

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

**Budget Estimates
Fiscal Year 2008**

As Presented to the Congress

February 2007

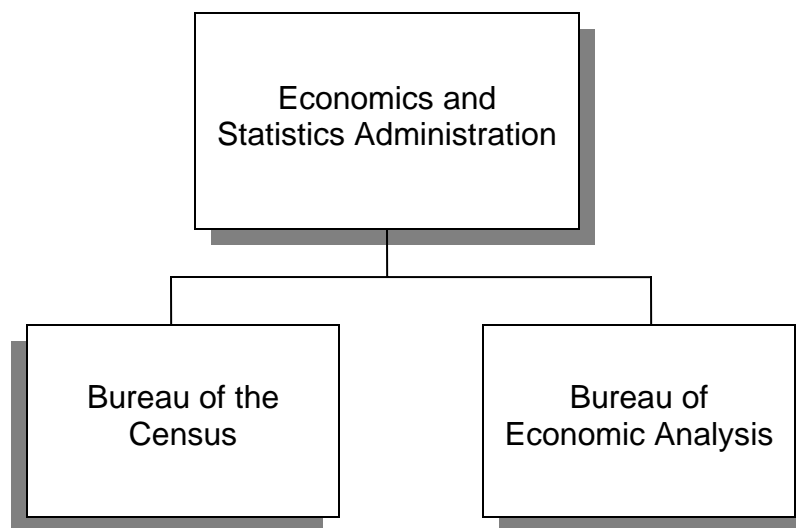


Economic and Statistical Analysis Budget
Economics and Statistics Administration / Bureau of Economic Analysis
Budget Estimates, Fiscal Year 2008
Congressional Submission

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

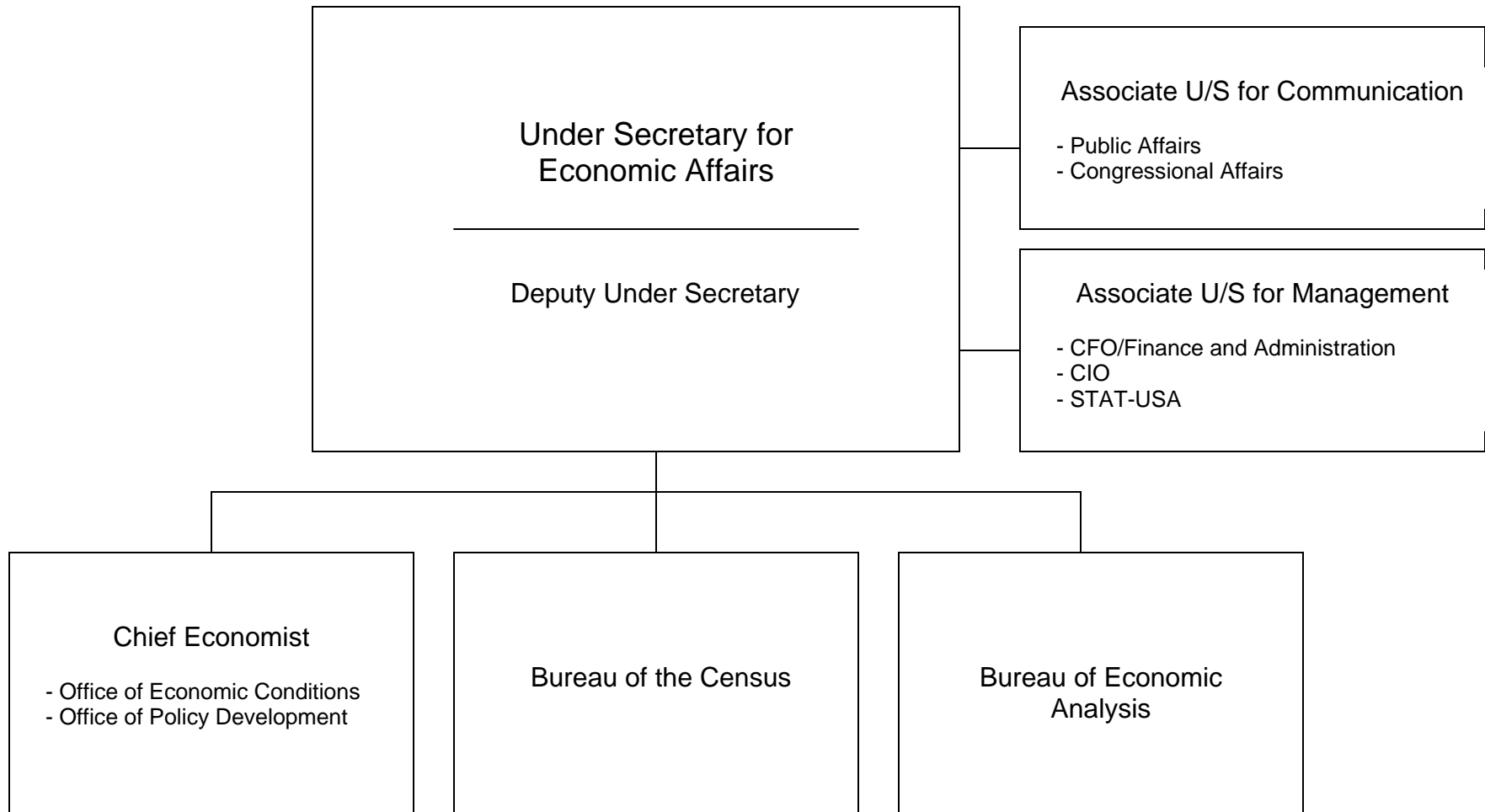


The Economics and Statistics Administration (ESA) includes ESA Headquarters, the Bureau of Economic Analysis (BEA) and the Bureau of the Census. The Bureau of the Census budget is submitted separately.

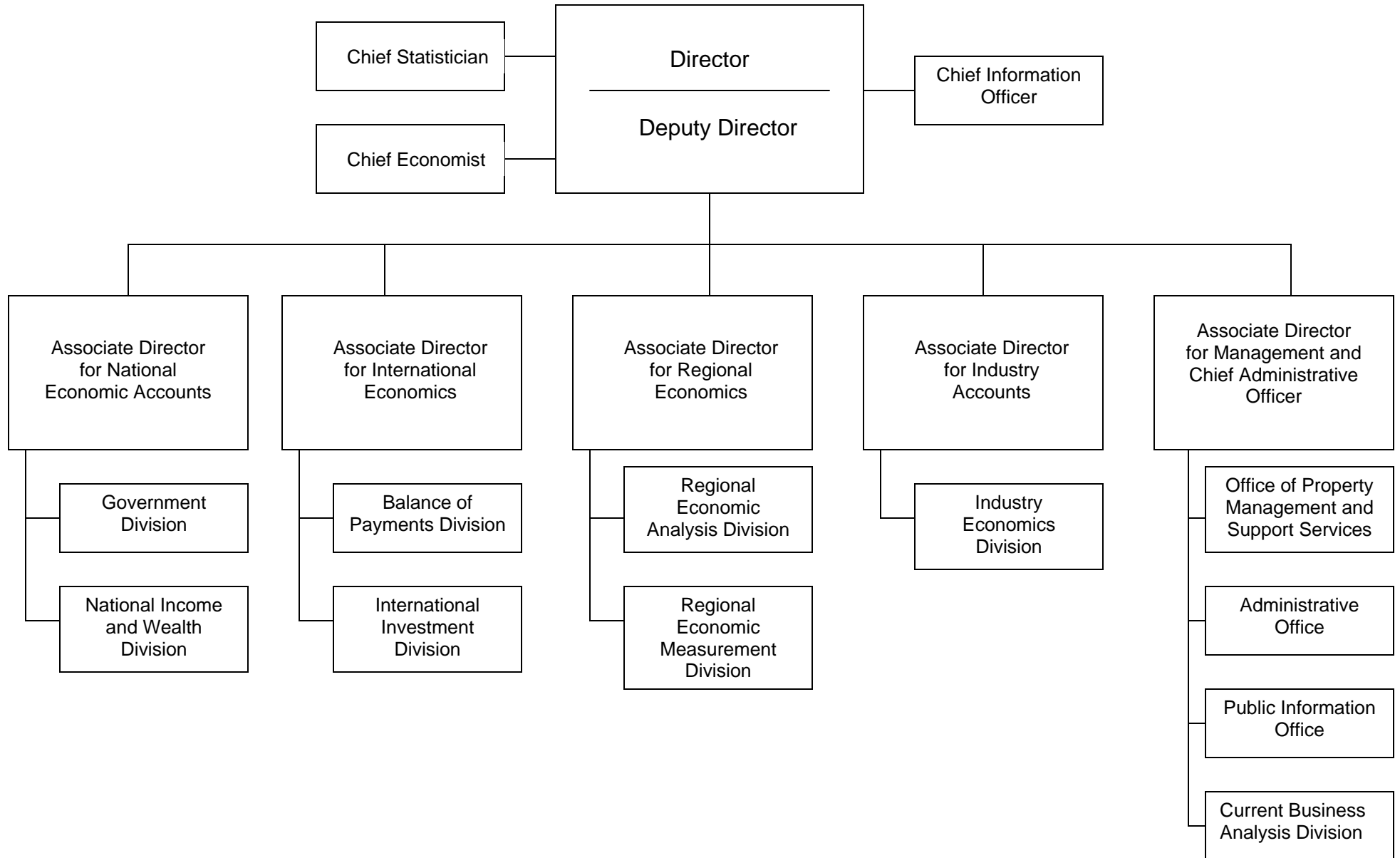
ESA Headquarters (Policy Support) staff consists of the Office of the Under Secretary for Economic Affairs, policy support staff, STAT-USA, and support personnel. The Under Secretary for Economic Affairs provides leadership and critical oversight of the Census Bureau and Bureau of Economic Analysis. 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 that provide a focal point for business, economic, and trade statistics. STAT-USA operates under a revolving fund account.

The Bureau of Economic Analysis (BEA), a principal Federal statistical agency, promotes a better understanding of the U.S. economy by providing the Nation with timely, relevant, and accurate economic accounts data in an objective and cost-effective manner. BEA's national, industry, regional, and international economic accounts present basic 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, gross state product, 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 purposes; 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. BEA was rated as "Effective" in FY 2002 and FY 2003 by the Office of Management and Budget's Program Assessment Rating Tool (PART). BEA continues to hold one of the highest scores of Federal programs assessed by the Office of Management and Budget.

Economics and Statistics Administration



Bureau of Economic Analysis



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 2007 Estimate:</u> \$78.7 million	<u>FY 2008 Request:</u> \$85.0 million	<u>Permanent positions:</u> 561	<u>FTEs:</u> 533
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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 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 96 percent of the FY 2008 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 policymakers, business leaders, and the American public. All of BEA's programs and activities fully support the Departmental goal to "provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers."

For FY 2008, the President is requesting a total of \$81.4 million for BEA to continue to provide timely, relevant, and accurate economic statistics for critical economic decisions. Base funds will be used for work outlined in the BEA Strategic Plan, which provides a detailed plan for maintaining and improving the Nation's economic accounts. For FY 2008, the request includes \$2.1 million for an initiative to extend the prototype R&D satellite account, funded by the National Science Foundation (NSF) in 2006 and 2007, with annual updates and extensions to BEA's GDP and other estimates between 2008 and 2012, with full incorporation into the economic accounts in 2013.

This request also contains \$3.6 million for ESA headquarters, which reflects a decrease in funding for the policy support function. This decrease in funding is the result of increased efficiencies in the infrastructure that supports ESA's executive management and policy analysis functions.

Base Funding Evaluation

ESA's economic policy support is provided by the ESA headquarters staff. The staff 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. The policy support staff conducts economic research and policy analysis directly in support of the Secretary of Commerce and the Administration. This staff advises the Secretary, Under Secretary, and other Government officials on vital matters related to economic developments and forecasts. ESA monitors and interprets economic developments and domestic fiscal and monetary policies, and analyzes economic conditions and policy initiatives of major trading partners.

ESA headquarters continuously reviews its resource needs so as to provide the highest quality policy analysis and support in the most efficient manner possible. From FY 2002 to FY 2006, ESA headquarters streamlined its structure and staffing of the policy support function, consolidated administrative and financial activities, and reduced the total number of headquarters staff by one-third. These efforts were undertaken while also enhancing economic expertise in areas directly supporting the mission of the Department and ESA. The result has been a more flexible and responsive organization. In FY 2008, ESA continues its multi-year effort to improve the capabilities and increase the efficiency of the headquarters offices, specifically in the infrastructure areas of information technology and communications support. ESA will decrease spending in these support areas, but will deliver the same quality of policy analysis and support to the Secretary, the Administration, the Congress, and the public.

