

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

Budget Estimates

Fiscal Year 2012

As Presented to CONGRESS

February 2011



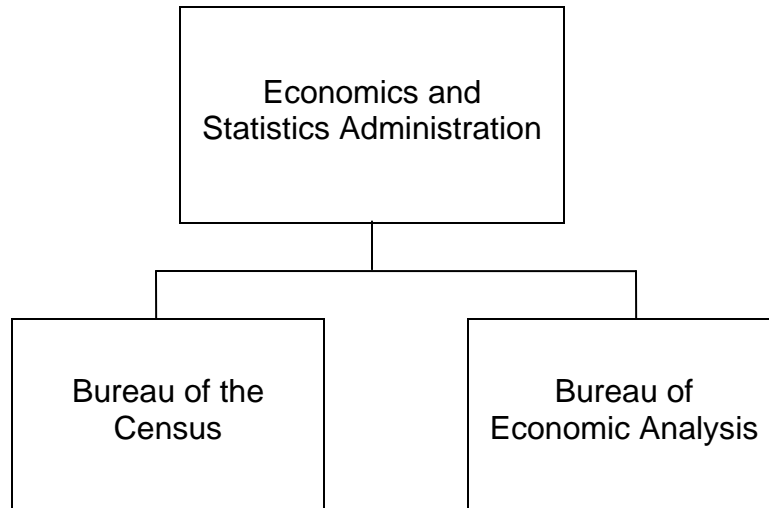
**Economic and Statistical Analysis Budget
Economics and Statistics Administration / Bureau of Economic Analysis
Budget Estimates, Fiscal Year 2012
Congressional Submission**

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

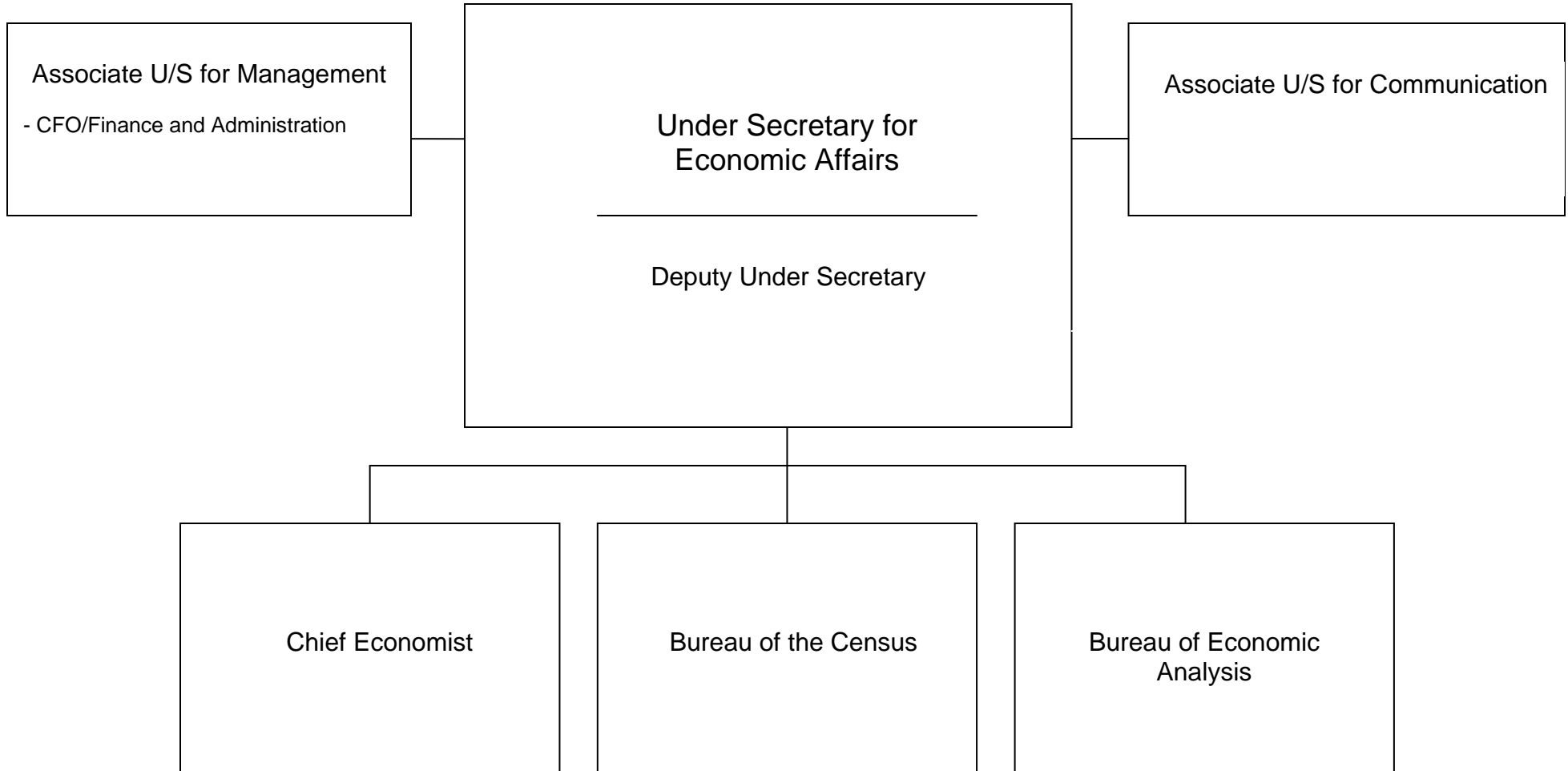


The Economics and Statistics Administration (ESA) includes ESA Headquarters, the Bureau of Economic Analysis (BEA) and the Bureau of the Census. The Bureau of the Census budget is submitted separately.

ESA Headquarters (Policy Support) staff consists of the Office of the Under Secretary for Economic Affairs, policy support staff, 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.

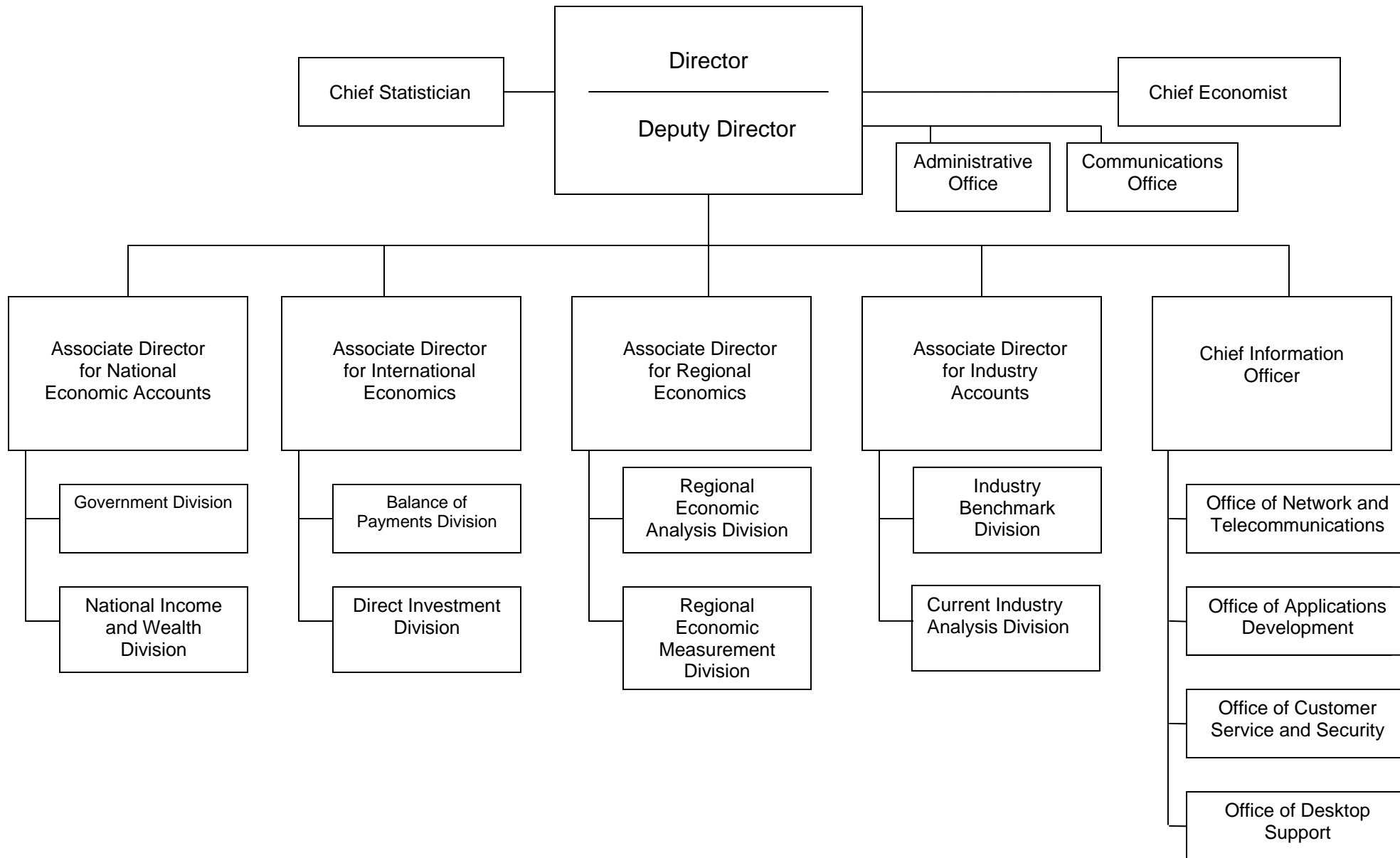
The Bureau of Economic Analysis (BEA), a principal Federal statistical agency, promotes a better understanding of the U.S. economy by providing timely, relevant, and accurate economic accounts data in an objective and cost-effective manner. BEA's national, industry, regional, and international economic accounts present valuable 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, GDP by state and by metropolitan area, 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; 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.

