, \$0.1 million in savings was identified in the Department's Working Capital Fund.

Highlights of Program Changes

A New Economic Dashboard	0	\$0	21	+\$5,198
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In an effort to maximize the Federal Government's ability to provide the right information at the right time in the future, the Bureau of Economic Analysis proposes to expand the statistical coverage of the business and government sectors, and to develop new data series that will better serve the statistical and regulatory communities' evolving needs. Specifically, BEA proposes to bring online new measures of GDP-by-Industry on a quarterly basis (currently only available on an annual basis) as well as new detail and breakouts of the business sector, with an emphasis on small businesses. These new data series will provide far greater tools than currently exist for analysts, policy-makers, and regulators to monitor the economy and identify risks.

	<u>Base</u>		<u>Increase / Decrease</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Everyday Economics – The American Household	0	\$0	+15	+\$3,870

Understanding how changes in the economy impact the household is limited by assessments currently available. To address this problem, BEA proposes publishing a new suite of measures of household income, expenses, debt, and savings. America's path to economic recovery will require a new mix of consumption and savings. Developing a key new indicator suite detailing household spending power, debt, and the composition of savings will provide a roadmap, a gauge of progress, and critical tools necessary to identify signs of weakness in the future.

Modernization of Statistical Production	0	\$0	0	+\$2,952
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This initiative will lead directly to an increase in the operational efficiency and security of BEA's statistical production and analysis and will benefit all of BEA's programs. As a statistical production and analytical agency, IT systems are not secondary support structures, but are central to the core function of the Bureau. Funds provided by this initiative will allow BEA to address critical IT challenges and consolidate systems and data stores into integrated components, with state-of-the-art analytic capabilities, significantly faster processing cycles, flexibility to incorporate methodological improvements, and enhanced internal and external data access. This initiative will provide more timely and accurate statistics to BEA's entire range of customers – statistics that the Department and Administration use to promote exports and trade, and that small businesses use to make business investment decisions and create jobs.

Energy's Economic Impact	0	\$0	+8	+\$1,200
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The most pressing public policy issues of today call for new and expanded statistics that extend GDP beyond the long-established boundaries. This initiative proposes to extend the accounts to include energy usage in the U.S. economy. Increases in world commodity prices, including energy prices, dramatically affect U.S. living standards, production methods, and U.S. production overall. At present, the GDP accounts contain limited type-of-energy information within the GDP. More accurate, comprehensive, and integrated measures for the energy sector are critical – such data are essential for developing a comprehensive U.S. energy policy built on accurate forecasts of energy supply and consumption and for identifying infrastructure enhancements that will improve the domestic supply chain for energy goods and services. With this initiative, BEA will improve both the accuracy of its GDP statistics and its estimates of supply and consumption of energy. It will provide key statistics for analyzing this sector's contribution to U.S. economic growth, productivity, inflation, the trade balance, and income. The new account will introduce quarterly industry statistics that will improve the accuracy of BEA's measures of consumer spending on energy goods and services.

Reduction of County Level Statistical Production	0	\$0	-5	-\$1,016
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As the economic climate in the United States has changed, BEA has evaluated its current programs and planned program improvements in light of these differences. As a result, BEA proposes to discontinue its plans both to produce GDP by county and to develop price estimates at the county level to produce real (inflation-adjusted) measures of local area product and income in order to support higher priority programs.

Performance Objective and Measures

(Dollars reflect obligations in Millions)

In FY 2012, in conjunction with its new strategic plan, the Department will complete the re-organization of its performance structure from three strategic goals and a management integration goal to three program themes and three administrative themes. An overview of the Strategic Plan can be found on Page 169. All of ESA/BEA's program activities support the theme of Science and Information and corresponding goal of Generating and communicating new, cutting-edge scientific understanding of technical, economic, social, and environmental systems while appearing within one objective – Improve understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted and accurate data, standards and services enabling entities to make informed decisions (Objective 14).

BEA's mission is to “promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner.” To monitor progress toward achieving this mission, BEA has developed four performance measures for FY 2011 to assess long-term performance and track efforts to accomplish specific budget initiative requests. The following table shows the measures that BEA uses to evaluate its performance. A more detailed description of this outcome and these measures is in the BEA section of the Department of Commerce budget.

	2010 Actual	2011 CR (Annualized)/ Targets	2012 Estimate / Targets
Objective 14: Improve understanding of the U.S. economy, society and environment by providing timely, relevant, trusted and accurate data, standards and services enabling entities to make informed decisions	\$104.6	\$105.2	\$120.6
Reliability of delivery of economic data (number of scheduled releases issued on time)	61 (55 scheduled)	62 of 62	TBD ¹
Customer satisfaction with quality of products and services (mean rating on a 5 point scale)	4.4	Greater than 4.0	Greater than 4.0
Percent of GDP estimates correct	88%	Greater than 85%	Greater than 85%
Improvement of GDP and the economic accounts	All strategic plan milestones completed	Successful completion of Strategic Plan milestones	Successful completion of Strategic Plan milestones

1. FY 2012 targets will be added when the schedule is made available to OMB and published in the *Survey of Current Business* in the fall of the preceding year