ESA provided valuable economic analysis and advice to the Secretary of Commerce and the Administration through out the past year and plans to continue this level of support in areas such as pension reform, innovation, trade, and measuring the impacts of policy proposals, natural and man-made disasters, and prices on the economy. In FY 2006, ESA supported legislative pension reform efforts that culminated in the Pension Protection Act of 2006. The Under Secretary plans to continue work in this critical area through the Pension Benefit Guaranty Corporation. ESA is leading the Department's efforts to measure the impact of innovation on the U.S. economy, including establishing an Advisory Committee and authoring a sectoral analysis of innovation to inform the Committee when it convenes in FY 2007. ESA monitored efforts to improve bilateral trade with China and will continue this work through the U.S.-China Joint Commission on Commerce and Trade. ESA provided economic analysis on several events this year that aided policy-makers including quarterly reports on the impact of the Gulf Coast hurricanes and the subsequent recovery, the potential impact of immigration reform including the effect of the withdrawal of illegal immigrants from the workforce, a report of the macroeconomic effects of higher oil and natural gas prices, the potential economic impacts of a pandemic flu, and the effect of taxes and transfers of economic well-being. ESA's economists 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. During much of the 1990s, resource constraints required BEA to discontinue many programs that were not core to its mission. Regional projections of personal income and employment by state and local areas were eliminated, detailed establishment-based foreign direct investment data were canceled, pollution abatement and controls spending estimates were ended, and the leading indicators were transferred to The Conference Board. These years brought BEA to a point of supporting only core programs, a position it continues today. The current review of base funding

found no programs funded through annual appropriations that are not core to BEA's 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 \$215 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 all of BEA's 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.

A historical analysis of BEA's base funding also was conducted for FY 2005 and FY 2006 (see table below). BEA has carefully chronicled its use of these funds and has sought to provide the public with a thorough account of how these funds are spent by making available its Strategic Plan and Strategic Plan Report Card. In every case, initiative funds have been used to improve the timeliness, relevance, and accuracy of BEA statistics, including critical spending on BEA's information processing systems.

The effectiveness of BEA's statistical programs and services has been recognized by the Administration. BEA was rated as "Effective" in FY 2002 and FY 2003 by the Office of Management and Budget's Program Assessment Rating Tool (PART). BEA continues to hold one of the highest scores of Federal programs assessed by the Office of Management and Budget.

**Base Budget Review by Activity, FY 2005–FY 2008
(Budget Authority, thousands of dollars)**

	FY 2005 Actual				FY2006 Actual			FY 2007 Request			FY 2008 Request		
	Base	Initiative	NAPA Grant ¹	Total	Base	Initiative	Total	Base	Initiative	Total	Base	Initiative	Total
National Economic Accounts	24,108	0	0	24,108	23,621	1,136	24,831	24,601	0	24,601	26,078	0	26,078
International Economic Accounts	23,238	1,067	1,973	26,278	25,094	1,381	27,208	26,309	0	26,309	27,890	0	27,890
Regional Economic Accounts	13,558	0	0	13,588	13,406	481	13,836	13,800	0	13,800	14,629	0	14,629
Industry Economic Accounts	9,593	0	0	9,593	10,184	0	9,428	10,120	0	10,120	10,727	2,080	12,807
Total, Bureau of Economic Analysis	70,527	0	1,973	73,567	72,305	2,998	75,303	74,830	0	74,830	79,324	0	81,404
ESA Policy Support	6,398	0	0	6,398	3,975		3,975	3,888	0	3,888	4,096	(500)	3,596
TOTAL, Economic and Statistical Analysis (BEA and ESA)	76,925	1,067	1,973	79,965	76,280	2,998	79,278	78,718	0	78,718	83,420	2,080	85,000

1/ In FY 2005, BEA received \$1,973,000 in nonrecurring program funding to support a study of offshore outsourcing by the National Academy of Public Administration.

As described, BEA reduced its programs in the 1990s to eliminate all programs that did not specifically address BEA's core mission. BEA's core programs are defined by three criteria; (1) feeds into the GDP and other accounts, (2) required by law, or (3) used to implement Federal programs. The table below lists the programs of BEA and the uses and requirements for each program.

Selected Authorities and Authorizations for BEA Core Programs

BEA Program	Uses	Statutory Authorities	Statutory Authorizations
<p>National Income and Product Accounts and the Gross Domestic Product (GDP) – The GDP is the broadest measure of the U.S. economy and the most recognized part of the National Income and Product Accounts (NIPAs).</p>	<p>GDP and other components of the national accounts are required for Federal budget projections, fiscal policy, and monetary policy. They are also important to U.S. economic policy in providing consistent, comprehensive, and reliable information to the business and household sector on the state of the U.S. economy.</p>	<p>Chapter 5 of title 15, U.S. Code, except for the Plant and Equipment Survey conducted under Section 175 et seq.; Section 1516 of title 15, U.S. Code; Sections 401 and 402 of title 13, U.S. Code.</p>	<p>Pub. L. 93-344, July 12, 1974, 88 Stat. 297; Pub. L. 99-177, December 12, 1985, 99 Stat. 1037; Pub. L. 100-418, August 23, 1988, 102 Stat. 1107; 2 U.S.C. 632; 2 U.S.C. 900, 901, 907; 15 U.S.C. 777, 1021, 1022 and 3101; 19 U.S.C. 1677, 2464 and 3462; 22 U.S.C. 2394; 29 U.S.C. 1163; 42 U.S.C. 300bb-4 and 1395rr; and 48 U.S.C. 1681.</p>
<p>Industry Accounts – The Industry Accounts detail the interaction of industries. They allow users to track the effects of changes in resource costs, or changes in final demand, on specific industries, on the users of these industries' products, and on suppliers of labor and other products to these industries.</p>	<p>The input-output and related accounts are the foundation for the BEA's integrated national, international, and regional accounts. Without this framework it would not be possible to construct BEA's estimates. They are also the only source of comprehensive and integrated information on industry performance.</p>	<p>Section 4908 of title 15, U.S. Code; E.O. 10033 of February 8, 1949, as amended by E.O. 11269 of February 14, 1966; E.O. 12013 of October 7, 1977 ; and E.O. 12318 of August 21, 1981.</p>	<p>The Input-Output Accounts are the foundation of the NIPAs and are required to provide the GDP and related measures.</p>
<p>International Accounts – The International Accounts provide information on international flows of goods, services, investment income, international assistance, and capital. This system also provides integrated balance-sheet information on the U.S. international investment position.</p>	<p>BEA's international accounts are the source of essential information on competitiveness, and the only comprehensive source of information on U.S. international transactions with the rest of the world. The accounts are necessary inputs into the GDP accounts and are required by the Bretton Woods Act. The associated multinational corporations (MNC) data are required by the International Investment and Trade in Services Survey Act.</p>	<p>Section 3 of E.O. 11961 of January 19, 1977, as amended by E.O. 12013 of October 7, 1977; E.O. 12318 of August 21, 1981; and E.O. 12518 of June 3, 1985 delegating to the Secretary of Commerce authority of the President under section 4(a)(1), (2), (4), (5) and 4(b) of the International Investment and Trade in Services Survey Act (22 U.S.C. 3101-3108).</p>	<p>Pub. L. 100-418, August 23, 1988, 102 Stat. 1107; 2 U.S.C. 632; 7 U.S.C. 612c; 13 U.S.C. 301; 15 U.S.C. 1021, 1022, 3101 and 4906; 19 U.S.C. 2512 and 3462; 22 U.S.C. 2122, 3101 and 3104; and 22 U.S.C. 3141-3143.</p>
<p>Regional Accounts – The Regional Accounts provide estimates of gross domestic product by state and of total and per capita personal income by region, state, metropolitan area and county.</p>	<p>BEA's state personal income and gross domestic product (GDP) by state data are used in the allocation of over \$215 billion in Federal funds to state and local governments. BEA's data are also used – by law or by practice – in budget and development planning by all States and most of the nation's 936 metropolitan and micropolitan areas, and 3,111 counties.</p>		<p>20 U.S.C. 2321(a)(2); 42 U.S.C. 300x-7, 618, 621, 1396b, 1397ee, 1776, 1786, 3056d, 3161 and 9858m.</p>

Note: Sources include programmatic authorities provided by user agencies; and GAO/GGD-96-106 STATISTICAL AGENCIES, *Statutory Requirements Affecting Government Policies and Programs*.

BEA programs that do not fit the above criteria are funded through sources other than annual appropriations such as the travel and tourism satellite accounts, funded by the International Trade Administration's Office of Travel and Tourism Industries, and the regional input-output modeling system (RIMS), funded entirely through user fees.

Conclusion

The rapid growth, increasing complexity, and changing structure of the American economy make it increasingly important for government decision 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 2008 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 ❖
- ❖ Critical for monetary and fiscal policy, government, and business decisions ❖

<p style="text-align: center;"><u>National Income and Product Accounts</u></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 – A comprehensive and timely monthly estimate of 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 estimates of corporate earnings. These estimates are an important baseline for businesses and individuals in judging corporate earnings.</p> <p>Fixed Assets – Comprehensive estimates of U.S. wealth including capital stocks, consumer durable goods, and depreciation. These estimates are crucial in the analysis of the effect of wealth on consumer spending, investment, and economic growth.</p>	<p style="text-align: center;"><u>International Accounts</u></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 estimates 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 style="text-align: center;"><u>Industry Accounts</u></p> <p>Annual Industry Accounts – These accounts are a set of integrated estimates 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 style="text-align: center;"><u>Regional Accounts</u></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 Gross Domestic Product by State to allocate over \$215 billion in Medicaid and other Federal transfers and grants. States use state personal income to project tax receipts and set spending caps.</p> <p>Gross Domestic Product (GDP) by State – The state counterpart to the GDP, the GSP is the most comprehensive measure of production in all industries within a state. It shows the portion of the Nation’s output produced in each state and the portion of each industry’s output by state and is used in Federal funding formulae to distribute grants to states.</p> <p>Regional Input-Output Multipliers – These estimates 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**

**FY 2008 Annual Performance Plan
Bureau of Economic Analysis**

Strategic Goals and Objectives:

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.

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). This section details the strong integration between BEA's performance goals, its budget requests, and the strategic goals outlined by the DOC in *U.S. Department of Commerce Strategic Plan for FY 2004—FY 2009: American Jobs, American Values*.

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

Strategic Goal 1:

“Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.”

Objective 1.3:

“Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public.”

BEA's mission is the primary point of integration between the Department of Commerce's strategic goals and objectives, reflected in Strategic Goal 1-Objective 1.3, and those of BEA. The realization of this mission is defined in the BEA 5-year Strategic Plan.

The BEA 5-year Strategic Plan is a comprehensive plan of action that identifies four objectives to track BEA's progress toward accomplishing its mission and contributing to the completion of the Department Strategic Goal 1. Though the BEA 5-year Strategic Plan defines the path that BEA takes to carry out its mission, the Plan contains an element of flexibility that allows BEA to meet new challenges.

The four objectives derived from the BEA mission and detailed in the BEA 5-year Strategic Plan are identified below:

Objective 1: CUSTOMERS. Make BEA's economic accounts and services more responsive to the needs of its customers and partners.

Objective 2: EMPLOYEES. Attract, develop, and retain a highly qualified, diverse workforce prepared to innovate and improve BEA's statistics.

Objective 3: MANAGEMENT. Upgrade resource management to support BEA's mission.

Objective 4: STATISTICS. Upgrade BEA's economic statistics by improving statistical methodologies and source data and by using new technologies.

To achieve these objectives, BEA has over 190 detailed milestones that make up a plan for BEA managers and staff. This plan ensures that BEA estimates are as timely, relevant, and accurate as they can be. The milestones allow managers and senior staff to plan resources and staff allocations. Additionally, BEA managers and staff are held accountable for progress made toward achieving these milestones through their annual performance plans. This direct progression, from DOC Objective 1.3 to the BEA mission and, finally, to the milestones of the BEA 5-Year Strategic Plan reinforces the link between the first strategic goal of DOC and the employees at BEA.