Economics and Statistics Administration



Bureau of Economic Analysis

Exhibit 2



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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 2011 Enacted:</u> \$97.3 million	<u>FY 2012 Request:</u> \$112.9 million	<u>Permanent positions:</u> 606	<u>FTEs:</u> 565
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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 the 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 Bureau of Economic Analysis is the largest component of the Economic and Statistical Analysis budget and accounts for 97 percent of the FY 2012 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 policy makers, business leaders, and the American public. All of BEA’s programs and activities fully support the Departmental goal to “maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.”

For FY 2012, BEA is requesting a total of \$108.8 million to continue to improve the timeliness, relevance, and accuracy of the national economic accounts. Base funds will be used for work outlined in the BEA Strategic Plan, which provides a detailed plan for maintaining and improving those accounts. For FY 2012, BEA is requesting support for four initiatives:

A New Economic Dashboard- \$5.2 million for an initiative to expand and realign the statistical coverage of the business, government, and international sectors and to develop new data series that, together, will create an “Economic Dashboard” of detail on economic sectors and the drivers of economic growth;

Everyday Economics- \$3.9 million for an initiative to create a new suite of measures of household income, expenses, debt, and savings—including statistics on State-level personal consumption expenditures, alternative measures of disposable personal income, and greater detail on the nature of household wealth;

Modernization of Statistical Production- \$3.0 million to improve and modernize BEA’s outdated and disparate statistical production technology infrastructure and processing systems; and

Energy’s Economic Impact- \$1.2 million to extend the U.S. economic accounts to include new and expanded statistics on energy usage.

Also included in the FY 2012 request:

A reduction of \$1.0 million to scale back county-level statistical production which will help ensure the data most relevant to the economic challenges of today is available to BEA’s customers;

A reduction of \$0.6 million in administrative savings and efficiencies representing reductions to ESA and BEA’s funding with the goal of helping to reduce overall spending by the Federal government.

ESA’s economic policy support is provided by the ESA headquarters staff which consists of the Office of the Under Secretary for Economic Affairs, policy support staff led by the Chief Economist, and support personnel. In FY 2012, ESA policy support is requesting a total of \$4.1 million to provide leadership and critical oversight of the Census Bureau and Bureau of Economic Analysis, and to advance U.S. goals related to growing the economy, supporting trade, and fostering innovation.

ESA provided valuable economic analysis and advice to the Secretary of Commerce and the Administration throughout the past year and plans to continue this level of support in areas such as intellectual property, the competitiveness of the U.S. economy, innovation and trade. ESA will also measure the economic impacts of policy proposals, natural and man-made disasters, and prices on the Nation’s economy like the work completed for the Gulf Coast region estimating the economic impact of the Deepwater Horizon oil spill and the drilling moratorium. The Under Secretary will continue work on pension reform through the Pension Benefit Guaranty Corporation. ESA continues its work through the U.S.-China Joint Commission on Commerce and Trade to improve bilateral trade with China. ESA 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.

Other Required Information

This request includes no funding for education and training of the acquisition workforce. ESA and BEA receive acquisition services through a service-level agreement from the U.S. Census Bureau, so neither ESA nor BEA employs any acquisition professionals.

This request includes no funding for energy conservation measures. ESA and BEA are tenants leasing space from GSA in buildings located in Washington, D.C.

The Department of Commerce, along with its operating units, supports and is an active participant in the Government-wide e-Government initiatives and lines of business. Each initiative or line of business is managed by another federal agency, such as the General Services Administration, and were implemented in part to avoid redundancy and duplication of government-wide activities such as rulemaking, human resource servicing, financial management, grants management, etc. The e-government initiatives and lines of business play a key role in Commerce's enterprise architecture, particularly for Department-wide administrative systems. These initiatives and lines of business promote internal Commerce efficiency in acquisition and other administrative activities. Commerce external customers benefit from a single source for grant postings, grant application submission and applying for Commerce benefit programs. Commerce e-government participation provides better services to the citizen, promotes transparency, and actively supports our stakeholders in the business community.

Conclusion

The rapid growth, increasing complexity, and changing structure of the American economy make it increasingly important for policy 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 2012 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 □

<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 – Comprehensive and timely monthly statistics on 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 statistics on corporate earnings. These statistics are an important baseline for businesses and individuals in judging corporate earnings.</p> <p>Fixed Assets – Comprehensive statistics on U.S. wealth including capital stocks, consumer durable goods, and depreciation. These statistics 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 statistics 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 statistics 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 GDP by State to allocate over \$226 billion in Medicaid and other grants to states. States use state personal income to project tax receipts and set spending caps.</p> <p>Gross Domestic Product (GDP) by State and by Metropolitan Area – GDP by State shows the portion of the Nation's output produced in each state and the portion of each industry's output by state; it is used to distribute Federal grants to states. GDP by Metropolitan Area statistics are useful for determining the overall size and growth of metropolitan economies.</p> <p>Regional Input-Output Multipliers – These statistics 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
Economics and Statistics Administration/ Bureau of Economic Analysis

FY 2011 Annual Performance Plan

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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.

Corresponding DOC Strategic Goal and Performance Objective

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). BEA produces some of the Nation's most trusted, closely-watched national, international, regional, and industry economic statistics, including the gross domestic product (GDP). BEA's economic statistics provide a comprehensive picture of the U.S. economy and are key ingredients to critical decisions affecting fiscal and monetary policy, tax and budget projections, and household and business investment plans.

BEA's mission statement reflects its commitment to achieve its performance outcome as detailed in the Science and Information Theme, Objective 14.

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

Theme:
Science and Information

Objective 14:
Improve understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted and accurate data, standards and services enabling entities to make informed decisions

The BEA Five-Year Strategic Plan is a comprehensive plan of action that tracks BEA's progress toward accomplishing its mission—which is its performance goal—and contributing to the completion of the Department's Strategic Goal 1. The Plan has nearly 200 detailed milestones which ensure that BEA statistics are as timely, relevant, and accurate as possible. These milestones allow managers and senior staff to plan resources and staff allocations and encourage personal accountability by connecting the achievement of milestones to individuals' annual performance plans. This direct progression, from DOC Objective 1.3 to the BEA mission and, finally, to the milestones of the BEA Five-Year Strategic Plan, reinforces the link between the first strategic goal of DOC and the employees at BEA.

Priorities / Management Challenges

This FY 2012 budget request enables BEA to: (1) maintain “core” statistical programs that produce statistics that feed into the estimation of GDP and related statistics, are required by law, and/or are required for the administration of Federal programs; (2) restore and expand foreign direct investment statistics (3) maximize the Department's ability to provide the right information at the right time in the future by expanding and realigning the statistical coverage of the business, government, and international sectors; as well as develop new data series that will better serve the statistical and regulatory communities' evolving needs and (4) begin publishing a new suite of measures of household income, expenses, debt, and savings.

BEA faces long-term challenges to its mission:

1. **Stay relevant:** Given our constantly changing economy, keeping our accounts relevant has always been one of our top challenges. To tell the “right story,” BEA must be quick to recognize and understand the changes occurring in the economy. The

most pressing public policy issues today call for new and expanded statistics that extend the GDP and related accounts beyond their long-established boundaries to address national priorities such as health care and innovation. At the same time, more detail is required within the conventional boundaries of the accounts in areas such as consumer and small business spending and debt that have significant impacts on U.S. economic growth. Also, data users have long demanded greater consistency among the federal economic accounts provided by the decentralized U.S. statistical system, and that demand has only grown stronger as the economy has become more complex. BEA as a leading statistical agency must contribute to the effort to integrate the federal economic accounts.

