

**STATEMENT OF CHAIRMAN DAN MILLER (FL-13)
SUBCOMMITTEE ON THE CENSUS HEARING**

April 5, 2001

Good afternoon. I've called this hearing today to examine the function and needs of a relatively small, but significant federal player in providing policy-makers and the public a timely and accurate picture of national and international economic activity.

The Bureau of Economic Analysis, or BEA, is a statistical agency within the Commerce Department's Economic and Statistics Administration. It has a budget of close to \$50 million, and employs approximately 445 people. It produces, among other things, one of our nation's primary economic indicators — the Gross Domestic Product -- or GDP — something we will be looking at closely today.

BEA also produces estimates and analyses of personal income, population, and employment for regions, States, metropolitan areas, and counties. BEA helps define the international economic picture by producing the U.S. Balance of Payments. Additionally, it measures U.S. direct investment abroad and foreign direct investment in the United States.

In information provided to the subcommittee by BEA, it is clear that BEA's statistics are heavily relied upon by government and industry. For example:

- The Congressional Budget Office and the Office of Management and Budget rely on BEA estimates of economic growth to make Federal budget projections.
- BEA's regional income and product estimates are used to allocate more than \$100 billion annually in Medicaid and other federal grants to States.
- Virtually all States use BEA data in their tax projections, infrastructure planning, and allocations of State funds to counties.
- BEA's national, international, and regional estimates are essential inputs to private sector business forecasts and production and investment plans.
- Business associations use BEA's national and regional data by industry to gauge the economic health of association members.
- Financial planners use BEA's income and saving data, as well as the growth of GDP and its components, to develop and assess investment and retirement planning strategies.

Today we will examine BEA to give Congress and the public a better understanding of this agency's important functions, with a particular focus on the accuracy of the Gross Domestic Product. We also hope to learn of some of the issues BEA faces in its challenge to produce vivid, accurate, and timely snapshots of our rapidly changing economy.

We have invited a number of witnesses to help us look at BEA today. On panel one, we will hear

from the Director of the Bureau, Mr. Steven Landefeld, and from Mr. Frederick Knickerbocker of the Census Bureau, a key survey-taker and data provider to the BEA. On panel two we will hear from economists and officials in business, government, and academia, who have been asked to speak to BEA's role, the accuracy of the GDP, and the issues they see are important to this agency.

I welcome and thank you all for joining us today and look forward to your testimony.