Although is a relatively small agency, BEA produces some of the Nation's most closely watched economic statistics that inform the decisions made by government officials, business leaders, and individual households. BEA's economic statistics provide a comprehensive, up-to-date picture of the U.S. economy and are key ingredients to critical decisions affecting monetary policy, tax and budget projections, and business investment plans.

The cornerstone of BEA's statistics is the national income and product accounts (NIPAs), which feature estimates of gross domestic product (GDP) and related measures. The GDP was recognized by the Department of Commerce as its greatest achievement of the 20th century and has been ranked as one of the three most influential measures that affect U.S. financial markets. Since the NIPAs were first developed in the aftermath of the Great Depression, BEA has developed and extended its estimates to cover a wide range of economic activities. Today, BEA prepares national, regional, industry, and international accounts that present essential information on key issues such as economic growth, regional economic development, inter-industry relationships, and the Nation's position in the world economy.

Management Challenges

BEA faces three long-term challenges to its mission:

1. **Measuring a constantly changing economy** – The U.S. economy is in constant flux as is its relationship with the economies of the world. BEA is challenged to understand the structural changes in the economy and its international interactions, to improve the statistical methods used to measure these changes, and to locate and incorporate data sources to capture the changes.
2. **Integrating Federal economic accounts** – The demand for greater consistency among the various economic accounts in a decentralized statistical system is growing among users of Federal economic statistics. The Federal agencies responsible for the production of U.S. economic accounts must continue to work together to integrate the

accounts by harmonizing definitions, methodologies, and analytical techniques in order to provide consistent estimates to users.

3. **Building and developing a skilled workforce** – BEA is its people. The quality of BEA statistics is dependent on the knowledge and skill of its staff. With the increasing complexity of the changing economy, there are growing demands for BEA staff to be at the leading edge of economic change and to provide innovative solutions for measurement. Through a detailed human capital strategy, BEA will continue to prepare its employees for these challenges.

Unit Cost Measures

BEA continues to maintain and refine two unit cost measures, and proposes a third new measure. The BEA Performance Team has rigorously evaluated these measures over the past year. The team sought to develop measures that fit the following criteria:

- (1) Measures that covered important aspects of BEA work to meet its mission.
- (2) Measures that represented a cross-section of BEA activities.
- (3) Measures that could be easily replicated by users.
- (4) Measures that provided useful and reasonable indicators of unit costs.

The BEA Performance Team also reviewed the preliminary measure developed in FY 2004 and provided to the Department of Commerce and the Office of Management and Budget. This measure, “Cost Efficiency of Producing and Improving GDP,” while measuring a critical aspect of BEA’s mission, was determined to be too complicated for users to replicate. In addition, it was subject to factors outside of BEA’s control that made it inappropriate for accurately monitoring BEA activities.

BEA continues to follow the two unit cost measures first submitted in FY 2005:

Measure	FY 2006	Description	Savings
Efficiency of Processing Business Survey Forms	\$0.13 per survey item	BEA collects data for its international estimates through congressionally-mandated surveys. To monitor BEA's success at keeping data collection costs down while continuing to collect an increasingly large and complex volume of information on international flows, BEA uses this measure. It tracks the costs of the quarterly BE-605 that collects information on foreign direct investment in the U.S. The BE-605 was chosen as it is a long standing survey that has had few dramatic changes in the past years to distort unit cost measurements.	The baseline costs for collecting, processing and estimating the BE-605 has averaged \$0.12 over the past 5 years. BEA has kept this cost level by using electronic filing to collect and process survey responses, estimation techniques to reduce burden on smaller firms, reducing administration costs, and other efforts. All these improvements have succeeded in keeping costs flat, while labor and other input costs have risen.
Efficiency of Promoting a Better Understanding of the U.S. Economy	\$1.91 per page view	The mission of BEA is to promote a better understanding of the U.S. economy. BEA achieves this mission by providing economic data and analysis to the public, primarily through its Web site at www.bea.gov. Although there is no completely accurate way to measure this activity given the fact that BEA statistics are widely reported in the media, this gross indicator of annual Web site page views divided by BEA's annual budget serves as a proxy. This unit cost measure	BEA continues to seek new ways to increase its user base while keeping dissemination costs down. It has been successful in the past. The 5-year baseline for this measure has steadily decreased from \$3.48 per page view in FY 2002 to \$1.91 per page view in FY 2006. BEA has used a variety of methods to lower dissemination costs while seeking to reach more users, including email subscription services, really simple syndication (RSS) and others. In some cases however, these efficiencies, while delivering more economic data to more users at a lower cost, may result in a decline in the number of annual page

		provides a means to monitor BEA's ability to provide users with data and analysis in a cost effective and efficient manner.	views. BEA will continue to monitor this measure to ensure that it accurately reflects BEA's efforts to promote a better understanding on the U.S. economy.
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BEA added one new efficiency measure for FY 2006:

Measure	FY 2006	Description	Savings
Office Desktop Costs per FTE	\$2,663 per FTE	BEA extensively relies on computers and information technology to prepare and estimate its economic accounts. It remains one of BEA's largest costs. This unit cost measure provides a means to monitor BEA's ability to use these technologies as efficiently as possible and to develop new tools and processes to better provide its economic accounts to the Nation.	BEA seeks to increase its cost efficiencies in providing desktop equipment and support to produce the GDP and economic accounts. The 5-year cost baseline for this measure has steadily decreased from \$2,998 per FTE in FY 2002 to \$2,663 per FTE in FY 2006.

Program Assessment Rating Tool (PART)

The Office of Management and Budget evaluated BEA in FY 2002 and FY 2003 using the PART and awarded BEA and its programs with the highest rating of "Effective." Its score of 92 ranks BEA program within the top five percent of all Federal programs reviewed and it remains the highest score in the Department of Commerce. BEA received high marks in each of the four areas evaluated: Program Purpose and Design, Strategic Planning, Program Management, and Program Results/Accountability.

Status of Implementing PART Recommendations

OMB Recommendations PARTed Program and Date: BEA Programs, November 2003

Recommendation	Status and Implementation Actions for the Past and Next Quarters
<p>BEA will continue to work with OMB and the Department of Commerce to more explicitly tie accomplishments to annual and long-term performance goals.</p>	<p>The BEA 5-year Strategic Plan explicitly ties BEA milestones and accomplishments with annual plan and long-term goals. The annual Strategic Plan Report Card provides a means to monitor these successes. BEA has developed a set of long-term challenges that are addressed through specific milestones in the Strategic Plan. To further strengthen the link between plans and accomplishments, BEA has linked all BEA employee performance plans with the milestones of the Strategic Plan and each unit's operating plans.</p>
<p>BEA will work to more clearly demonstrate its improvement in efficiencies and cost effectiveness in achieving program performance goals for FY 2007.</p>	<p>As part of the quarterly performance reports, BEA includes a list of quarterly activities it undertakes to improve efficiencies and cost effectiveness. These items are reviewed each quarter and each have been met. In addition, BEA developed three unit cost measures to monitor its cost operations for three of its main activities: data dissemination, data collection, and desktop costs. BEA plans to continue to monitor and support these activities to insure maximum efficiencies and cost effectiveness.</p>

FY 2008 Program Changes
(Dollars in thousands)

BEA proposes an initiative to improve the measure of GDP by taking the first step to extend the prototype research and development (R&D) satellite accounts to prepare them for incorporation into the GDP accounts. This initiative will allow BEA to improve measures of investment in R&D and its effect on the economy by fully incorporating them into the GDP estimates.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Incorporate R&D into the GDP Accounts	3	376	+11	+\$2,080

The decrease reflects the efforts of the Economics and Statistics Administration to improve the efficiency of their support to the Secretary, the Administration and other stakeholders and their executive management of the Bureau of Economic Analysis and the Bureau of the Census. This proposal will streamline the information technology and administrative support functions within the Economics and Statistics Administration.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Program Support Infrastructure Decrease	19	4,096	(4)	\$(500)

Target and Performance Summary						
Performance Goal 1: Promote 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.						
Measure	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2008 Target
Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	48 of 48	54 of 54	54 of 54	54 of 54	54 of 54	TBD ¹
Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	4.4	4.3	4.4	4.2	Greater than 4.0	Greater than 4.0
Accuracy: Percent of GDP Estimates Correct	88%	88%	96%	96%	Greater than 85%	Greater than 85%
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA 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.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	Discontinue measure, as acceleration work is complete.
Budget-Related: Meeting U.S. International Obligations	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	BEA completed all major Strategic Plan milestones related to meeting international commitments.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
NEW Budget-Related: Measuring the Knowledge Economy				BEA completed all major Strategic Plan milestones related to measuring the knowledge economy.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.

¹ The target for outyears cannot be determined until BEA releases its final schedule, with OMB approval, in the fall of the preceding year.

Resource Requirements Summary
(Dollars in millions. Funding amounts reflect total obligations.)
Information Technology (IT)
Full-Time Equivalent (FTE)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Base	Increase / (Decrease)	FY 2008 Request
Salaries and Expenses	76.9	82.4	83.8	86.6	88.6	1.6	90.1
Total Funding	78.6	84.1	85.6	88.4	90.5	1.6	92.0
Direct	75.1	80.0	79.2	81.7	83.4	0	85.0
Reimbursable ¹	3.6	4.1	6.4	6.7	7.0	0	7.0
IT Funding ²	12.7	13.3	13.4	12.9	13.0	0	13.0
FTE ³	525	543	543	564	566	7	573

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

² ESA/BEA IT funding is included in total funding.

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

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

Performance Goal: Promote 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:

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

General Goal/Objective 1.3: Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public.

Rationale:

BEA produces economic accounts statistics that enable government and business decision makers, researchers, and the American public to follow and understand the performance of the Nation's economy. To do this, BEA collects source data, conducts research and analysis, develops and implements estimation methodologies, and disseminates statistics to the public. Although a relatively small agency, BEA produces some of the most closely watched economic statistics that influence the decisions made by government officials, business people, households, and individuals. BEA's economic statistics, which provide a comprehensive, up-to-date picture of the U.S. economy, are key ingredients in critical decisions affecting monetary policy, tax and budget projections, and business investment plans.

Performance Measures for FY 2008

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. These three measures include the reliability of on-time delivery of economic data, customer satisfaction with the quality and relevance of products and services, and the accuracy of the GDP estimate. 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.

Measure 1a—Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Target ¹	48 of 48	54 of 54	54 of 54	54 of 54	54 of 54	TBD	TBD	TBD
Actual	48 of 48	54 of 54	54 of 54	54 of 54				

¹Target for out years cannot be determined until BEA releases its final schedule, with OMB approval, in the fall of the preceding year.

The importance of BEA data as an ingredient for sound economic decision making requires BEA to deliver data into the hands of decision makers and other data users not only quickly but also reliably—that is, on schedule. Since instituting this performance measure, BEA has consistently met its target of releasing economic data on schedule and on time. BEA has made significant improvements in its information processing systems that have enabled it to continue to post its principal economic indicators on the BEA Web site at release time, as well as upload volumes of supporting documentation and tables that were previously unavailable until days after the release—a move applauded by our data users. In addition, BEA has established an e-mail subscription service that allows users to sign up to receive prompt e-mail delivery of GDP, international trade, state personal income, gross state product, local area personal income, and other major economic measures at the time of their release. BEA met its FY 2006 performance measure and released 54 of 54 releases on time and on schedule. BEA expects to continue to meet these targets in FY 2007.

Measure 1b—Relevance: Customer Satisfaction (Mean Rating on a 5-Point Scale)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Target	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
Actual	4.4	4.3	4.4	4.2				

Customer satisfaction is a critical measure of BEA's success in accomplishing its mission. Achieving the targets of this measure requires BEA to provide the types of data that are relevant, accurate, and needed by users. To measure levels

of satisfaction, BEA conducts a regular online survey of users. The survey asks respondents about their satisfaction with BEA products and services. In the FY 2006 survey of customer satisfaction, BEA scored a 4.2 out of a maximum 5.0; indicating users are very satisfied with the overall quality of BEA's products and services. This year's rating is slightly lower as BEA moved to a more regular, online survey to calculate this customer satisfaction score. In general, respondents expressed satisfaction with the timeliness, relevance, and accuracy of BEA statistics—a top priority at BEA. The “Customer Satisfaction Survey Report, FY 2006” is available on the BEA Web site. BEA expects to meet its customer satisfaction survey target again in FY 2007.