2. Manage for flexibility: The rapidity of the recent changes in the economy poses considerable methodological and computational challenges. In response, BEA must be flexible enough to quickly adapt its measures to changing economic conditions. As technological capabilities increase, customers expect easier access, quicker turnaround, accessible interface mechanisms. Also, BEA must make information readily available to all types of data uses. Information should be available to everyone, from the least to the most experienced data user, which requires cost-effective strategies for the continued delivery of useful information to a very diverse customer base.

3. Build future leaders: As much of BEA's senior staff nears retirement, BEA is experiencing firsthand the importance of institutional knowledge and experience. BEA is devoting itself to the preparation of a new generation of cutting-edge experts and leaders.

These challenges threaten BEA's ability to fulfill its highest priority—its mission to promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic accounts data possible. BEA's FY 2012 budget submission includes requests designed to address these challenges and allow BEA to not only maintain, but improve, its high-priority statistics.

Targets and Performance Summary / FY 2011 Target Description / Measure Descriptions / Validation and Verification

BEA has established four 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. The final measure is 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.

Timeliness Performance Objective						
Measure 1a: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
	54 of 54	57 of 58	56 of 57	61 of 55	62 of 62	TBD
Description: The importance of BEA data as an ingredient for sound economic decision making requires BEA to deliver data to decision makers and other data users not only quickly but also reliably—that is, on schedule. Each fall, BEA publishes a schedule for the release of its economic data the following year; this measure is evaluated as the number of scheduled releases issued on time. BEA has an outstanding record of releasing its economic data on schedule and on time. In FY 2010, BEA exceeded its number of planned releases. BEA published 61 data releases compared to a target of 55.						
Comments on Changes to Targets: In FY 2009, BEA delayed a release because of concerns that the statistics did not meet BEA accuracy and best practices standards. However, as the delayed release—the September release of the comprehensive revision to State Personal Income—would have reflected an acceleration of previous releases, BEA’s performance with respect to this measure is considered successful.						
Relevant Program Change(s):	Title: Modernization of Statistical Production			Exhibit 12-15 Page no: ESA - 55		

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
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 2012 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.

Customer Satisfaction Performance Objective						
Measure 1b: Score on Customer Satisfaction Survey	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
		4.3	4.2	4.2	4.4	Greater than 4.0
Description: Customer satisfaction is a critical measure of BEA’s ability to provide the types of data that are relevant, accurate, and needed by users. BEA measures the level of customer satisfaction through an on-going online survey of users. In FY 2010, BEA scored 4.4 out of a maximum of 5.0, indicating users are very satisfied with the overall quality of BEA’s products and services.						
Comments on Changes to Targets: As BEA moves forward with improving its economic statistics to reflect the unpredictable and rapidly-changing economy, it will strive to reach a customer satisfaction rating greater than 4.0 on a 5-point scale—a customer satisfaction rate of over 80%. Given the current unpredictability of the economy, a customer satisfaction rating of BEA’s ability to keep up with these changes that exceeds 80% will be a challenge to achieve.						
Relevant Program Change(s):	Title: A New Economic Dashboard Everyday Economics – The American Household Modernization of Statistical Production Energy’s Economic Impact				Exhibit 12-15 Page no: ESA - 41 ESA - 48 ESA - 55 ESA - 63	

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
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 on the BEA website.	BEA provides a copy of the survey results to OMB, the DOC Budget Office, 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 monitored quarterly and reported after the end of the fiscal year.

Accuracy Performance Objective						
Measure 1c: Percent of GDP Statistics Correct	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
		93%	94%	88%	88%	Greater than 85%
Description: This performance measure tracks BEA's ability to accurately estimate its most important statistic, the gross domestic product (GDP). This measure is a composite index of six indicators of accuracy, applied using three-year rolling averages to develop a single measure of the correctness of the GDP statistics. BEA exceeded this target with a score of 88% in FY 2010.						
Comments on Changes to Targets: BEA's GDP statistics are recognized world-wide as the most timely and accurate national statistics available. However, the economy--in particular the service sector (which includes finance, insurance, and real estate)--is in a significant state of flux, and this is not likely to end in the immediate future. Also, during turning points in the economy, our studies illustrate an increased likelihood of revisions, largely due to volatility in the source data. Given this, a goal of 85% accuracy in the GDP statistics may be challenging to achieve.						
Relevant Program Change(s):	Title: Modernization of Statistical Production Energy's Economic Impact				Exhibit 12-15 Page no: ESA - 55 ESA - 63	

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
Data used for this measure are produced by BEA and made available in press releases; in our monthly publication, the <i>Survey of Current Business</i> (SCB); and on the Website: www.bea.gov . Background research studies are published in the SCB.	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.	Research to calculate the new measure will be conducted, following the completion of the annual revisions, in August 2009.

Improved GDP and Economic Accounts Performance Objective						
Measure 1d: Complete all major Strategic Plan milestones related to improving the economic accounts	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2012 Target
		Related milestones completed.	Related milestones completed.	Related milestones completed.	Related milestones completed.	Successfully complete related milestones.
<p>Description: BEA must continually update its economic accounts to keep pace with the ever-changing U.S. and global economies. The BEA Five-Year Strategic Plan tracks BEA’s progress toward achieving the milestones related to this measure. In FY 2010, BEA completed all of its major milestones related to improving GDP and the economic accounts and expects to meet this target in current and future years.</p>						
<p>Comments on Changes to Targets: BEA must continually update its economic accounts to keep pace with the ever-changing U.S. and global economies. The BEA five-year Strategic Plan tracks BEA’s progress toward achieving the milestones related to this measure. In FY 2011, BEA will implement new flexible revision procedures; incorporate improved source data and methods; and continue implementation of new IT processing systems.</p>						
<p>Relevant Program Change(s):</p>	<p>Title: A New Economic Dashboard Everyday Economics – The American Household Modernization of Statistical Production</p>				<p>Exhibit 12-15 Page no: ESA - 41 ESA - 48 ESA - 55</p>	

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
The BEA five year 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 five year Strategic Plan.

FY 2012 Program Changes

Program Change:	Accompanying GPRA		Base		Increase/Decrease		Exhibit 12-15 Page #
	APP Page #.	Performance Measure	FTE	Amount	FTE	Amount	
A New Economic Dashboard	ESA – 16,19	1b, 1d	0	0	21	5,198	ESA – 41
Everyday Economics – The American Household	ESA – 16,19	1b, 1d	0	0	15	3,870	ESA – 48
Modernization of Statistical Production	ESA -15,16,17,19	1a, 1b, 1c, 1d	47	12,656	0	2,952	ESA – 55
Energy's Economic Impact	ESA – 16,17	1b, 1c	0	0	8	1,200	ESA – 63

Resource Requirements Table

(Dollars in millions)

	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	Annualized 2011 CR Level	FY 2012 Base	Increase / (Decrease)	FY 2012 Request
Total Funding	87.0	88.4	98.7	106.2	105.2	108.9	11.7	120.6
Direct	79.9	81.6	91.1	98.0	97.4	101.2	11.7	112.9
Reimbursable ¹	7.1	6.8	7.6	8.2	7.8	7.7	0.0	7.7
IT Funding	11.3	12.4	16.9	16.8	12.7	12.7	3.2	15.9
FTE ²	536	524	529	541	553	563	39	602

¹ Reimbursable include ESA, BEA, and STAT–USA through 2010. STAT-USA operations were discontinued in FY 2011

² Total FTE includes ESA, BEA, and STAT–USA FTE through 2010. STAT-USA operations were discontinued in FY 2011.

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

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		
Annualized 2011 CR Level							537	523	97,255	97,413		
less: Unobligated Balance, start of year										(158)		
plus: 2012 Adjustments to base							3	3	3,989	3,989		
2012 Base							540	526	101,244	101,244		
less: Administrative Cost Savings									(511)	(511)		
plus: 2012 Program changes							53	39	12,204	12,204		
2012 Estimate							593	565	112,937	112,937		
Comparison by activity/subactivity		2010 Actual		Annualized 2011 CR Level		2012 Base		2012 Estimate		2012 Increase/ (Decrease)		
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	
Bureau of Economic Analysis..... Pos/BA		495	93,431	519	93,431	522	97,150	575	108,843	53	11,693	
FTE/Obl.		487	94,070	505	93,484	508		547		39		
Policy support..... Pos/BA		15	3,824	18	3,824	18	4,094	18	4,094	-	-	
FTE/Obl.		15	3,958	18	3,929	18		18		-		
TOTALS..... Pos/BA		510	97,255	537	97,255	540	101,244	593	112,937	53	11,693	
FTE/Obl.		502	98,028	523	97,413	526		565		39		
Adjustments to Obligations												
Recoveries and Refunds			(780)									
Unobligated Balance, start of year			(178)	(158)								
Unobligated balance transferred												
Unobligated Balance, end of year			158									
Unobligated Balance, rescission												
Unobligated balance expiring			27									
Appropriation		502	97,255	523	97,255	526	101,244	565	112,937	39	11,693	

Note: The distribution of administrative savings reflected in this exhibit are based on current estimates. As the review and implementation processes proceed, the distribution of these savings may change the funding levels for these line items.

