



NEWS RELEASE



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FY 2008 BUDGET FOR BEA SUPPORTS INITIATIVE FOR MEASURING THE IMPACT OF R&D ON THE ECONOMY

WASHINGTON, D.C. – The budget President Bush submitted today to Congress contains a request for funds that will allow the U.S. Bureau of Economic Analysis (BEA) to measure the impact research and development has on the Nation’s economy. The President’s request of \$81.4 million for BEA for fiscal year 2008 includes \$2.1 million for an initiative being closely followed in economic and business circles to incorporate R&D as investment into the National Income and Product Accounts (NIPAs), or the gross domestic product (GDP).

On September 28, 2006, BEA and the National Science Foundation (NSF) released a preliminary R&D satellite account, which provided prototype estimates of the effects of treating R&D as investment in GDP rather than as an expense. These preliminary findings were the first glimpse of the effect that R&D and other knowledge-based activities have on the U.S. economy. Many economists have argued that these knowledge-based activities should be incorporated into the NIPAs and GDP. The \$2.1 million budget initiative extends this work on the preliminary R&D satellite account, funded by NSF through 2007, to prepare them for full incorporation into the GDP by 2013.

More details of the FY 2008 R&D budget initiatives are available in the attached FY 2008 Fact Sheet.

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