Program Increases/Decreases:

(Dollars in thousands)

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Incorporate R&D into the GDP Accounts	+\$2,080	This initiative, which supports the President's American Competitiveness Initiative and the Secretary of Commerce's policy agenda, will improve some of the Nation's most important economic statistics by bringing into the accounts the important economic activity created by R&D.	ESA-74

Measure 1c—Accuracy: Percent of GDP Estimates Correct

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Target	Greater than 84%	Greater than 84%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%
Actual	88%	88%	96%	96%				

This measure of BEA performance seeks to track the ability of BEA to accurately estimate its most important statistic, the gross domestic product (GDP). The measure is a composite index of six indicators of accuracy that are readily available to the public. These six indicators measure the accuracy of the GDP estimate with respect to: (1) whether the economy is expanding or contracting, (2) whether the economy is growing faster or slower, (3) whether the economy is strong or weak, (4) the trend GDP growth rate, (5) the average quarterly GDP growth rate, and (6) the level of current-dollar GDP.

These indicators are applied using 3-year rolling averages to develop a single measure of the correctness of the GDP estimate. Three-year rolling averages were chosen because a) at least 12 quarters of estimates are needed for statistical reliability, b) BEA's annual revisions cover 3 years, c) the impact of statistical improvements occur over time, and d) reasonable balance must be struck between statistical reliability and a measure of current performance. BEA exceeded this target with a score of 96 percent for FY 2006 and expects to meet or exceed its target for FY 2007.

Program Increases/Decreases:
(Dollars in thousands)

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Incorporate R&D into the GDP Accounts	+\$2,080	This initiative, which supports the President's American Competitiveness Initiative and the Secretary of Commerce's policy agenda, will improve some of the Nation's most important economic statistics by bringing into the accounts the important economic activity created by R&D into the National accounts.	ESA-74

Measure 1d—Budget-Related: Improving GDP and the Economic Accounts

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Target	Successful completion of related Strategic Plan milestones, including benchmark and update of industry accounts, incorporate NAICS into regional accounts, and update international accounts.	Successful completion of related Strategic Plan milestones related to improving the quality of the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Actual	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.		

BEA must continually update its economic accounts to keep pace with the increasingly complex and rapidly changing U.S. economy. The gross domestic product, the balance of payments, state personal income, and other data series must be as timely, relevant, and accurate as possible to inform the decisions made by public and private leaders. The 5-year Strategic Plan lays out ambitious steps that BEA will take to achieve quality improvements in all of its accounts. Based on the Strategic Plan milestones, specific budget initiatives have been proposed for improving the accounts. The Strategic Plan tracks BEA's progress toward achieving the milestones established for new initiatives and provides public accountability. In FY 2006, BEA completed all of its major milestones related to improving GDP and the economic accounts and expects to meet this target for FY 2007.

Program Increases/Decreases:
(Dollars in thousands)

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Incorporate R&D into the GDP Accounts	+\$2,080	This initiative, which supports the President's American Competitiveness Initiative and the Secretary of Commerce's policy agenda, will improve some of the Nation's most important economic statistics by bringing into the accounts the important economic activity created by R&D.	ESA-74

Measure 1e—Budget-Related: Accelerating Economic Estimates

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Target	Successful completion of related Strategic Plan milestones, including accelerate the release of international trade estimates (with Census Bureau), GDP by industry, annual input-output tables, gross state product, and metropolitan area personal income.	Successful completion of related Strategic Plan milestones related to efforts to accelerate economic measures.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Discontinue measure as acceleration work is complete	Discontinue measure as acceleration work is complete
Actual	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.		

BEA was challenged to accelerate the release of its major economic estimates in order to meet the demands of public and private sector data users. To meet this challenge, BEA proposed a multiyear initiative to accelerate the release of its most valued indicators. This performance measure tracks BEA's progress toward achieving these accelerations. With the support of the President and Congress, BEA has been able to complete an accelerated release schedule for some of the Nation's most widely relied upon economic statistics, including international trade in goods and services, GDP by industry, the annual input-output accounts, state personal income, and an experimental acceleration in gross domestic product (GDP) by state. In FY 2006, BEA successfully completed all major Strategic Plan milestones related to accelerating economic estimates. BEA expects to finish completing all major milestones related to accelerating economic estimates in FY 2007, thus fully accomplishing this budget-based performance measure. The table below illustrates all of the economic measures that have been successfully accelerated.

Economic Measure	Major Uses	Past Availability	Rate of Acceleration
International Trade in Goods and Services	Trade negotiations and policy, international competitiveness, early signal of GDP change.	50 days after end of reference month	1-week acceleration.
GDP by Industry	Financial and industry analysis, estimating gross state product.	11 months after end of reference year	7-month acceleration.
Input-Output Tables	Economic forecasts, tourism impacts, academic research, regional impact analysis.	3 years after end of reference year	2-year acceleration.
Summary Gross Domestic Product by State	Allocation of funds, productivity analysis, economic development planning.	18 months after end of reference year	13-month acceleration.
Gross Domestic Product (GDP) by State with industry detail	Allocation of funds, productivity analysis, economic development planning.	18 months after end of reference year	8-month acceleration.
State Personal Income	Allocation of funds, state and local budget forecasts, economic development.	4 months after end of reference quarter	1-month acceleration.

Metropolitan Area Personal Income	Business location planning, transportation planning, environmental policy.	17 months after end of reference year	7-month acceleration.
Summary Estimates for MNCs	Used to understand the phenomenon of offshore outsourcing and the operations of U.S. multinational companies.	4 months after the end of the reference year	3- and 4-month acceleration

Measure 1f—Budget-Related: Meeting U.S. International Obligations

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Target	Successful completion of related Strategic Plan milestones, including assist Treasury in designing a survey of derivatives; incorporate estimates of short-term claims and long-term assets in accounts; and provide data for Special Data Dissemination Standard (SDDS) compliance.	Successful completion of related Strategic Plan milestones related to meeting international commitments as funded in FY 2003.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Actual	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	BEA completed all major Strategic Plan milestones related to meeting international obligations.		

BEA is responsible for making its data series conform to standards agreed to by the United States Government with international organizations and other countries. Meeting these commitments is important to maintaining the United States' leadership in economic measurement. Equally important, the statistical information required for these international commitments is useful to U.S. policymakers. This performance measure, introduced in FY 2003, monitors BEA's progress in meeting milestones related to international commitments and provides accountability for a multiyear initiative

to meet them. In FY 2006, BEA met all of the major milestones related to international obligations and expects to do the same in FY 2007.

NEW Measure 1g—Budget-Related: Measuring the Knowledge Economy

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Target				Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Actual				BEA completed all major Strategic Plan milestones related to measuring the knowledge economy.		

With this FY 2008 budget request, BEA is offering a new budget-related performance measure to monitor its work on an important new initiative being offered in FY 2008. Measuring investment in intangibles is an important part of understanding the sources of growth in the U.S. economy. In FY 2006, with support from the National Science Foundation, BEA began to develop the research and development (R&D) satellite account. This work and its related Strategic Plan milestones are scheduled to last through FY 2007, with annual updates and extensions to BEA's GDP and other estimates between 2008 and 2012, and culminating in full incorporation into the GDP accounts in 2013. However this achievement is only the start. BEA must continue to develop the methodologies, data sources, and processes to measure other forms of intangibles in the knowledge economy. This measure will allow oversight organizations, stakeholders, and users to track BEA's work in this area. In FY 2006, BEA completed all the major milestones related to measuring intangibles. It plans to complete all major milestones in FY 2007.

Program Increases/Decreases:
(Dollars in thousands)

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Incorporate R&D into the GDP Accounts	+\$2,080	This initiative, which supports the President's American Competitiveness Initiative and the Secretary of Commerce's policy agenda, will improve some of the Nation's most important economic statistics by bringing into the accounts the important economic activity created by R&D.	ESA-74

Program Evaluations

The Bureau of Economic Analysis (BEA) works to ensure that all of its programs serve the needs of the end users. To accomplish this task, BEA aggressively reaches out through a variety of methods including attending professional conferences of economic data users, conducting training programs, meeting with groups of users, co-sponsoring public feedback sessions, and organizing biennial Advisory Committee meetings. In addition, BEA prepares and makes public its annually updated 5-year Strategic Plan that informs users of BEA's plans and seeks their feedback. A Customer Satisfaction Survey provides BEA with additional feedback on the usefulness of BEA programs and services. Finally, BEA regularly evaluates its workplace to ensure that it nurtures and supports a healthy and effective workforce.

Strategic Plan Evaluation. The BEA 5-year Strategic Plan is the most important evaluation of BEA programs and performance. The Strategic Plan is a detailed operating plan that guides BEA's planning with over 190 ambitious milestones per year over a 5-year time frame. The Plan is developed based on the Department of Commerce's goals and objectives as well as BEA's own mission and objectives. Managers are responsible for ensuring that the milestones are met since the milestones feed directly into the performance measurement of the Agency.

The publicly available Strategic Plan is reviewed annually, and a report of successes is made available to the BEA Advisory Committee, the Under Secretary of Economic Affairs, Department of Commerce, the Office of Management and Budget, Congress, and the public via the BEA Web site. The report clearly indicates which milestones were met and which were not met with an explanation as to why specific milestones were not accomplished. In FY 2006, BEA met all of its major milestones. BEA seeks to continue to meet its major milestones.

BEA Advisory Committee. Twice a year, the 13-member BEA Advisory Committee meets publicly to review and evaluate BEA statistics and programs. The committee advises the BEA Director on matters related to the development and improvement of BEA's national, regional, industry, and international economic accounts, especially in areas of new and rapidly growing economic activities. The committee also provides recommendations from the perspectives of the academia, business, and government.

Customer Satisfaction Survey. BEA conducts a regular online survey of its users to monitor their satisfaction with BEA products and services. This survey is critical to BEA's success since users are the final arbiters of the timeliness, relevance, and accuracy of BEA data. Users have recognized recent improvements in BEA's economic accounts and accessibility in the survey. The FY 2006 survey found high levels of satisfaction by users, scoring 4.2 on a 5-point scale. BEA strives to continue to increase this level of satisfaction with ongoing upgrades to the accounts and investments in the information technology systems that make more data more easily available in user-friendly formats.

Through BEA's Performance Measures and Strategic Plan, BEA closely monitors the consistency and quality of its relationship with users of BEA data. This table shows additional ways that BEA measures outreach to users.

BEA USER MEASURES: FY 2004–FY 2008					
Measures	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Press Releases (both scheduled and unscheduled)	62	60	62	62	62
<i>Survey of Current Business:</i>					
- Articles	55	68	69	65	65
- Statistical pages	1,628	1,921	2,067	1,800	1,800
Publications, other than the <i>Survey</i>	3	9	19	6	6
BEA's Web site - www.bea.gov					
- Page views (monthly average)	2,140,903	4,333,343	4,190,803	4,550,000	4,750,000
- Unique visitors (monthly average)	131,661	149,610	143,997	174,000	177,000
- Downloads (annual)	3,682,630	5,274,660	7,159,963	6,000,000	6,250,000

Through BEA's Performance Measures and Strategic Plan, BEA closely monitors the consistency and quality of its relationship with users of BEA data. The table above exhibits an additional way that BEA measures outreach to users.

Crosscutting Activities

Intra-Department of Commerce

The U.S Census Bureau: The Census Bureau is one of the principal suppliers of source data used to compile BEA's economic accounts. ESA, BEA and Census representatives meet regularly to maintain an awareness of their joint and individual statistical concerns and to discuss cooperative strategies to advance matters of common interest. The availability of current source data from Census is a key factor in the scheduling of BEA release dates. BEA and the Census Bureau jointly release the monthly U.S. international trade in goods and services estimates.

The International Trade Administration (ITA): ITA supports the annual and quarterly release of the travel and tourism satellite accounts, which provide a detailed picture of the travel and tourism industries and their role in the U.S. economy. These accounts present estimates of the expenditures by tourists, or visitors, by type of commodity as well as estimates

of output by travel and tourism industry. They also present estimates of the income generated by travel and tourism and estimates of employment in the travel and tourism industries.

Other Government Agencies

The Bureau of Labor Statistics (BLS) and Internal Revenue Service (IRS): These two agencies are principal suppliers of source data used to compile BEA's economic accounts. BEA works closely with both agencies to stay apprised of joint and individual statistical problems and to cooperate in dealing with those concerns. The availability of current source data, from the Department of Labor's Bureau of Labor Statistics, is a key factor in scheduling the release of BEA estimates. BEA and BLS have begun efforts to integrate their productivity accounts to create consistent definitions and methodologies.