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

Comparison by activity	2010 Enacted	2011 Annualized CR	2012 Base	2012 Estimate	2012 Increase/ (Decrease)
Total Obligations	104,610	105,179	108,905	120,598	11,693
Offsetting collections from:					
Federal Funds	(6,266)	(7,566)	(7,461)	(7,461)	0
Trust funds	0	0	0	0	0
Non-Federal sources	(190)	(200)	(200)	(200)	0
Recoveries and Refunds	(780)	0	0	0	0
Unobligated balance direct, start of year	(178)	(158)	0	0	0
Unobligated balance reimbursable, start of year	(126)	0	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance direct, end of year	158	0	0	0	0
Unobligated balance reimbursable, end of year	0	0	0	0	0
Unobligated balance expiring	27	0	0	0	0
Budget Authority	97,255	97,255	101,244	112,937	11,693
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	97,255	97,255	101,244	112,937	11,693

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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>Restoration of base</u>	3	1,730
<u>Civil Service Retirement System (CSRS)</u>		(66)
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 15.0% in FY 2011 to 16.7% in FY 2012. The contribution rate will remain 7.0%.		
FY 2012 (\$55,728,000 x .15 x .07)	585,144	
FY 2011 (\$55,728,000 x .167 x .07)	651,460	
Total adjustment to base	(66,316)	
<u>Federal Employees Retirement System (FERS)</u>		111
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 83.3% in FY 2011 to 85.0% in FY 2012. The contribution rate remains 11.7%.		
FY 2012 (\$55,728,000 x .85 x .117)	5,542,150	
FY 2011 (\$55,728,000 x .833 x .117)	5,431,307	
Total adjustment to base	110,843	
<u>Thrift Savings Plan (TSP)</u>		44
The cost of agency contributions to the Thrift Savings Plan will rise as FERS participation increases. The contribution rate based on actual performance is 4.6%.		
FY 2012 (\$55,728,000 x .85 x .046)	2,178,965	
FY 2011 (\$55,728,000 x .833 x .046)	2,135,386	
Total adjustment to base	43,579	
<u>Federal Insurance Contribution Act (FICA)</u>		(24)
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 \$106,800 in FY 2011 to \$110,175 in FY 2012. The OASDI tax rate will remain 6.2% in FY 2012.		
<u>Full-time and part-time salaries</u>		
FY 2012 (\$55,728,000 x .85 x .907 x .062)	2,663,737	
FY 2011 (\$55,728,000 x .833 x .934 x .062)	2,688,172	
	(24,435)	
<u>Other salaries</u>		
FY 2012 (\$66,000 x .85 x .907 x .062)	3,155	
FY 2011 (\$66,000 x .833 x .934 x .062)	3,184	
	(29)	
<u>Health Insurance</u>		246
Effective January 2010 the cost of the ESA's contribution to the Federal employees' health insurance premium increased by 7.6%. Applied against the FY 2011 estimate of \$3,243,000, the additional amount requested is \$246,468.		

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>Employee's Compensation Fund</u> The Employee's Compensation Fund is based on the actual billing from the Department of Labor.		(3)
<u>Rental payments to GSA</u> GSA rates are projected to increase over the FY 2011 estimate for maintaining currently occupied space. Further, in order for BEA to renew its lease, GSA requires funds be available for renovation and build-out of currently occupied space. This results in an increase of \$1,456,159.		1,456
<u>Mileage</u> Changes to the Federal Travel Regulations on January 1, 2010 decreased the rate of privately-owned automobiles from 55 cents to 50 cents. This represents a 9% decrease. The percentage was applied to the FY 2011 mileage estimate of \$7,000 for a decrease of \$630.		(1)
<u>Per Diem</u> Effective October 1, 2009, the General Services Administration changed per diem rates. The standard increase of 6.4% was applied to the 2011 estimate of \$298,000 to arrive at an increase of \$19,072.		19
<u>GPO Printing</u> GPO has provided an estimated rate increase of 1.2%. This percentage was applied to the 2011 estimate of \$260,000 to arrive at an increase of \$3,120.		3
<u>National Archives & Records Administration</u> The National Archives and Records Administration (NARA) projects storage costs will increase in price by \$2,000 for ESA.		2
<u>Working Capital Fund</u> This reflects the net change for the Department's Working Capital Fund. It includes \$107,000 in administrative savings and \$156,000 to fund cost increases in the WCF.		49
<u>General Pricing Level Adjustment</u> This request applies a 1.2% general pricing adjustment based on OMB economic assumptions for FY 2012 to object classes where the prices that the Government pays are established through the market system. Factors are applied to the following:		
Communications, utilities and miscellaneous charges This includes the general pricing adjustment applied to a base of \$172,000 (excluding utilities) for an increase of \$2,000 plus a price increase of \$50,000 for GSA Electricity.		52
Other services		309
Supplies and materials		26
Equipment		36
Total, Estimated Cost Changes	3	3,989
Total, Adjustments to Base	3	3,989

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	2010 Actual		Annualized 2011 CR Level		2012 Base		2012 Estimate		2012 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
National Economic Accounts..... Pos/BA	141	33,321	149	33,321	149	34,666	174	40,905	25	6,239
FTE/Obl.	139	31,235	145	33,340	145		163		18	
Direct Obligations..... Pos/BA	141	33,321	149	33,321	149	34,666	174	40,905	25	6,239
FTE/Obl.	139	31,235	145	33,340	145		163		18	

Activity: Bureau of Economic Analysis
 Subactivity: International Economic Accounts

Comparison by line item	2010 Actual		Annualized 2011 CR Level		2012 Base		2012 Estimate		2012 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
International Economic Accounts.. Pos/BA	181	28,842	184	28,842	184	29,959	184	30,692	-	733
FTE/Obl.	178	32,652	180	28,858	180		180		-	
Direct Obligations..... Pos/BA	181	28,842	184	28,842	184	29,959	184	30,692	-	733
FTE/Obl.	178	32,652	180	28,858	180		180		-	

Note: The distribution of administrative savings reflected in this exhibit are based on current estimates. As the review and implementation processes proceed, the distribution of these savings may change the funding levels for these line items.

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	2010 Actual		Annualized 2011 CR Level		2012 Base		2012 Estimate		2012 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Regional Economic Accounts..... Pos/BA	98	17,315	110	17,315	113	17,961	116	18,622	3	661
FTE/Obl.	97	16,819	106	17,325	109		112		3	
Direct Obligations..... Pos/BA	98	17,315	110	17,315	113	17,961	116	18,622	3	661
FTE/Obl.	97	16,819	106	17,325	109		112		3	

Activity: Bureau of Economic Analysis
 Subactivity: Industry Economic Accounts

Comparison by line item	2010 Actual		Annualized 2011 CR Level		2012 Base		2012 Estimate		2012 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Industry Economic Accounts Pos/BA	75	13,953	76	13,953	76	14,564	101	18,624	25	4,060
FTE/Obl.	73	13,364	74	13,961	74		92		18	
Direct Obligations..... Pos/BA	75	13,953	76	13,953	76	14,564	101	18,624	25	4,060
FTE/Obl.	73	13,364	74	13,961	74		92		18	

Note: The distribution of administrative savings reflected in this exhibit are based on current estimates. As the review and implementation processes proceed, the distribution of these savings may change the funding levels for these line items.

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	2010 Actual		Annualized 2011 CR Level		2012 Base		2012 Estimate		2012 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy support..... Pos/BA	15	3,824	18	3,824	18	4,094	18	4,094	-	-
FTE/Obl.	15	3,958	18	3,929	18		18		-	
Direct Obligations..... Pos/BA	15	3,824	18	3,824	18	4,094	18	4,094	-	-
FTE/Obl.	15	3,958	18	3,929	18		18		-	

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Department of Commerce
Economic and Statistical Analysis Budget
Economics and Statistics Administration/Bureau of Economic Analysis

APPROPRIATION ACCOUNT: ECONOMICS AND STATISTICS ADMINISTRATION**BUDGET ACTIVITY: ECONOMICS AND STATISTICS ADMINISTRATION**

For FY 2012, The Economics and Statistics Administration (ESA) requests an increase of \$15.7M and 42 FTE over the FY 2011 enacted level for a total of \$112.9M and 565 FTE. This increase includes \$ 4.0 million in inflationary adjustments.

BASE JUSTIFICATION FOR FY 2012:

Economics and Statistics Administration Overview

The Economics and Statistics Administration (\$112.9 million and 565 FTE) budget is organized into 2 subactivities under the ESA account,

- The Bureau of Economic Analysis (BEA) subactivity (\$108.8 million and 547 FTE) is a principal Federal statistical agency promoting better understanding of the U.S. economy by providing timely, relevant, and accurate economic accounts data in an objective and cost-effective manner. BEA's national, industry, regional, and international economic accounts present valuable 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, GDP by state and by metropolitan area, 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; 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.
- The ESA Policy Support subactivity (\$4.1 million and 18 FTE) includes the Office of the Under Secretary for Economic Affairs, policy support staff, and support personnel. The Under Secretary for Economic Affairs provides leadership and critical oversight to 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.

