

## Economic and Statistical Analysis

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

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

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

**ESA Headquarters** staff consists of the Office of the Under Secretary for Economic Affairs, policy support staff, STAT-USA and support personnel. The Under Secretary for Economic Affairs provides leadership and executive oversight of all ESA activities including BEA and the Census Bureau. The policy support staff provides real time, highly sophisticated economic research and policy analysis directly in support of the Secretary of Commerce and the Administration. ESA monitors and interprets economic developments and domestic fiscal and monetary policies, and analyzes economic conditions and policy initiatives of major trading partners. STAT-USA offers fee-based data dissemination services that provide a focal point for business, economic and trade statistics. STAT-USA operates under a revolving fund account.

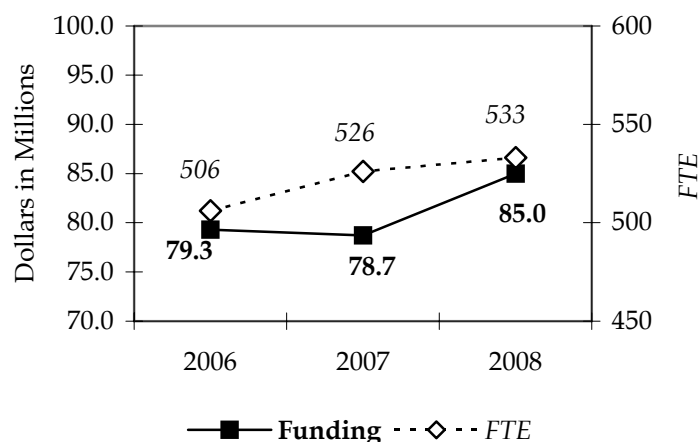
**Bureau of Economic Analysis (BEA).** Funding requested in FY 2008 will help BEA achieve its mission to promote a better understanding of the U.S. economy by providing timely, relevant and accurate economic accounts data in an objective and cost-effective manner. Although a relatively small agency, BEA's economic statistics are among the Nation's most closely watched. BEA's statistics influence critical decisions made by policy makers, business leaders, households and individuals affecting interest and exchange rates, tax and budget projections, business investment plans, and the allocation of over \$215 billion in Federal funds.

The cornerstone of BEA's statistics is the National Income and Product Accounts (NIPAs), which feature the estimates of the GDP and related measures. Since the NIPAs were first published, BEA has developed and extended these estimates to keep pace with the constantly changing nature of U.S. economic activity, and the 2008 budget provides an increase to allow BEA to continue these efforts. Today, BEA prepares national, regional, industry and international economic accounts that present essential information on such issues as economic growth, regional economic development, inter-industry relationships and the Nation's position in the world economy.

The BEA five-year Strategic Plan provides a detailed outline for improving the quality and accuracy of BEA economic statistics. Annually reviewed by BEA and provided to stakeholders, users and the public for comment, the BEA Strategic Plan calls for a number of ambitious undertakings to improve its measures and better meet its mission in FY 2008.

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.

**Salaries and Expenses Appropriation and FTE**



## Summary of Appropriations

### Funding Levels

Appropriation	2006 <u>Actual</u>	2007 <u>Estimate</u>	2008 <u>Estimate</u>	Increase (Decrease)
Salaries and Expenses	\$79,278	\$78,718	\$85,000	\$6,282
<b>FTE</b>				
Salaries and Expenses	506	526	533	7
Reimbursable	26	26	28	2
Revolving Fund	11	12	12	0
<b>Total</b>	<b>543</b>	<b>564</b>	<b>573</b>	<b>9</b>

## Highlights of Budget Changes

### Appropriation: Salaries and Expenses

#### *Summary of Requirements*

	<u>Detailed</u>		<u>Summary</u>	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<b>2007 Continuing Resolution</b>			526	\$78,718
<b>Adjustment to support level in 2007 President's Budget</b>				1,764

#### **Adjustments to Base**

#### Other Changes

2007 Pay raise	\$293		
2008 Pay raise	1,182		
Payment to Working Capital Fund	30		
Change in Compensable Days	401		
Civil Service Retirement System (CSRS)	(71)		
Federal Employees' Retirement System (FERS)	113		
Thrift Savings Plan	46		
Federal Insurance Contributions Act (FICA) - OASDI	67		
Health insurance	183		
Employees' Compensation Fund	178		
Travel: Per diem	10		
Rent payments to GSA	140		
Printing and reproduction	4		
Postage	8		
NARA	1		
Other services: Working Capital Fund	58		
General Pricing Level Adjustments			
Communications, utilities, and miscellaneous charges	5		
Other services	247		
Supplies	21		
Equipment	22		
Subtotal, other cost changes		0	2,938
<b>Total, Adjustments to Base</b>		<b>0</b>	<b>2,938</b>
<b>2008 Base</b>		<b>526</b>	<b>83,420</b>
Program Changes		7	1,580
<b>2008 APPROPRIATION</b>		<b>533</b>	<b>85,000</b>