Department of Energy (DOE) and Department of Labor (DOL): ESA policy staff work with various agencies to conduct a variety of economic studies. For example, ESA conducted a Congressionally-mandated (Consolidated Appropriations Act of 2005, P.L. 108-447) inter-agency study on the impacts to industry of rising natural gas prices. In cooperation with the Departments of Energy and Labor, ESA examined and prepared a study on the economic impact of natural gas prices to energy-intensive industries in the U.S.

Interagency Council on Statistical Policy (ICSP): Under the auspices of the Office of Management and Budget, BEA is a major participant in the ICSP, which works to improve collaborative activities of Federal statistical agencies. Activities of the ICSP have led to the standardization of data and concepts, transfers of technology, methodology exchange, collaborative research, process improvement, improved customer service, reduced respondent burden, and infrastructure sharing.

Federal Economic Statistics Advisory Committee (FESAC): The Committee presents advice and makes recommendations to BEA, the Census Bureau, and BLS from the perspective of the professional economics and statistics community. The Committee examines the agencies' programs and provides advice on statistical methods, research needs, and other technical matters related to the collection, tabulation, and analysis of Federal economic statistics.

Federal Reserve Board (FRB): BEA works closely with the Federal Reserve Board to ensure consistency and quality of accounts. The FRB produces estimates of industrial production, flow of funds, and balance sheets in collaboration with BEA. BEA and the FRB are working on better integrating their economic accounts to provide data users with consistent sets of accounts that use similar definitions and methodologies.

Other agencies: To obtain source data for its economic accounts, BEA maintains close working relationships with statistics-producing agencies in most of the executive branch departments of the Government, including the Departments of Agriculture, Defense, Education, Health and Human Services, Transportation, and Treasury.

External Factors and Mitigating Strategies

With only a few exceptions, BEA is dependent on other government agencies and private organizations for the source data it uses to produce its economic accounts statistics. Thus, BEA's ability to provide timely, relevant, and accurate economic data, and to move forward with improvements in its economic accounts, is dependent on the quality and availability of that source data. BEA works closely with its statistical agency partners and other source data providers to obtain the best and most complete data possible. BEA also continually refines its estimation methods to improve its measures, especially in areas with source data deficiencies.

BEA Data Validation and Verification

BEA conducts an annual review of its performance data to ensure that it is complete and accurate. The Director reviews all significant deviations from the projected targets, if any, and actions are planned to address deficiencies.

The validation process is conducted in a manner similar to audit principles, which include data collection and verification of data. Data collected from independent sources and the BEA 5-year Strategic Plan are compared to actual outcomes in order to determine the success or failure of the Agency to meet its specified goals. All data are maintained and made publicly available for additional outside review.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	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 2008 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.
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	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 at www.bea.gov.	BEA provides a copy of the survey results to the OMB, Budget Office of the DOC, 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 collected after the end of the fiscal year.
1c. Accuracy: Percent of GDP Estimates Correct	Data used for this measure are produced by BEA and made available in press releases; our monthly publication, the <i>Survey of Current Business</i> (SCB); and the Website: www.bea.gov. Background research studies are published in	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. In benchmark years, the	Research to calculate the new measure will be conducted, following the completion of the annual revisions, in August 2007.

Exhibit 3a

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
	the SCB.				calculation of the GDP revision is delayed until December.	
1d. Budget-Related: Improving GDP and the Economic Accounts	The BEA 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 Strategic Plan.
1e. Budget-Related: Accelerating Economic Estimates	The BEA 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 Strategic Plan.
1f. Budget-Related: Meeting U.S. International Obligations	The BEA 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 Strategic Plan.

Exhibit 3a

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
1g. NEW Budget-Related : Measuring the Knowledge Economy	The BEA 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 Strategic Plan.

List of Supporting Documents

Strategic Planning:

- BEA's Mission, Vision, Values and Role
<http://www.bea.gov/bea/about/mission.htm>
- BEA Strategic Plan for FY 2006-FY 2010
http://www.bea.gov/bea/about/StrategicPlan2006_2010.pdf
- BEA Strategic Plan Report Card for FY 2006
http://www.bea.gov/bea/about/FY06strat_plan_report_card.pdf

Organizational Assessment:

- Employees Rate BEA Among Top Federal Agencies, January 5, 2004
<http://www.bea.gov/bea/newsrelarchive/2004/OASnewsrelease.htm>
- BEA Organizational Assessment Survey Results, 2003
<http://www.bea.gov/bea/about/organizational-assess-results03.pdf>

Other Performance Related Links:

- FY 2005 Customer Satisfaction Survey Report, October 2006
http://www.bea.gov/bea/about/2006_CSSR.pdf
- Release dates for FY 2007
<http://www.bea.gov/bea/newsrel/2007rd.htm>
- Composite Index of Accuracy
<http://www.bea.gov/bea/ARTICLES/2002/01january/0102reliablenipas.pdf>
http://www.bea.gov/bea/ARTICLES/2005/02February/0205_nipas.pdf

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
2007 Continuing Resolution								548	506	78,718	78,718
plus: Adjustment to support level in FY 2007 President's Budget										1,764	1,764
plus: 2008 adjustments to base								0	0	2,938	2,938
2008 Base								548	506	83,420	83,420
plus: 2008 program changes								11	7	1,580	1,580
2008 Estimate								561	533	85,000	85,000
Comparison by activity/subactivity		2006 Actual		2007 Estimate		2008 Base		2008 Estimate		2008 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Bureau of Economic Analysis.....	Pos/BA	525	75,303	527	74,830	527	79,324	542	81,404	15	2,080
	FTE/Obl.	488	75,717	507	75,310	507		518		11	
Policy support.....	Pos/BA	23	3,975	23	3,888	23	4,096	19	3,596	(4)	(500)
	FTE/Obl.	18	3,480	19	4,607	19		15		(4)	
TOTALS.....	Pos/BA	548	\$79,278	550	\$78,718	550	\$83,420	561	\$85,000	11	\$1,580
	FTE/Obl.	506	79,197	526	79,917	526		533		7	
Adjustments to Obligations											
Recoveries and Refunds											
Unobligated Balance, start of year		(501)									
Unobligated balance transferred		(646)		(1,199)							
Unobligated Balance, end of year		1,199									
Unobligated Balance, rescission											
Unobligated balance expiring		29									
Appropriation		506	\$79,278	526	\$78,718	526	\$83,420	533	\$85,000	7	\$1,580

Department of Commerce
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 SUMMARY OF FINANCING
 (Dollar amounts in thousands)

Comparison by activity	2006 Actual	2007 Estimate	2008 Base	2008 Estimate	2008 Increase/ (Decrease)
Total Obligations.....	\$83,781	\$84,797	\$88,570	\$90,150	\$1,580
Offsetting collections from:					
Federal Funds.....	(4,429)	(4,713)	(4,990)	(4,990)	0
Trust funds.....	0	0	0	0	0
Non-Federal sources.....	(162)	(160)	(160)	(160)	0
Recoveries and Refunds.....	(501)	0	0	0	0
Unobligated balance direct, start of year.....	(646)	(1,199)	0	0	0
Unobligated balance reimbursable, start of year.....	0	(7)	0	0	0
Unobligated balance transferred.....	0	0	0	0	0
Unobligated balance direct, end of year.....	1,199	0	0	0	0
Unobligated balance reimbursable, end of year.....	7	0	0	0	0
Unobligated balance expiring.....	29	0	0	0	0
Budget Authority.....	\$79,278	\$78,718	\$83,420	\$85,000	\$1,580
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.....	\$79,278	\$78,718	\$83,420	\$85,000	\$1,580

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

Adjustments to Base	FTE	Amount
<u>ESTIMATED COST CHANGES:</u>		
Annualization of FY 2007 pay raise		293
FY 2008 pay raise		1,212
Change in compensable days		401
Civil Service Retirement System (CSRS)		(71)
Federal Employees Retirement System (FERS)		113
Thrift Savings Plan		46
Federal Insurance Contribution Act (FICA) - OASDI		67
Health Insurance		183
Employees Compensation Fund		178
Rental payments to GSA		140
Per diem		10
Printing and reproduction		4
Postage		8
NARA		1
Working Capital Fund		58
General Pricing Level Adjustments:		
Transportation of things		0
Communications, Utilities and Miscellaneous		5
Other Services		247
Supplies and materials		21
Equipment		22
Subtotal Estimated Cost Changes	0	\$2,938
Total, Adjustments to Base	0	\$2,938

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 2007 pay raise</u>		293
Full-year cost of the 2007 pay increase and related costs. A pay raise of 2.2% is effective for FY 2007 January 1, 2007.		
(in thousands)		
Total cost of FY 2007 pay increase	1,172	
Less amount requested in FY 2007	(879)	
Amount requested in FY 2008 for FY 2007 pay increase	293	
<u>FY 2008 increase and related costs</u>		1,212
A general pay raise of 3.0% is assumed to be effective January 1, 2008.		
(in thousands)		
Total cost in FY 2008 of pay increase	1,182	
Payment to Working Capital Fund	30	
Amount requested in FY 2008 for FY 2008 pay increase (3/4 of year)	1,212	
<u>Changes in compensable days</u>		401
The increased cost of two more compensable days in FY 2008 compared to FY 2007 is calculated by dividing the FY 2007 estimates personnel compensation (\$43,850,000) and applicable benefits (\$8,294,000) by 260 compensable days and multiplying by 2 additional compensable days. The cost increase is \$401,108.		
<u>Civil Service Retirement System (CSRS)</u>		(71)
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 25.9% in FY 2007 to 23.6% in FY 2008. The contribution rate will remain 7.0%.		
FY 2008 (\$43,850,000 x .236 x .07)	724,402	
FY 2007 (\$43,850,000 x .259 x .07)	795,001	
Total adjustment to base	(70,599)	

Department of Commerce
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JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	FTE	Amount
<u>Federal Employees Retirement System (FERS)</u>		113
<p>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 74.1% in FY 2007 to 76.4% in FY 2008. The contribution rate will remain the same at 11.2%.</p>		
FY 2008 (\$43,850,000 x .764 x .112)	3,752,157	
FY 2007 (\$43,850,000 x .741 x .112)	3,639,199	
Total adjustment to base	112,958	
<u>Thrift Savings Plan (TSP)</u>		46
<p>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%.</p>		
FY 2008 (\$43,850,000 x .764 x .046)	1,541,064	
FY 2007 (\$43,850,000 x .741 x .046)	1,494,671	
Total adjustment to base	46,393	
<u>Federal Insurance Contribution Act (FICA)</u>		67
<p>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 \$96,150 in FY 2007 to \$102,300 in FY 2008. The OASDI tax rate will remain 6.2% in FY 2008.</p>		
<u>Full-time and part-time salaries</u>		
FY 2008 (\$43,850,000 x .764 x .944 x .062)	1,960,978	
FY 2007 (\$43,850,000 x .741 x .941 x .062)	1,895,698	
	65,280	
<u>Other salaries</u>		
FY 2008 (\$919,000 x .764 x .944 x .062)	41,098	
FY 2007 (\$919,000 x .741 x .941 x .062)	39,730	
	1,368	

Department of Commerce
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 Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	FTE	Amount
<p><u>Health Insurance</u> Effective January 2006 the cost of the ESA's contribution to the Federal employees' health insurance premium increased by 7.4%. Applied against the FY 2007 estimate of \$2,479,000, the additional amount requested is \$183,446.</p>		183
<p><u>Employee's Compensation Fund</u> The Employee's Compensation Fund is based on the actual billing from the Department of Labor.</p>		178
<p><u>Rental payments to GSA</u> GSA rates are projected to increase 2.4% in FY 2008.</p>		140
<p><u>Per Diem</u> Effective April 2006, the General Services Administration raised per diem rates. This increase results in a 5.3% increase for ESA. The percentage was applied to the 2007 estimate of \$190,000 to arrive at an of \$10,070.</p>		10
<p><u>GPO Printing</u> GPO has provided an estimated rate increase of 1.8%. This percentage was applied to the 2007 estimate of \$213,000 to arrive at an increase of \$3,621.</p>		4
<p><u>National Archives & Records Administration</u> The National Archives and Records Administration (NARA) projects storage costs will increase in price by \$1000 for ESA.</p>		1
<p><u>Working Capital Fund</u> An additional \$58,000 is required to fund cost increases in the Departmental Management's Working Capital Fund.</p>		58
<p><u>Postage</u> Effective January 8, 2006, the Governors of the Postal Service implemented a rate increase for first-class mail from 37 cents to 39 cents. The percentage increase of 5.4% was applied to the FY 2007 estimate of \$156,000 to arrive at an increase of \$8,424.</p>		8