Significant Adjustments-to-Base (ATBs):

ESA requests an increase of 3 FTE's for lapsed initiative positions and \$4.0 million to fund adjustments to current programs for BEA and Policy Support activities. The increase will provide the

inflationary increases for non-labor activities, including service contracts, utilities, and rent charges from the General Service Administration (GSA).

ADMINISTRATIVE COST SAVINGS:

The Administration is pursuing an aggressive government-wide effort to curb non-essential administrative spending called the Administrative Efficiency Initiative. In order to be good stewards of taxpayer money the Federal Government should continue to seek ways to improve the efficiency of programs without reducing their effectiveness. As such, the President directed each agency to analyze its administrative costs and identify savings where possible. After reviewing its administrative costs, ESA has identified \$511,000 in administrative savings, with an additional \$107,000 in savings identified through the Department's Working Capital Fund (see the Departmental Management Working Capital Fund section for more details). ESA has targeted a number of areas to achieve its savings. Of these savings, \$283,000 is tied to the acquisition plans for FY 2012 including savings tied to strategic sourcing for commodity buys, renegotiating contracts for better rates and reducing the scope and requirements of advisory services. Another \$228,000 in administrative savings has been identified in logistics plans and in general administrative support by curtailing personnel travel and promoting e-filing to respondents to BEA surveys to save postage fees. The \$618,000 in administrative savings identified above represent real reductions to ESA's funding level and will help reduce overall spending by the Federal government.

SUBACTIVITY: BUREAU OF ECONOMIC ANALYSIS (BEA)

The objective of BEA is to 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.

The following list describes BEA's four economic accounts and their products. BEA conducted a thorough review of all of its programs in FY 2010, and will continue to conduct these reviews in the future to ensure relevance and efficiency. The review determined that BEA's products support the core mission of the Agency and either feed into the development of GDP and other core accounts, are required by law, or are 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 foundation 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 \$300 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 the National Income and Product 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.

National Economic Accounts ([BEA: National Economic Accounts](#))

This work consists of the preparation, analysis, and publication of the National Income and Product Accounts (NIPAs), the wealth accounts, and the associated government accounts. Additionally, this program works jointly with the Industry Economic Accounts program to provide satellite accounts for innovation and intangibles.

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 personal income and savings. The wealth accounts provide statistics on physical structures, capital equipment and software, and consumer durable goods held by businesses, governments, and others. The government accounts provide statistics on Federal, state, and local government transactions in a national accounts framework. Finally, the satellite accounts for innovation and intangibles provide detail on research and development and health-care-related innovation and their impact on economic growth. BEA continuously modernizes and expands all of these accounts to improve their reliability, relevance, and their alignment with international guidelines.

The data produced by BEA include some of the Nation's most important and closely-watched economic statistics, such as the GDP, the broadest measure of economic activity. GDP is used by the White House and Congress to prepare the Federal budget, by the Federal Reserve to formulate monetary policy, by Wall Street as an indicator of economic activity, and by the business community to prepare forecasts of economic performance that provide the basis for production, investment, and employment planning.

GDP is only one among many measures found in the NIPAs; measures such as personal consumption expenditures, business investment, government spending, personal income, and corporate profits help to answer questions about the sources of economic growth and the levels and composition of the incomes resulting from that growth. These data are used to inform key policy decisions made by Congress and the Administration, and by businesses to help determine the right mix of investment to grow businesses and create jobs.

The National Economic Accounts program supports the Department's objective of improving the understanding of the U.S. economy, society and environment by providing timely, relevant, trusted and accurate data, standards and services enabling entities to make informed decisions under the theme of **Science and Information**. Specifically, the objective is supported by the comprehensive view of the United States economy and the detail on U.S. production, income, consumption, investment, saving, and international trade that is provided by the NIPAs.

The satellite accounts for innovation and intangibles, produced jointly with the Industry Economic Accounts program, support the Department's theme of **Economic Growth** and objective of promoting competitiveness of disadvantaged and distressed communities and businesses through their detailed statistics, by facilitating research into the effects of R&D and other intangibles on the economy. Analysts have long recognized the significant role played by innovation in fostering economic growth, but the detailed data to test and expand this understanding has been lacking. By providing theoretically meaningful and accurate data on intangible assets, these satellite accounts provide a key to understanding the impact of innovation—and to using this understanding to support policies that foster economic growth and the development of new businesses.

Finally, this program supports the Departmental theme of **Customer Service** and objective of promoting information access and transparency through technology, understanding customer

requirements, and creating new data products and services, by providing economic statistics that are relevant to the needs of policymakers, business decision-makers, and academics in the most timely manner; by continuously improving those data or supplementing them with new measures as economic conditions require; and by delivering those data through various accessible media.

Additional information and products can be found at <http://bea.gov/national/index.htm>

International Economic Accounts (BEA: International Economic Accounts)

This work consists of the preparation, analysis, and publication of the International Transactions Accounts (ITAs), also referred to as balance of payments accounts and International Investment Position accounts (IIPs). The ITAs 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; trade in travel, transportation, and other private services; income from 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 IIPs provide statistics on the accumulated stocks of U.S.-owned assets abroad and of foreign-owned assets in the United States, as well as statistics on the value of the net international investment position of the United States. BEA continuously modernizes and expands these accounts to improve their reliability and relevance and their alignment with international guidelines.

Economic globalization has profoundly affected patterns of cross-border trade in goods and services, the size, and location of direct investment by U.S. and foreign multinational companies (MNCs), international financial flows and asset holdings, and the sources of U.S. aid to developing countries. Policymakers and other decision makers need complete, timely, and reliable data to properly assess the impact of these trends and to develop effective policies related to trade, direct investment, financial regulation, and foreign aid. The ITAs and the IIPs provide those data. The accounts shed light on, among other things, the level of the trade balance and its rate of change; on factors that influence the trade balance; on the influence the trade balance itself has on GDP and on incomes in the United States; on the impacts of recessions abroad on U.S. exports and imports; and on the composition of international investments in the United States by foreigners and in other countries by the United States.

Under the Department's theme of **Science and Information** and the objective of improving understanding of the U.S. economy, society and environment by providing timely, relevant, trusted and accurate data enabling entities to make informed decisions, the International Economic Accounts support a comprehensive view of the position and performance of the United States within the global trade community. This program also contributes to the BEA objective to prepare and continuously improve timely and accurate international statistics to track the performance of the U.S. economy. These accounts provide detail on the relative strength of the United States with respect to trade and international investment, as well as on the value of U.S. international assets and liabilities and direct investment by multinational companies. Additionally, the data on direct investment are the most detailed data set on the operations of multinational companies available.

The theme of **Economic Growth** and the objective of promoting competitiveness of disadvantaged and distressed communities and businesses is also served by these accounts, as the international statistics provide the foundation for businesses and policymakers to make decisions that will improve the global competitiveness of the United States. BEA's objective of preparing and continuously

improving timely and accurate international statistics to foster U.S. trade is also served by this program.

Finally, this program supports the Department's **Customer Service** theme and objective of promoting information access and transparency through technology, understanding customer requirements, and creating new data products and services that deliver added value by providing economic statistics that are relevant to the needs of policymakers, business decision-makers, and academics. These data are provided in the timeliest manner, continuously improved and supplemented with new measures as economic conditions require. The International Economic Accounts deliver data through various accessible media.

Additional information and products can be found at <http://bea.gov/international/index.htm>

Regional Economic Accounts (BEA: Regional Economic Accounts)

This work consists of the preparation, analysis, and publication of economic accounts that show detail on economic activity by region, state, metropolitan area, and county. The accounts include estimates of gross domestic product (GDP) by state and of personal income by state and local area. These regional statistics are consistent with those statistics in the Bureau's national economic accounts. BEA also prepares regional economic multipliers for other geographies defined by our users. BEA continuously modernizes and expands these accounts to improve their reliability and relevance. The statistics on gross domestic product by state, on state and local area personal income, and their accompanying detail provide a consistent framework for analyzing and comparing state and local area economies and meeting these objectives.

The regional statistics on gross domestic product by state and metropolitan area and on state and local area personal income are critical in federal government spending decisions: They are used to distribute over \$300 billion in federal funds to states. Twenty states have set constitutional or statutory limits on state government revenues or spending that are tied to BEA's state personal income statistics and related components. Additionally, the data are used by academics and businesses, trade organizations, and labor organizations for area-specific market research.

Under the Department's **Science and Information** theme, the Regional Economic Accounts support the objective of improving the understanding of the U.S. economy, society, and environment by providing timely, relevant, trusted and accurate data, standards and services. The Regional economic accounts also support the BEA provision of timely and accurate detail on the state, regional, and metropolitan geographic distribution of U.S. economic activity and growth.