## Comparison by Activity

	2007 Currently Avail.		2008 Base		2008 Estimate		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
<b>DIRECT OBLIGATIONS</b>								
Bureau of Economic Analysis	507	\$75,310	507	\$79,324	518	\$81,404	11	\$2,080
Policy Support	19	4,607	19	4,096	15	3,596	(4)	(500)
<b>TOTAL DIRECT OBLIGATIONS</b>	<b>526</b>	<b>79,917</b>	<b>526</b>	<b>83,420</b>	<b>533</b>	<b>85,000</b>	<b>7</b>	<b>1,580</b>
REIMBURSABLE OBLIGATIONS	26	4,880	26	5,150	28	5,150	2	0
<b>TOTAL OBLIGATIONS</b>	<b>552</b>	<b>84,797</b>	<b>552</b>	<b>88,570</b>	<b>561</b>	<b>90,150</b>	<b>9</b>	<b>1,580</b>
<b>FINANCING</b>								
Unobligated balance, start of year (Direct)		(1,199)						
Unobligated balance, start of year (Reim.)		(7)						
Offsetting collections from:								
Federal funds	(24)	(4,713)			(26)	(4,990)		
Non-Federal sources	(2)	(160)			(2)	(160)		
Subtotal, financing	(26)	(6,079)			(28)	(5,150)		
<b>TOTAL BUDGET AUTHORITY / APPROPRIATION</b>	<b>526</b>	<b>78,718</b>			<b>533</b>	<b>85,000</b>		

## Highlights of Program Changes

### Policy Support

	Base		Increase / Decrease	
	<u>FTE</u>	<u>Amount</u>	<u>FTE</u>	<u>Amount</u>
Policy Support Infrastructure	19	\$4,096	-4	-\$500

The \$3.6 million requested for ESA headquarters (Policy Support), a decrease of \$0.5 million, reflects ESA's effort to provide an even greater return on investment by streamlining the information technology and administrative support functions. This will result in a more efficient and effective organization.

### Bureau of Economic Analysis

Incorporate R&D into the GDP Accounts	3	\$376	+11	+\$2,080
---------------------------------------	---	-------	-----	----------

BEA requests \$81.4 million for FY 2008 to continue to produce and expand some of the Nation's most important economic statistics; including \$2.1 million to extend the prototype research and development (R&D) satellite accounts to prepare them for incorporation into the GDP accounts.

There are currently no complete measures of the effect that investment in intangibles such as R&D have on the U.S. economy. Many believe that R&D and other knowledge-based activities account for as much as 40 percent of economic growth. 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 an investment in GDP rather than as an expense. These preliminary findings are the first glimpse of the effect that R&D and other knowledge-based activities have on our economy. This initiative calls on BEA to extend the prototype R&D account, funded by the NSF in 2006 and 2007, with annual updates and extensions to the satellite account between 2008 and 2012, with full incorporation into the national accounts planned in 2013.

## ESA / BEA Performance Measures

ESA and BEA support the Department's strategic goal to provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers. BEA's mission is to "promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner." To monitor progress toward achieving this mission, BEA has developed seven performance measures for FY 2008 that seek to measure long-term performance and track efforts to accomplish specific budget initiative requests. These performance measures include: (1) maintaining reliable delivery of economic data, (2) sustaining customer satisfaction, (3) ensuring greater than 85 percent of GDP estimates are correct, (4) improving GDP and the economic accounts, (5) accelerating economic estimates, (6) meeting U.S. international obligations, and (7) measuring the knowledge economy. The first three measures monitor BEA's long-term success at improving timeliness, relevance and accuracy, while the last four measures track specific budget requests for FY 2008. The following table shows the measures that BEA uses to evaluate its performance. A more detailed description of these goals and measures is in the BEA section of the Department of Commerce budget.

### Performance Goal and Measures

(Dollars reflect obligations in Millions)

	2006 Actual	2007 Estimate / Target	2008 Estimate / Target
<b>Goal 1: 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.</b>	<b>\$85.6</b>	<b>\$88.4</b>	<b>\$92.0</b>
Number of scheduled releases issued on time	54 of 54	54 of 54	TBD
Customer satisfaction with quality of products and services (5 point scale)	4.2	Greater than 4.0	Greater than 4.0
Percent of GDP estimates correct	96%	Greater than 85%	Greater than 85%
Improving GDP and economic accounts	Completed all major Strategic Plan milestones related to improving the economic accounts	Successful completion of related Strategic Plan milestones	Successful completion of related Strategic Plan milestones
Accelerating economic estimates	BEA completed all major Strategic Plan milestones related to accelerating economic estimates	Successful completion of related Strategic Plan milestones	Successful completion of related Strategic Plan milestones
Meeting U.S. international obligations	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations	Successful completion of related Strategic Plan milestones	Successful completion of related Strategic Plan milestones
Measuring the knowledge economy	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations	Successful completion of related Strategic Plan milestones	Successful completion of related Strategic Plan milestones

Note: The total obligations may differ from those reported in the Congressional Justification exhibits due to the inclusion of the revolving fund in the amounts cited above.