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>General Pricing Level Adjustment</u>		
This request applies a 1.8% general pricing adjustment based on OMB economic assumptions for FY 2008 to object classes where the prices that the Government pays are established through the market system.		
Factors are applied to the following:		
Transportation of things	0	
Communications, utilities and miscellaneous charges	5	
Other services	247	
Supplies and materials	21	
Equipment	22	
Total, Estimated Cost Changes	0	2,938
Total, Adjustments to Base	0	2,938

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	2006 Actual		2007 Estimate		2008 Base		2008 Estimate		2008 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
National Economic Accounts..... Pos/BA	153	24,757	153	24,601	153	26,078	153	26,078	0	0
FTE/Obl.	143	24,893	148	24,759	148		148		0	0
Direct Obligations..... Pos/BA	153	24,757	153	24,601	153	26,078	153	26,078	0	0
FTE/Obl.	143	24,893	148	24,759	148		148		0	0

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: International Economic Accounts

Comparison by line item	2006 Actual		2007 Estimate		2008 Base		2008 Estimate		2008 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
International Economic Accounts.. Pos/BA	188	26,475	193	26,309	193	27,890	193	27,890	0	0
FTE/Obl.	177	26,621	188	26,478	188		188		0	0
Direct Obligations..... Pos/BA	188	26,475	193	26,309	193	27,890	193	27,890	0	0
FTE/Obl.	177	26,621	188	26,478	188		188		0	0

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	2006 Actual		2007 Estimate		2008 Base		2008 Estimate		2008 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
Regional Economic Accounts..... Pos/BA	104	13,887	106	13,800	106	14,629	106	14,629	0	0
FTE/Obl.	96	13,963	101	13,888	101		101		0	0
Direct Obligations..... Pos/BA	104	13,887	106	13,800	106	14,629	106	14,629	0	0
FTE/Obl.	96	13,963	101	13,888	101		101		0	0

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: Industry Economic Accounts

Comparison by line item		2006 Actual		2007 Estimate		2008 Base		2008 Estimate		2008 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
Industry Economic Accounts	Pos/BA	80	10,184	75	10,120	75	10,727	90	12,807	15	2,080
	FTE/Obl.	72	10,240	70	10,185	70		81		11	
Direct Obligations.....	Pos/BA	80	10,184	75	10,120	75	10,727	90	12,807	15	2,080
	FTE/Obl.	72	10,240	70	10,185	70		81		11	

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	2006 Actual		2007 Estimate		2008 Base		2008 Estimate		2008 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount			Personnel	Amount	Personnel	Amount
Policy support..... Pos/BA	23	3,975	23	3,888	23	4,096	19	3,596	(4)	(500)
FTE/Obl.	18	3,480	19	4,607	19		15		(4)	
Direct Obligations..... Pos/BA	23	3,975	23	3,888	23	4,096	19	3,596	(4)	(500)
FTE/Obl.	18	3,480	19	4,607	19		15		(4)	

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, development, 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 show estimates of structures, capital equipment and software, and consumer durable goods held by businesses, governments, and others. The government accounts show Federal, state, and local government transactions in a national accounts framework. All of these accounts are being modernized and extended 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 major sectors of the economy, 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 3 years are revised on the basis of more 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, and 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 every 5 years. The results of the most recent benchmark

revision were published on the BEA Web site and in the *Survey*. A comprehensive set of NIPA estimates dating back to 1929 is available on the BEA Web site.

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 were recently converted from a Standard Industrial Classification basis to a North American Industrial Classification basis. 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 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.
- Housing. These estimates show net stocks, in historical-cost terms, in real terms, and in current-cost valuations, of the farm and nonfarm housing stock, by type of structure one-to-four dwelling-unit structures, structures containing five or more dwelling units, mobile homes, and owner- and tenant-occupied dwelling units.
- Fixed assets owned by the Federal Government and by state and local governments. These estimates show net stocks for all 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 by type in real terms and in current-cost valuations.

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 this concept 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 United Nations and the Organisation for Economic Co-operation and Development (OECD).
6. Intangibles research – The national and industry accounts are working on a series of joint projects to produce better measures of the knowledge economy by developing an R&D satellite account, holding a conference on R&D research, producing prototype estimates for human capital and education, releasing a prototype integrated satellite health account, and supporting the Secretary’s advisory committee on the knowledge economy.

Performance Goals:

Progress toward achieving long-term results for the national economic accounts is monitored by three long-term performance measures. These measures track BEA’s ability to release its estimates on time and on schedule, customer satisfaction with BEA programs, and the accuracy of one of the most important BEA estimates, GDP.

Measure	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target	FY 2009 Target	FY 2010 Target
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	54 of 54	54 of 54	54 of 54	54 of 54	TBD	TBD	TBD
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5- Point Scale)	4.4	Greater than 4.0	4.2	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
1c. Accuracy¹: Percent of GDP Estimates Correct /1	96%	Greater than 85%	96%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%

¹ This performance measure provides an estimate of BEA’s ability- through its early GDP estimates- to accurately measure: (1) whether the economy is expanding or contracting; (2) whether the economy is growing faster or slower; (3) whether the economy is strong or weak; (4) the trend GDP growth rate; (5) the quarterly GDP growth rate; and (6) the level of current-dollar GDP.

In addition to the measures that track long-term results of base programs, other budget-specific performance measures are used to monitor annual progress toward achieving specifically funded program initiatives. These measures are closely tied to milestones in the BEA 5-year Strategic Plan. For the national economic accounts, the following four measures are used to gauge performance.

Measure	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successfully completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to improve the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successfully completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	Discontinue measure, as acceleration work is complete.
Budget-Related: Meeting U.S. International Obligations	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successfully completed all major Strategic Plan milestones related to meeting international commitments as funded in FY 2003.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	Successful completion of related Strategic Plan milestones.	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.
Budget-Related: Measuring the Knowledge Economy				Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to measuring the knowledge economy.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.

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: 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, electronic filing of BEA's surveys of direct investment and international services (which also reduces respondent burden), standardization of data transfer, online interactive editing and processing systems for source data, and increased access to BEA products through the Internet and other electronic gateways.

Base Program

Balance-of-payments accounts - This work consists of the preparation, development, 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 and services; travel, transportation, and other private services; income on 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. The accounts are being modernized and extended 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 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 here 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 and are published 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 of classifying and presenting the balance-of-payments accounts.
3. Trade in goods - Quarterly estimates (on a balance-of-payments basis) of trade in goods, grouped by detailed end-use categories, are prepared as part of the quarterly balance-of-payments accounts. BEA developed the end-use classification system 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.

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. Most services estimates are based on BEA surveys. For example, every 5 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 5 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.

Summary measures of services are prepared as part of the monthly BEA–Census report mentioned above. As a result, this release 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 are prepared for income derived from direct investment, portfolio investment, other investment, and compensation of employees. These estimates are included in the quarterly balance-of-payments accounts.
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.
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.
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, periodic tabulations of current-account data are presented on a supplemental, ownership basis.
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 in the *November Survey*.
10. International investment position of the United States - Detailed annual estimates are prepared of the international assets and liabilities of the United States, changes in its net investment position, and factors accounting for those changes. These estimates, published in the *July Survey*, 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 in the format and contain the content prescribed by the IMF's Special Data Dissemination Standard.

Direct investment estimates - This work consists of the preparation, development, 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 direct international 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 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, royalties and license fees, other services transactions, and the yearend direct investment position at historical cost.

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, with the results published in the *Survey* and more detailed data appearing in separate annual data reports. 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 selected operating data for the new affiliates. These results also are published 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. Final results of the benchmark survey of U.S. direct investment abroad for 1999 were published in March

2004. Final results of the benchmark survey of foreign direct investment in the United States for 2002 were published in the summer of 2006.

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 defined information on U.S. companies and their foreign affiliates, and on the U.S. affiliates of foreign companies. The system provides needed detail, 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, rates of return of foreign-owned U.S. companies, estimates of value added of foreign affiliates of U.S. companies and of U.S. affiliates of foreign companies, and 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 and 1997 have also been published.

Performance Goals:

Progress toward achieving long-term results for the international economic accounts is monitored by three long-term performance measures. These measures track BEA's ability to release its estimates on time and on schedule, customer satisfaction with BEA programs, and the accuracy of one of the most important BEA estimates, GDP.

Measure	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target	FY 2009 Target	FY 2010 Target
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	54 of 54	54 of 54	54 of 54	54 of 54	TBD	TBD	TBD
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	4.4	Greater than 4.0	4.2	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
1c. Accuracy¹: Percent of GDP Estimates Correct	96%	Greater than 85%	96%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%

¹ This performance measure provides an estimate of BEA's ability- through its early GDP estimates- to accurately measure: (1) whether the economy is expanding or contracting; (2) whether the economy is growing faster or slowing; (3) whether the economy is strong or weak; (4) the trend GDP growth rate; (5) the quarterly GDP growth rate; and (6) the level of current-dollar GDP.

In addition to the measures that track long-term results of base programs, other budget-specific performance measures are used to monitor annual progress toward achieving specifically funded program initiatives. These measures are closely tied to milestones in the BEA 5-year Strategic Plan. For the international economic accounts, the following three measures are used to gauge performance.

Measure	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successfully completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to improve the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successfully completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	Discontinue measure, as acceleration work is complete.
Budget-Related: Meeting U.S. International Obligations	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successfully completed all major Strategic Plan milestones related to meeting international commitments as funded in FY 2003.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	Successful completion of related Strategic Plan milestones.	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.

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: 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, development, analysis, and publication of economic accounts that show detail on economic activity by region, state, metropolitan area, and county. These accounts are being modernized and extended to improve their reliability and relevance.

The output consists of the following:

1. Personal income by state - Quarterly estimates of personal income by type of income and place of residence and earnings by major industry and 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 earnings by industry are released in March, June, September, and December.

Annual estimates of personal income by type of income, tax and nontax payments, and disposable personal income by place of residence and earnings by industry and place of work for the 50 states and the District of Columbia are prepared twice each year. 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 5 years based largely on the comprehensive NIPA revisions and additional or more current state data.

2. Personal income by county, metropolitan area, and micropolitan area - Annual estimates of personal income by type of income and place of residence and earnings by industry and place of work for counties, metropolitan areas, and micropolitan areas are prepared once each year. Summary estimates of total and per-capita personal income are released in April for each of the more than 3,100 counties and county equivalents, the 361 designated metropolitan areas, and the 577 micropolitan areas. Compensation by NAICS subsector industries is released each December on the BEA Web site, twelve months after the end of the calendar year. In addition, detailed measures, including labor and proprietors' income by industry, personal current transfer receipts by major program, farm income and expenses by major category, employment by industry, and a description of the methodology, are released each April and are available on the BEA Web site and on DVD. These are the most comprehensive and detailed economic series available annually on a local area basis. Benchmark estimates of personal income are prepared about every 5 years based largely on national and state benchmark estimates and additional or more current local area data.
3. Gross domestic product (GDP) by state - Annual estimates of GDP by state by industry provide the most comprehensive measure of economic activity available for a state. Advance total GDP by state is released in June and advance industry GDP by state released in October. Revised total and industry GDP by state, based on more complete source data and revised national data, are then released in the following June. GDP by state by industry estimates, available for 81 detailed industries and for three major income components, are available interactively on the BEA Web site. GDP by state estimates are available on a North American Industry Classification System (NAICS) basis.

Benchmark estimates of GDP by state are prepared about every 5 years based largely on the comprehensive NIPA revisions and additional or more current state 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 three to four times a 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, earnings and employment by industry, and annual estimates of gross state product by industry. They 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, and counties. 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.

Performance Goals:

Progress toward achieving long-term results for the regional economic accounts is monitored by three long-term performance measures. These measures track BEA's ability to release its estimates on time and on schedule, customer satisfaction with BEA programs, and the accuracy of one of the most important BEA estimates, GDP.