These economic statistics also support the **Economic Growth** objectives of promoting competitiveness of disadvantaged and distressed communities and businesses and providing service to improve the competitiveness of small and medium sized firms. The Regional Economic Accounts provide the details to business and communities that allow them to make informed business decisions and to identify issues and opportunities associated with their efforts to develop markets.

This program also supports the Department's **Customer Service** theme and objective of promoting information access and transparency through technology, understanding customer requirements, and creating new data products and services. The Regional Economic Accounts engage in research to continuously improve its statistics or supplement its statistics with new

measures as economic conditions require. It provides statistics in a timely manner, and uses cutting edge technology to provide its statistics in a variety of user-friendly formats, including interactive maps, charts, and graphs as well as interactive tables and input-output multipliers customized to individual customer needs that can be ordered online.

Additional information and products can be found at <http://bea.gov/regional/index.htm>

Industry Economic Accounts (BEA: Industry Economic Accounts)

The Industry Economic 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 of goods and services, and the contribution to production across industries. Specifically, the benchmark input-output (I-O) accounts show the flow of goods and services from each industry to other industries and to final users in the economy and the income originating in them, and the annual input-output (I-O) accounts provide a time series of detailed, consistent information on these flows. The GDP-by-industry accounts include estimates of value added by industry-- a measure of the contribution of each private industry and of government to the Nation's GDP. These accounts can be used to examine changes in the structure of the U.S. economy and the importance of an industry and its contribution to GDP. 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 present estimates of expenditures by tourists, or visitors, on 24 types of goods and services. The capital flow table shows the destination of the new capital investment in equipment, software, and structures by the industries that purchase or lease these capital goods and services. BEA continuously modernizes and expands these accounts to improve their reliability, relevance, and their alignment with international guidelines.

The Industry Accounts data are used extensively by policymakers, businesses, and academics to understand industry interactions and the sources and trends of productivity in the United States, as well as the changing structure of the U.S. economy. The Input-Output (I-O) tables allow researchers to analyze the economic effects of specific events. For example, they can be used in emergency planning and in estimating the economic effects of natural disasters and strikes. Businesses use I-O data to develop forecasting models, which estimate future earnings, among other things, and help guide critical investment decisions. The accounts are also used by other statistical agencies as a framework for preparing further economic statistics: the I-O accounts provide the detail that is essential in determining quantity weights for price indexes, such as the producer price indexes produced by the Bureau of Labor Statistics.

BEA also uses the benchmark I-O accounts as a source of data. In fact, the I-O accounts, which are released at approximately 5-year intervals and are based on the most comprehensive source data available, are the most important statistical source for the comprehensive revision of the NIPAs. They are used to establish the benchmark levels for consumer spending and private equipment and for software investment, and to provide information on the composition of final demand, providing the basis for the estimates of GDP for the non-benchmark years.

The Industry Economic Accounts program supports the Department's objective of improving the understanding of the US economy, society and environment by providing timely, relevant, trusted and accurate data, standards and services enabling entities to make informed decisions under the theme of **Science and Information**. This program contributes to this objective, as well as to the BEA objective to prepare and continuously improve timely and accurate industry statistics to track the performance of the U.S. economy. The Industry Economic Accounts provide the most in-depth

statistics available on the production processes underlying detailed goods and services as well as the detailed relationships between industries in the United States.

The satellite accounts for innovation and intangibles, produced jointly with the National Economic Accounts program, support the Department's theme of **Economic Growth** and objective of promoting competitiveness of disadvantaged and distressed communities and businesses through their detailed statistics, designed to facilitate research into the effects of R&D and other intangibles on the economy. Analysts have long recognized the significant role played by innovation in fostering economic growth, but the detailed data to test and expand this understanding has been lacking. By providing theoretically meaningful and accurate data on intangible assets, these satellite accounts provide a key to understanding the impact of innovation—and to using this understanding to support policies that foster economic growth and the development of new businesses.

This program also supports the Departmental theme of **Customer Service** and objective of promoting information access and transparency through technology, understanding customer requirements, and creating new data products and services, by providing these economic statistics in a timely manner by continuously improving those data or supplementing them with new measures as economic conditions require; and by delivering those data through various accessible media.

Additional information and products can be found at <http://bea.gov/industry/index.htm>

SUBACTIVITY: ESA POLICY SUPPORT**ESA POLICY SUPPORT (ESA)**

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; the Economic Policy Support program is directly associated with two parts of this mission:

- 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; and,
- 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 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 Under Secretary's participation in White House policy councils, in similar Administration economic policy forums, and on the Board of the Pension Benefit Guaranty 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.; 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.

ESA's policy staff prepares in-depth economic analysis including briefings and reports to support the Secretary of Commerce on the prevailing topics of the day. Examples of reports have included measures of green jobs, patent reform, and the economic impact of the 2010 Census. ESA economists have also produced reports on middle class working families, measuring the size and scope of the green economy, and the impact of exports on American jobs. ESA analysts have also provided policy makers with current analysis on carbon dioxide emissions, residential propane prices and pension reform. Recent briefing topics have included: The National Export Initiative: Doubling Exports, Health Care Reforms and the Economy, Assessing the Economic Costs of the Gulf Oil Spill, Financial Reform Legislation, China's Current Accounts, Exchange Rates and Reserve Currency Choices: Policies and Implications for Trade with China.

ESA's policy staff provides the Secretary's Office and other units within the Department of Commerce with ongoing expert analysis of the data available and describes trends and changing conditions in the U.S. and world economy, and advises on the evaluation of policies. ESA's economists are the only group in Commerce that provides this type of economic analysis and data-based economic reporting. ESA's economists specialize in policy analysis using the vast amount of statistical data from the Census Bureau and BEA.

ESA's policy support cuts across all of the goals under the Economic Growth theme. ESA's economists and policy analysts under the leadership of the Under Secretary and the Chief Economist will provide the Secretary's office and other units within DoC with expert analysis of the data available that describe innovation in the economy, and advise on the evaluation of policies regarding the

promotion of innovation and entrepreneurship. ESA's policy staff will describe changing conditions in the business and job market environment, especially as they affect underserved communities and advise on the evaluation of policies regarding market development and commercialization and describe trade patterns and U.S. competitiveness as well as advise on the evaluation of policies regarding trade promotion.

Similarly, ESA's economist and policy analysts support the objective to "Improve understanding of the U.S. economy...", under the Science and Information Goal by producing reports that provide economic and policy analysis on topical issues of major importance to the Department of Commerce and to other agencies within the Administration. The focus of these reports and analysis includes the use of federal contract set-asides for minority and women-owned businesses, credit availability to women-owned businesses, in-depth analysis on the manufacturing and export sectors of the U.S. economy, family and household wellbeing during the current recession, and factors that underlie foreclosure rates.

Under the Environmental Stewardship theme, ESA's work will support the goals by providing the Secretary's office and other units within DoC with ongoing expert analysis of the data available that describe trends relating to environmental questions and the economic issues that they raise and advise on the evaluation of policies regarding environmental stewardship.

ESA PROGRAM CHANGE FOR FY 2012:

ESA Policy Support submits no program changes for FY 2012.

BEA PROGRAM CHANGE FOR FY 2012:

A New Economic Dashboard (\$5.2 million and 21 FTE): BEA requests an increase of \$5.2 million and 21 FTE for a total of \$5.2 million and 21 FTE to expand and realign the statistical coverage of business and industry, with a new emphasis on small businesses, as well as to develop new statistical series that will better serve the policy and regulatory communities' real-time needs. The requested funding would create, in effect, a "New Economic Dashboard" to provide far greater detail on key industry sectors, identify the drivers of growth and fluctuations, and publish several new statistics to ensure analysts and regulators have the necessary detail at their disposal.

Proposed Actions:

The federal economic statistical system – charged with providing key actionable intelligence on the status, trends, and dynamics of the American economy – fell short in providing the advanced warning signs of a building economic crisis. In no small part, this failing was due to an inability to see, both at the detailed and aggregate levels, warning signs of systematic risk. This failing was not a result of a lack of attention, competence, or focus, but rather the exceptional tempo of change and evolution occurring in the economy and the existing statistical system's inability to keep pace.

BEA will improve and integrate measures of business health and growth with other key economic measures. This proposal involves the development and publication of several new and highly anticipated data series including:

- New quarterly GDP-by-Industry statistics and expanded annual GDP-by-Industry statistics, to include inflation-adjusted measures of GDP-by-Industry and industry contributions to overall U.S. economic growth and inflation. These statistics will provide an early tool to evaluate the economic performance of U.S. industries.
- A breakout of U.S. productivity statistics at the industry level, representing a major step toward the development of a full set of integrated U.S. economic accounts. BEA will extend current efforts with the Bureau of Labor Statistics (BLS) to develop a production account – consistent with GDP measures – that includes statistics for industries such as manufacturing, professional and business services, and finance and insurance.
- Measures of sustainability of economic trends including quarterly Net Investment and Net Domestic Product and other measures of the long-term health and sustainability of U.S. economic activity.
- New detail and breakouts for all business sectors, including new and better integrated BEA and Federal Reserve Board balance sheet information by sector and by type of asset.

This initiative fits into the Department's Strategic Plan under:

- **Objective # 14 Science and Information:** The new and realigned statistics will provide greater detail on key economic sectors, the drivers of growth and fluctuation, and several new series to deepen the understanding of the U.S. economy.
- **Objective # 21 Customer Service:** The expansion and realignment of statistical coverage, as well as the acceleration of key statistics, will provide new and accelerated data products to serve the needs of analysts, regulators, and other

The addition of GDP-by-Industry statistics on a quarterly basis brings critically informative statistics on the economic well-being and stability of each industry sector to BEA's customers into near real-time. These new statistics will enable BEA data users to quickly identify fluctuations across sectors and thus improve the ability to understand and target responses to a given sector's economic position.

The development of Integrated Industry-level Production Accounts—a major step toward the development of a full set of integrated U.S. economic accounts—will provide productivity indicators for industries—such as manufacturing, professional and business services, and finance and insurance—that are the key to understanding the sources of economic growth and to developing economic policy on savings, investment, and taxation.

Similarly, a new focus on net domestic product as well as a number of similar “net” measures of investment, savings, and of business and household income, will provide a better and more nuanced picture of the nation's long-term economic health. Just as a business deducts a charge for depreciation reserves, depreciation can be “net” from “gross” domestic product to provide a measure of sustainable product, including a deduction for an amount necessary to replace the capital used in production. This information is vital to understanding the nation's ability to produce in future periods. For example, three fourths of gross business investment is spent on replacing depreciation of existing stock of plant and equipment, leaving net investment – which raises the nation's wealth and future productivity – accounting for only one-fourth of production. Such an ability to assess the sustainability of net investment is crucial to long-term growth policy.

Finally, the new detail on small businesses and the breakout of the economic dynamics within the business sector—including financial corporate, non-financial corporate, and the non-corporate business sector—provided by this initiative will lead to new insight into the small business arena. The recent financial crisis has revealed significant gaps in the U.S. domestic and international data related to systematic and sectored exposure to risk – which would be addressed by the provision in this initiative of new and better integrated BEA and Federal Reserve Board balance sheet information by sector and by type of asset. Additionally, new statistics that breakout S-type corporations and limited liability corporations from other corporate types will considerably enhance the transparency between BEA's corporate profits statistics and publicly reported financial accounting data, and new time-series data on the business income of partnerships and of sole proprietorships (currently only available on a combined basis) will allow BEA to better measure each, and to distinguish between partnerships made up of corporations (which are part of the corporate sector) and those made up of individuals (small businesses).

Statement of Need and Economic Benefits – Cost Benefit Analysis:

The additional economic statistics resulting from the implementation of this proposal will provide policy makers, the Administration, and the Department of Commerce with key information to assess the economic health of industry sectors in real time (Quarterly GDP-by-Industry), a new ability to understand the dynamics of small businesses, and industrial production across all sectors. As has been demonstrated repeatedly since the introduction of regular, consistent, public-sector economic data in the 1930s, detailed and quality economic statistics contribute significantly to the overall stability of the economy, which itself contributes to economic growth.

While this proposal will not result in cost savings to BEA, it will result in significantly improved economic statistics. These improved and expanded statistics will provide the right information to develop policies and affect business investments that will improve U.S. competitiveness and create new jobs.

Return on Investment:

This initiative would expand and improve the Bureau's output by allowing it to provide more complete and accurate statistics for use by economic policy makers and the general public. For example, new quarterly measures of GDP-by-Industry will provide policy makers and business decision-makers with near real-time analysis of how each industry sector across the domestic economy is faring, and the extent to which it is contributing or deducting from overall economic growth. Currently these figures are only available on an annual level, and thus have a reduced value to real-time decision making. Additionally, and critically, the introduction of quarterly estimates of GDP by Industry will allow for a third, independently developed measure of US GDP. Current estimates are produced utilizing the expenditure model and income model; yet by adding the third, production-based methodology, BEA will gain exceptional new insight and capabilities with regard to overall quality control of the most important macroeconomic indicator produced by the Federal government.

Additionally, current statistics do not allow a reader to disaggregate economic activity by sector between large and small businesses. Small businesses are a critical engine of economic growth, and often a telling indicator of overall economic health. The new data proposed by this initiative will allow for such disaggregation and thus provide wholly new insight into small business dynamics.

Better statistics will allow policies to be more accurately calibrated and optimized by permitting a more accurate assessment of their costs and benefits. The potential gains from this initiative will certainly far exceed the relatively small cost.

Demonstrated Results:

BEA has a history of accurate and effective planning and resource allocation, and its successful use of budget initiatives is demonstrated by the more timely, relevant, and accurate economic statistics that result. For instance, BEA's continuing work to more accurately measure innovation and intangibles has resulted in a satellite account for research and development that is on track to be integrated with the GDP statistics by 2013; this account is useful in assessing the effects of R&D on the U.S. economy. Recent expansion of this initiative to include the development of a satellite account for healthcare has already resulted in important progress, with the 2010 reconciliation of BEA and HHS health statistics as well as two working papers that examined health care price indexes. Also in 2010, BEA completed all of the activities planned for that year to improve its service sector statistics by implementing new estimation models and utilizing new and improved source data. One notable result of this work is that BEA more than doubled its coverage of consumer spending—from 10% to 25%—using new Census Bureau quarterly services data. Finally, BEA met all of its FY 2010 milestones associated with the initiative to restore the industry detail for county-level statistics and the improvement of the reliability and accuracy of local-area economic statistics.

Base Resources Assessment:

BEA has already begun researching data sources and developing methodologies for producing quarterly GDP by industry. Research into data sources and methodologies for the other components of the Economic Dashboard has also begun. However, there have been challenges to developing new methods and researching new data sources to create these critical new statistics. In addition, production of these statistics could not continue on an ongoing basis without the appropriate staff of economists to do so.

Major milestones and project schedule for FY12-16:

FY 2012

Complete a set of initial prototype Quarterly GDP-by-Industry Statistics. Complete work with the Bureau of Labor Statistics to develop a conceptual framework for preparing Integrated Industry-level Production Accounts. Develop new statistics on the income of partnerships and sole proprietorships to better describe the dynamics of small businesses.

FY 2013

Complete development work on Net Domestic Product and related measures. Release historical Quarterly GDP-by-Industry Statistics and a prototype Integrated Industry-level Product Account. Release new statistics on the income of partnerships and sole proprietorships.

FY 2014

Begin releasing Quarterly GDP-by-Industry Statistics on a regular basis that follow the 3rd release of GDP. Begin releasing Net Domestic Product and related measures on a regular basis. Develop new statistics that break out S-corporations and limited liability corporations from other corporate types.

FY 2015

Begin releasing Integrated Industry-level Product Accounts and new statistics on S-corporations and limited liability corporations on a regular basis. Develop methods to accelerate the release of the Quarterly GDP-by-Industry Statistics.

FY 2016

Develop prototype Quarterly GDP-by-Industry Statistics on an accelerated schedule that follow the “advance” release of GDP.

Deliverables:

- *Major project deliverables and outputs*
 - New Quarterly GDP-by-Industry Statistics, including industry contributions to overall U.S. economic growth and inflation
 - Integrated Industry-level Production Accounts consistent with BEA’s GDP-by-Industry Statistics
 - Net Domestic Product and other “net” measures, including investment, savings, and business and household income
 - Expanded information on the composition and dynamics of Small Businesses
 - Better Integrated BEA and Federal Reserve Board balance sheet information by sector and by type of asset
 - New statistics that break out S-type corporations and limited liability corporations from other corporate types

- New time-series data on the business income of partnerships and sole proprietorships

Performance Goals and Measurement Data:

Performance Measure:	FY 12 Target	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target
Percentage of annual milestones related to economic dashboard in BEA Strategic Plan	90%	90%	95%	95%	95%
With increase	90%	90%	95%	95%	95%
Without increase	< 5%	< 5%	< 5%	< 5%	< 5%

PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Change: A New Economic Dashboard

Title	Band	Interval	Number	Salary	Total
Senior Economist	V	1	1	123,247	123,247
Senior Economist	IV	1	11	88,666	975,326
Economist	III	1	10	62,209	622,090
Economist	II	1	5	42,034	210,170
IT Specialist	III	1	2	62,209	124,418
Total			<u>29</u>		<u>2,055,251</u>
Less Lapse			<u>(8)</u>		<u>(492,233)</u>
Total Full-time permanent (FTE)			21		1,563,018

Personnel Data

**Full-time Equivalent
 Employment:**

Full-time permanent	21
Other than full-time permanent	<u>0</u>
Total	21

Authorized Positions:

Full-time permanent	29
Other than full-time permanent	<u>0</u>
Total	29

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Increase: A New Economic Dashboard

	Object Class	2012 Increase
	Personnel compensation	
11.1	Full-Time permanent	1,563
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	1,563
12.1	Civilian personnel benefits	387
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	105
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	27
24.0	Printing and reproduction	14
25.1	Advisory and assistance services	97
25.2	Other services	1,119
25.3	Purchases of goods and services from Government accounts	935
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	70
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	325
31.0	Equipment	555
	TOTAL OBLIGATIONS	5,198

BEA PROGRAM CHANGE FOR FY 2012:

Everyday Economics: The American Household (\$3.9 million and 15 FTE): BEA requests an increase of \$3.9 million and 15 FTE for a total of \$3.9 million and 15 FTE to design a suite of indicators that will fill notable existing gaps in official government statistics on the American household, its income, outlays, and savings.