Measure	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target	FY 2009 Target	FY 2010 Target
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	54 of 54	54 of 54	54 of 54	54 of 54	TBD	TBD	TBD
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	4.4	Greater than 4.0	4.2	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
1c. Accuracy¹: Percent of GDP Estimates Correct	96%	Greater than 85%	96%	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%

¹ This performance measure provides an estimate of BEA's ability- through its early GDP estimates- to accurately measure: (1) whether the economy is expanding or contracting; (2) whether the economy is growing faster or slowing; (3) whether the economy is strong or weak; (4) the trend GDP growth rate; (5) the quarterly GDP growth rate; and (6) the level of current-dollar GDP.

In addition to the measures that track long-term results of base programs, other budget-specific performance measures are used to monitor annual progress toward achieving specifically funded program initiatives. These measures are closely tied to milestones in the BEA 5-year Strategic Plan. For the regional economic accounts, the following two measures are used to gauge performance.

Measure	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successfully completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to improve the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successfully completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	Discontinue measure, as acceleration work is complete.

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: 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. These accounts are being modernized and extended 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. GDP-by-industry estimates for 65 industries for 1998–2004 were released in the December 2005 *Survey* and are integrated with the annual input-output accounts. Advance annual GDP-by-industry estimates for 2005 at a 20-industry sector level, were released in the June 2006 *Survey*.

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 the 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 5 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 1997 benchmark input-output tables were published in the December 2002 *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. The latest capital flow tables for 1997 were released in September 2003.
 - Employment and compensation tables, which supplement the benchmark input-output tables, show, by industry, employment, wages, and salaries; supplements to wages and salaries; and hours worked.
3. Satellite accounts - The satellite accounts are unique economic accounts that are linked to the input-output and GDP accounts, but that organizes 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. These accounts, which present estimates of expenditures by tourists or visitors on 24 types of goods and services were published annually for 1998—2005 in the June 2006 *Survey*. The accounts have been expanded to provide quarterly estimates of the sales of goods and services to travelers and employment attributable to those tourism sales. The latest quarterly travel and tourism estimates were released in September 2006.
 4. Intangibles research – The national and industry accounts are working on a series of joint projects to produce better measures of the knowledge economy by developing a research and development (R&D) satellite account, holding a conference on R&D research, producing prototype estimates for human capital and education, releasing a prototype integrated satellite health account, and supporting the Secretary’s advisory committee on the knowledge economy.

Performance Goals:

Progress toward achieving long-term results for the industry economic accounts is monitored by three long-term performance measures. These measures track BEA's ability to release its estimates on time and on schedule, customer satisfaction with BEA programs, and the accuracy of one of the most important BEA estimates, GDP.

Measure	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target	FY 2009 Target	FY 2010 Target
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	54 of 54	54 of 54	54 of 54	54 of 54	TBD	TBD	TBD
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	4.4	Greater than 4.0	4.2	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
1c. Accuracy¹: Percent of GDP Estimates Correct	96%	Greater than 85%	96	Greater than 85%	Greater than 85%	Greater than 85%	Greater than 85%

¹ This performance measure provides an estimate of BEA's ability- through its early GDP estimates- to accurately measure: (1) whether the economy is expanding or contracting; (2) whether the economy is growing faster or slowing; (3) whether the economy is strong or weak; (4) the trend GDP growth rate; (5) the quarterly GDP growth rate; and (6) the level of current-dollar GDP.

In addition to the measures that track long-term results of base programs, other budget-specific performance measures are used to monitor annual progress toward achieving specifically funded program initiatives. These measures are closely tied to milestones in the BEA 5-year Strategic Plan. For the industry economic accounts, the following three measures are used to gauge performance.

Measure	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2006 Actual	FY 2007 Target	FY 2008 Target
Budget-Related: Improving GDP and the Economic Accounts	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successfully completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to improve the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successfully completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	Discontinue measure, as acceleration work is complete.
Budget-Related: Measuring the Knowledge Economy				Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to measuring the knowledge economy.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.

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: 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 to make informed economic and financial decisions.

Objective: To provide executive direction and oversight, management, financial and administrative support to ESA headquarters, 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.
- 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. 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 supports the Secretary's and the Under Secretary's participation in White House policy councils, in similar Administration economic policy forums, and on the Board of the Pension Benefit Guarantee 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.; and 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 produced a series of reports to help government leaders understand the impact of Hurricane Katrina and the other storms of 2005 on the economy for the leadership of the Department of Commerce, the Gulf Coast Recovery Council, and FEMA. ESA is supporting the Department of Treasury's report on the potential pandemic flu by modeling the economic impacts. In FY 2007, ESA is working with the Office of the Secretary on an Advisory Committee on Measuring Innovation in the 21st Century, a blue-ribbon panel assembled from the leaders of industry and academia.

Department of Commerce
 Economic and Statistical Analysis Budget – Salaries and Expenses
 Bureau of Economic Analysis / Economics and Statistics Administration
 Increase for FY 2008
 (Thousands of dollars)

FY 2008 Base		FY 2008 Estimate		FY 2008 Increase/Decrease	
<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>
3	376	14	2,456	11	2,080

Incorporate R&D into the GDP Accounts:

Summary: (\$2.1 million, +11 FTE) – To develop and incorporate research and development (R&D) into the National Income and Product Accounts, including the gross domestic product (GDP).

Background: A widely-read *BusinessWeek* cover story entitled, “Why the Economy Is A Lot Stronger than You Think,” helped to raise the profile of important economic activities that are not fully measured in the GDP estimates produced by the Bureau of Economic Analysis (BEA). These knowledge-based economic activities, or investments in “intangibles,” are thought to be important engines of economic growth, when, in fact, very little is understood about their role in the economy. Much of the growth that the U.S. economy has experienced in the last ten years is not captured by traditional economic measures. Many believe that these knowledge-based activities are responsible for as much as 40 percent of this growth. Understanding their role in the economy is critical to accurately measuring and encouraging a strong U.S. economy.

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

Preliminary R&D Satellite Account
 (Released September 28, 2006)

These preliminary estimates suggest that R&D accounted for a substantial share of the resurgence in U.S. growth in recent years:

- Between 1959 and 2002, R&D investment accounted for 4½ percent of growth in real GDP.
- Between 1995 and 2002, its contribution to real growth rose to 6½ percent.
 - In comparison, businesses’ investment in commercial and all other types of buildings accounted for just over 2 percent of real GDP growth between 1995 and 2002.

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 (see box on preceding page). This initiative calls on BEA to extend the prototype R&D account, funded by the National Science Foundation (NSF) in 2006 and 2007, with annual updates and extensions to the satellite account between 2008 and 2012, with full incorporation planned in 2013.

Proposal: R&D is possibly one of the most important investments that contribute to the overall growth of the U.S. economy. Although there are currently no direct measures of the impact of investments in intangibles, indirect estimates suggest that R&D and advances in technology account for 40 percent of all economic and productivity growth. Currently, BEA does not include R&D spending as investment in the Nation's economic accounts. This initiative will allow BEA to fully research, identify, and quantify R&D as an investment with the goal of incorporating it into GDP and the other economic accounts. To do this, BEA proposes the following two steps:

- **R&D Measurement** – BEA is currently working with the NSF to further develop its prototype R&D satellite account. This development work will provide a detailed set of estimates of the role of R&D in economic activity. The NSF funding supports the R&D satellite account through 2007. To transition this NSF project from a research study to a regular BEA statistical product, BEA must establish an R&D program at BEA. This program would result in regular annual estimates to the R&D satellite account beginning in 2008 and the eventual incorporation of quarterly estimates into the core GDP accounts.
- **Industry-level Detail in the R&D Satellite Account** – Another important step in the production of an annual R&D satellite account is to expand it to provide detailed industry-level statistics. This information is necessary for identifying the extent to which each industry employs R&D and would provide key information on the sources of productivity gains that could be used to better understand the role of R&D in boosting economic growth.

PLANNING TARGETS AND PRODUCTS TO INCORPORATE R&D INTO NATIONAL ECONOMIC ACCOUNTS

BEA plans to fully incorporate R&D as an investment into the GDP accounts in 2013. Accomplishing this goal will require the following, which will produce important products at each step:

2006	Published preliminary R&D satellite account for 1959-2002.
2007	Publish enhanced R&D satellite accounts for 1959-2004 and framework for R&D industry account estimates.
2008	Begin publication of regularly-updated annual R&D satellite account for 2005 and preliminary industry account estimates for 2004 for the industries producing most of the business sector R&D; work with NSF and Census on developing more complete coverage and improved reporting from the existing source data.
2009	Publish updated annual R&D satellite account and enhanced industry account estimates for 2006 and revised estimates for earlier periods; begin developing historical data for the NIPA back to 1929; and continue to work with NSF and Census on developing improved and expanded source data with special attention to regional/state level detail and developing more timely quarterly and annual surveys.
2010	Publish updated annual R&D satellite account and industry account estimates for 2007; begin work on developing estimates by institutional sectors; continue work on incorporating R&D into the input-output accounts; continue developing historical detail with an emphasis on industry estimates; continue to work with NSF and Census on developing improved and expanded source data with special attention to international transactions and more timely quarterly and annual surveys.

2011	Publish updated annual R&D satellite account and industry account estimates for 2010; complete baseline estimates for input-output accounts, complete historical detail for the total economy, sector, and industry; complete baseline work on extrapolators; and incorporate more timely quarterly and annual NSF and Census survey data into satellite accounts.
2012	Fully incorporate R&D estimates into the 2007 input-output accounts.
2013	Fully incorporate quarterly R&D estimates in to the core NIPAs.

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

Activity: Bureau of Economic Analysis
 Subactivity: Industry Economic Accounts
 Program Change: Incorporate R&D into the GDP Accounts

Title	Grade	Number	Annual Salary	Total Salary
Senior Economist	15	2	128,453	256,906
Senior Economist	14	2	109,203	218,406
Economist	13	1	92,410	92,410
Economist	12	1	77,711	77,711
Economist	11	2	64,841	129,682
Economist	9	1	53,592	53,592
Economist	7	4	43,809	175,236
Computer Specialist	12	2	79,439	158,878
Total		<u>15</u>		<u>1,162,821</u>
Lapse Adjustment		<u>4</u>		<u>(290,705)</u>
Total Full-time permanent (FTE)		11		872,116

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: Industry Economic Accounts
 Program Change: Incorporate R&D into the GDP Accounts

		2008 Increase/ (Decrease)
11.0	Personnel compensation	
11.1	Full-time permanent	872
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel service payments	0
	Total personnel compensation	872
12.1	Civilian personnel benefits	284
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	35
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	6
25.1	Advisory and assistance services	59
25.2	Other services	418
25.3	Purchases of goods and services from Government accounts	169
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	32
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	28
31.0	Equipment	158
32.0	Land and structures	0
33.0	Investments and loans	0
43.0	Interest and dividends	0
44.0	Refunds	0
	TOTAL OBLIGATIONS	2,080

Department of Commerce
 Economic and Statistical Analysis Budget – Salaries and Expenses
 Bureau of Economic Analysis / Economics and Statistics Administration
 Decrease for FY 2008
 (Thousands of dollars)

	FY 2008 Base		FY 2008 Estimate		FY 2008 Increase/Decrease	
	<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>	<u>FTE</u>	<u>Dollars</u>
Policy Support Infrastructure Decrease	19	4,096	15	3,596	(4)	(500)

This decrease reflects the efforts of the Economics and Statistics Administration to improve the efficiency of their support to the Secretary, the Administration and other stakeholders and their executive management of the Bureau of Economic Analysis and the Bureau of the Census. This proposal will streamline the information technology and administrative support functions within the Economics and Statistics Administration.

Despite this reduction in funding and staffing, ESA will continue to provide valuable economic analysis and advice to the Secretary of Commerce and the Administration in areas including pension reform, innovation, trade and measuring the impacts of policy proposals, natural and man-made disasters, and prices on the economy. ESA will continue to work on pension reform through the Pension Benefit Guaranty Corporation. In FY 2006, ESA's work in this area contributed to the Pension Protection Act of 2006. ESA will lead the Department's efforts to measure the impact of innovation in the economy with a blue-ribbon Advisory Committee, composed of leaders from the private sector and experts from academia. ESA will continue its work with U.S.-China Joint Commission on Commerce and Trade with the goal of improved bilateral trade with China. In FY 2006, ESA provided economic analysis on several events including quarterly reports on the impact of the Gulf Coast hurricanes and the subsequent recovery, the potential impact of immigration reform including the effect of the withdrawal of illegal immigrants from the workforce, a report of the macroeconomic effects of higher oil and natural gas prices, the potential economic impacts of a pandemic flu, and the effect of taxes and transfers of economic well-being. ESA's economists will continue to quantify and add value to the most critical policy debates affecting the economy in the future.

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

Activity: Policy Support
 Subactivity: Policy Support
 Program Change: Policy Support Infrastructure Decrease

Title	Grade	Number	Annual Salary	Total Salary
Senior Communications Specialist	15	(1)	(145,277)	(145,277)
Economist	13	(1)	(80,398)	(80,398)
Computer Specialist	14	(1)	(95,006)	(95,006)
Computer Specialist	13	(1)	(80,398)	(80,398)
Total		<u>(4)</u>		<u>(401,079)</u>
Lapse Adjustment		<u>0</u>		<u>0</u>
Total Full-time permanent (FTE)		(4)		(401,079)

Personnel Data

Full-time Equivalent Employment:		
Full-time permanent		(4)
Other than full-time permanent		0
Total		(4)
Authorized Positions:		
Full-time permanent		(4)
Other than full-time permanent		0
Total		(4)

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: Policy Support
 Subactivity: Policy Support
 Program Change: Policy Support Infrastructure Decrease

	2008 Increase/ (Decrease)
11.0 Personnel compensation	
11.1 Full-time permanent	(401)
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel service payments	0
Total personnel compensation	(401)
12.1 Civilian personnel benefits	(99)
13.0 Benefits for former personnel	0
21.0 Travel and transportation of persons	0
22.0 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, utilities and miscellaneous charges	0
24.0 Printing and reproduction	0
25.1 Advisory and assistance services	0
25.2 Other services	0
25.3 Purchases of goods and services from Government accounts	0
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	0
25.8 Subsistence and support of persons	0
26.0 Supplies and materials	0
31.0 Equipment	0
32.0 Land and structures	0
33.0 Investments and loans	0
43.0 Interest and dividends	0
44.0 Refunds	0
TOTAL OBLIGATIONS	(500)

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	2006 Actual	2007 Estimate	2008 Base	2008 Estimate	2008 Increase/ (Decrease)
11 Personnel compensation					
11.1 Full-time permanent	41,893	42,239	43,224	43,695	471
11.3 Other than full-time permanent	776	783	796	796	0
11.5 Other personnel compensation	873	893	880	880	0
11.8 Special personnel services payments	0		0	0	0
11.9 Total personnel compensation	43,542	43,915	44,900	45,371	471
12.1 Civilian personnel benefits	10,393	10,475	11,094	11,279	185
13 Benefits for former personnel	0	0	0	0	0
21 Travel and transportation of persons	891	894	891	926	35
22 Transportation of things	23	22	22	23	1
23.1 Rental payments to GSA	5,048	5,120	5,183	5,183	0
23.2 Rental payments to others	0		0	0	0
23.3 Communications, utilities and miscellaneous charges	425	430	437	455	18
24 Printing and reproduction	159	158	160	166	6
25.1 Advisory and assistance services	353	355	373	432	59
25.2 Other services	4,708	4,743	6,576	6,994	418
25.3 Purchases of goods and services from Government accounts	11,203	11,327	11,297	11,466	169
25.4 Operation of GOCOs	0	0	0	0	0
25.5 Research and development contracts	0	0	0	0	0
25.6 Medical care	0	0	0	0	0
25.7 Operation and maintenance of equipment	159	159	160	192	32
25.8 Subsistence and support of persons	0	0	0	0	0
26 Supplies and materials	1,355	1,369	1,369	1,397	28
31 Equipment	938	950	958	1,116	158
41 Grants, subsidies and contributions	0	0	0	0	0
43 Interest and dividends	0	0	0	0	0
44 Refunds	0	0	0	0	0
99 TOTAL OBLIGATIONS	79,197	79,917	83,420	85,000	1,580
Less, prior year recoveries and refunds	(501)				
Less, prior year unobligated balance	(646)	(1,199)			
Plus, unobligated balance, EOY	199				
Plus, unobligated balance, expiring	29				
TOTAL BUDGET AUTHORITY	78,278	78,718	83,420	85,000	1,580

Personnel Data	2006 Actual		2008 Base	2008 Estimate	2008 Increase/ (Decrease)
Full-Time Equivalent Employment:					
Full-time permanent	488		508	515	7
Other than full-time permanent	18		18	18	0
Total	506		526	533	7
Authorized Positions:					
Full-time permanent	524		526	537	11
Other than full-time permanent	24		24	24	0
Total	548		550	561	11

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

		2008 Adjustments to Base	2008 Base	2008 Estimate	2008 Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	0	0	0
	Senior executive service	0	2,059	2,059	0
	General schedule	1,621	41,165	41,636	471
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Examiners of patent appeals (P.L. 82-593, 98-622)	0	0	0	0
	Examiners of trademark appeals (P.L. 98-622)	0	0	0	0
	Senior foreign service	0	0	0	0
	Foreign service staff	0	0	0	0
	Foreign service nationals	0	0	0	0
	Consultants & experts	0	0	0	0
	Students	0	0	0	0
	Subtotal	1,621	43,224	43,695	471
11.3	Other than full-time permanent				
	General schedule	25	796	796	0
	Wage board	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	25	796	796	0
11.5	Other personnel compensation				
	Overtime	0	58	58	0
	SES performance awards	0	167	167	0
	Cash awards	0	655	655	0
	Merit pay awards	0	0	0	0
	Subtotal	0	880	880	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	1,646	44,900	45,371	471

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

	2008 Adjustments to Base	2008 Base	2008 Estimate	2008 Increase/ (Decrease)
12.1 Civilian personnel benefits				
Civil service retirement	-47	805	798	(7)
Federal employees' retirement	225	3,559	3,591	32
Thrift savings plan	91	1,397	1,410	13
Federal insurance contribution act - Medicare	15	1,425	1,427	2
Federal insurance contribution act - OASDI	124	477	495	18
Health insurance	183	2,569	2,595	26
Life insurance	2	67	67	0
Employees' compensation fund	178	178	203	25
Other	5	617	693	76
Subtotal	776	11,094	11,279	185
13 Benefits for former personnel				
Severance pay	0	0	0	0
Unemployment compensation	0	0	0	0
Other	0	0	0	0
Subtotal	0	0	0	0
21 Travel and transportation of persons				
Common carrier	0	645	670	25
Mileage	0	6	6	0
Per diem/actual	10	200	208	8
Vehicular	0	2	2	0
Other	0	38	40	2
Subtotal	10	891	926	35
22 Transportation of things				
[Overseas estimates]	0	22	23	1
	0	0	0	0
23.1 Rental payments to GSA	140	5,183	5,183	0
23.2 Rental payments to others	0	0	0	0

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

	2008 Adjustments to Base	2008 Base	2008 Estimate	2008 Increase/ (Decrease)
23.3				
Communications, utilities and miscellaneous charges				
Rental of ADP equipment	0	0	0	0
Rental of office copying equipment	0	0	0	0
Other equipment rental	0	5	5	0
Federal telecommunications system	0	9	9	0
Other telecommunications services	0	238	248	10
Postal Service by USPS	8	23	24	1
Other	5	162	169	7
Subtotal	13	437	455	18
24				
Printing and reproduction				
Publications	2	116	119	3
Public use forms	0	29	29	0
Envelopes	0	1	1	0
Other	2	14	17	3
Subtotal	4	160	166	6
25.1				
Advisory and assistance services				
Management and professional support services	1	16	16	0
Studies, analyses, and evaluation	11	178	237	59
Engineering and technical services	11	179	179	0
[Overseas estimates]	0	0	0	0
Subtotal	23	373	432	59
25.2				
Other services				
Training				
University	11	393	399	6
Other	20	697	733	36
ADP services	13	457	464	7
Telecommunications services	0	0	0	0
Other non-government contracts	91	3,113	3,478	365
Other	5	1,916	1,918	2

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

	2008 Adjustments to Base	2008 Base	2008 Estimate	2008 Increase/ (Decrease)
Subtotal	140	6,576	6,994	418
25.3 Purchases of goods and services from Government accounts				
Office of Personnel Management Training	2	243	247	4
GSA reimbursable services	0	0	0	0
National Archives and Record Administration	1	1	1	0
Payments to GA, WCF	77	2,730	2,770	40
Other government accounts	60	8,323	8,448	125
Subtotal	140	11,297	11,466	169
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	3	160	192	32
25.8 Subsistence and support of persons	0	0	0	0
26 Supplies and materials				
Office supplies	2	140	143	3
ADP supplies	17	1,078	1,100	22
Other	2	151	154	3
Subtotal	21	1,369	1,397	28
31 Equipment				
Office machines and equipment	3	134	156	22
ADP hardware	14	614	715	101
ADP software	1	25	29	4
Other	4	185	216	31
Subtotal	22	958	1,116	158
43 Interest and Dividends	0	0	0	0
99 TOTAL OBLIGATIONS	2,938	83,420	85,000	1,580
TOTAL BUDGET AUTHORITY	2,938	83,420	85,000	1,580

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
SUMMARY OF INFORMATION TECHNOLOGY RESOURCES
 (Dollar amounts in thousands)
 (Budget Authority)

IT Projects by activity/subactivity: with totals by activity					
<u>Unique Project Identifier</u>	<u>IT Investment Title</u>	2006 Actual	2007 Estimate	2008 Estimate	2008 Increase/ (Decrease)
Bureau of Economic Analysis					
006-08-01-24-01-5252-00-315-181	BEA Estimation Information Technology System	9,525	8,972	9,151	179
006-08-03-00-02-5251-00-202-070	BEA Information Technology Infrastructure	2,497	2,467	2,512	45
006-08-03-00-02-5250-00-202-070	BEA Information Technology Architecture	42	43	44	1
Total, Bureau of Economic Analysis		12,064	11,482	11,707	225
Policy Support					
006-00-01-00-00-0000-00	ESA Statistical System Maintenance and Improvement	509	512	398	(114)
006-00-02-00-00-0000-00	ESA Infrastructure and Office Automation	568	685	440	(245)
006-00-03-00-00-0000-00	ESA Enterprise Architecture and Planning	108	119	91	(28)
Total, Policy Support		1,185	1,316	929	(387)
TOTAL		13,249	12,798	12,636	(162)

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, \$85,000,000 to remain available until September 30, 2009, including not to exceed \$1,000 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 2006	FY 2007	FY 2008
	Actual	Estimate	Estimate
	Amount	Amount	Amount
Management and Professional Services	15	15	16
Special Studies and Analyses	168	167	237
Engineering and Technical Services	170	168	179
TOTALS.....	353	350	432

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 2006 Actual Amount	FY 2007 Estimate Amount	FY 2008 Estimate Amount
Periodicals	\$77	\$78	\$79
Pamphlets	\$28	\$28	\$29
Audiovisual Services	\$8	\$8	\$8
TOTALS	\$112	\$114	\$116

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 the public Web site, www.bea.gov, which provides a comprehensive set of data tables, economic indicator releases, methodology papers, the BEA Strategic Plan, and other key information developed by BEA, all presented in a downloadable electronic format for easy access by BEA's customers (see table in Exhibit 3a). Another important means of disseminating information assembled by BEA is through preparation and public distribution of periodicals, reports, pamphlets, and related printed or audiovisual materials. BEA has developed an effective portfolio of these communications tools that maximize public access to economic account information. BEA uses a variety of dissemination channels, including paper as well as electronic, to ensure that customers have convenient access to this information in a format most suitable for 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 publication 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 that

collectively serve as an expert 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 one or two per year) that focus on key topics within these accounts over multiple-year periods, such as to re-establish benchmark data or produce data revisions. In FY 2006, the *Local Area Personal Income Methodology* and *the State Personal Income 2004 Methodology* were published.

Pamphlets and other publications – Each year BEA produces and distributes a variety of publications that support communication of our mission and 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. Representative of these products are the BEA brochure, the BEA Strategic Plan, the BEA Customer Service Guide, economic account fact sheets, release schedules, instructional literature on using BEA data, and the BEA Customer Satisfaction Report.

Audiovisual products - BEA annually produces and disseminates one or two CD-ROM products covering regional economic data. These products contain explanatory information and extensive tables that are provided to customers (particularly local and state governments) upon request, which makes it easier for them to incorporate this data into their own products rather than downloading the data from the web site.

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

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Average ES Salary	\$153,534	\$156,604	\$161,302
Average GS/GM Grade	11.9	11.9	11.9
Average GS/GM Salary	\$83,936	\$85,909	\$88,314