Proposed Actions:

The economy of the United States is a complex system, and often times understanding it can be elusive. BEA's Gross Domestic Product (GDP) is the broadest single measure of the economy, and is one of the most closely watched indicators of growth. Yet, due to its structure as a broad measure, GDP often seems to fall short in telling the story of the everyday economic experience of the American household. Why is this important? It's important because household consumption accounts for more than two thirds of all economic activity in the U.S., and is an important guide for government policy and business investment alike.

Many users are unaware that GDP is a complex and interwoven system consisting of hundreds of specific measurements which, when examined in a narrower context, can provide a far more detailed and nuanced picture of household economic dynamics. How, for example, can GDP suggest overall growth, when the average Americans' everyday economic encounter suggests otherwise? While this and similar questions can be answered through a sophisticated analysis of the national accounts, new concise sub-accounts would make this information more accessible and understandable even by those with no economic knowledge. New quarterly releases of household indicators will prove exceedingly valuable to businesses (particularly small businesses), political and policy leaders, the public, and the media.

The initiative will serve to fill notable existing gaps in official government statistics and will provide highly valuable new detail on the American household, its income, outlays, savings, assets, liabilities, and fixed expenses – in other words, the purchasing power of American households and how it varies across different households and over time. Of great value to economic policy makers, these new data will also be of high value to the business community, in particular small businesses. Major corporations have staffs of economists, advisors, and consultants assisting in interpreting and understanding the economy and guiding investments – small businesses do not. To address both this gap in government statistics, as well as provide valuable new information and analytical tools to policy and business leaders, BEA proposes a new suite of indicators designed to tell the story of the American household economic experience.

New quarterly releases of household indicators will prove exceedingly valuable to businesses (particularly small businesses), political and policy leaders, the public, and the media.

Developing new measures, in conjunction with building on selected existing series, the Bureau will begin publishing a new suite of statistics on household income, expenses, debt, and savings. This new suite of indicators will represent a significant expansion of detail in the existing measures of consumption in the National Accounts, as well as provide new insight into changes in the consumer's capacity to consume. Taken together, and in the context of broader national aggregates such as Gross Domestic Product, this new series of indicators will provide valuable insight into the household sector and its impacts on the business sector. Elements of this new suite of measures will include:

- New measures of household income that is net of taxes as well as household spending for essentials – such as housing, food, transportation and medical care – to provide a clearer picture of true discretionary income. Other household income measures will include:
 - Cash income after taxes that excludes employer contributions for health, pensions and other benefits and provides a clearer view of households' purchasing power in the current period.
 - Disposable personal income excluding tax rebates and government transfers, which will provide a transparent picture of how the private market is contributing to income, a key component of consumer confidence.
 - A decomposition of personal income that presents median as well as mean income and other measures of the distribution of income, saving, expenditures, assets, and liabilities. This data will provide a picture of how changes in the economy are affecting different households over time, and provide a better picture of the everyday experience of American Households.
- State-level personal consumption expenditure statistics (PCE), in real and nominal terms.
 - These estimates will provide information on spending patterns, prices, and inflation-adjusted spending that will fill one of the largest remaining gaps in the nation's economic data by providing state-level spending and price information. Today, such data simply do not exist and regional and state-level analyses and policy rely on a patchwork of data.
- An integrated and detailed decomposition of savings, assets, liabilities, and spending by business sectors and by household groups. This detailed integration of BEA and Federal Reserve Board data will significantly improve policy makers' ability to identify unsustainable trends in housing prices, equity prices, savings and debt.
 - These estimates will also highlight such information as the share of household wealth based on appreciation in housing prices and capital gains verses the share from savings of income earned by households, and insights into changes in household leveraging of investments in housing.

These new statistics and accounts will build on existing statistics, as well as new ones – for example, currently no statistics provide a true picture of the discretionary income of consumers. Importantly, this proposal will integrate these measures with other essential economic data produced by BEA. Additionally, this initiative will serve to address other missing pieces of the household economic picture that will provide valuable new understanding and insights, including:

- Valuable insight into the household sector, and changes in household consumption and capacity, allowing better informed government policy decisions aimed at helping the American household;
- The ability to isolate the household sector from other economic actors (i.e. governments, foreign trade and investment, corporations, small business--see proposed estimates for small business in the accompanying New Economic Dashboard initiative);
- The ability to anticipate and identify critical shifts in household debt, savings, and discretionary income, and respond accordingly;
- A wealth of instructive data on trends and patterns in local economies;
- More descriptive and detailed ability to describe and respond to the household economic experience.

Most critically, this new suite of indicators will provide a far more detailed and nuanced understanding of households' purchasing power and how it varies across households, regions and over time – arguably the single most important component of overall economic recovery and future growth. As households raise their saving rate and attempt to rebuild their balance sheets, serious questions are being raised about the contribution of consumer spending to economic recovery and growth. America's path to economic recovery will require a new mix of consumption and savings, and developing a key new indicator suite detailing spending power, debt, and the composition of savings will provide a roadmap, a gauge of progress, and critical tools to identify signs of weakness in the future.

This initiative fits into the Department's Strategic Plan under:

- Objective # 14 Science and Information: The new and realigned statistics will provide greater detail on key economic sectors, the drivers of growth and fluctuation, and several new series to deepen the understanding of the U.S. economy.
- Objective # 21 Customer Service: The expansion and realignment of statistical coverage as well as the acceleration of key statistics will provide new and accelerated data products to serve the needs of analysts, regulators, and other customers for relevant, accurate, and timely information to support enhanced analysis of the U.S. economy.

Statement of Need and Economic Benefits – Cost Benefit Analysis:

The additional economic statistics resulting from the implementation of this proposal will provide policy makers, the Administration, and the Department of Commerce with key information to assess the economic health and capacity of the consumer sector to engage in economic activity. Consumption comprises more than 70 percent of all economic activity in the US economy, yet no current Federal statistical programs exist to provide a complete picture of the consumer's interactions with prices, income distribution, household debt, and household savings. While many of these features are measured in varying ways, this proposal will pull them together into a concise picture, allowing policy makers and business leaders to assess and anticipate household economic capacity and respond accordingly.

As has been demonstrated repeatedly since the introduction of regular, consistent, public-sector economic data in the 1930s, detailed and quality economic statistics contribute significantly to the overall stability of the economy, which itself contributes to economic growth.

While this proposal will not result in cost savings to BEA, it will result in significantly improved economic statistics. These improved and expanded statistics will provide the right information to develop policies and affect business investments that will improve U.S. competitiveness and create new jobs.

Return on Investment:

The return on investment to the Bureau, and the nation, is significant, as this initiative will serve to fill notable existing gaps in official government statistics and will provide highly valuable new detail on the American household, its income, outlays, and savings – in other words, the capacity of households to engage in economic activity and how that changes over time. Of great value to economic policy makers, these new data will also be of high value to the business community, in particular small businesses. Major corporations have staffs of economists, advisors, and consultants assisting in interpreting and understanding the economy and guiding investments – small businesses do not.

Most critically, this new suite of indicators will provide a far more detailed and nuanced understanding of the public's ability to consume – arguably the single most important component of overall economic recovery and future growth. As households raise their saving rate and attempt to rebuild their balance sheets, serious questions are being raised about the contribution of consumer spending to economic recovery and growth. America's path to economic recovery will require a new mix of consumption and savings, and developing a key new indicator suite detailing spending power, debt, and the composition of savings will provide a roadmap, a gauge of progress, and critical tools to identify signs of weakness in the future.

Better statistics will allow policies to be more accurately calibrated and optimized by permitting a more accurate assessment of their costs and benefits. The potential gains from this initiative will certainly far exceed the relatively small cost.

Demonstrated Results:

BEA has a history of accurate and effective planning and resource allocation, and its successful use of budget initiatives is demonstrated by the more timely, relevant, and accurate economic statistics that result. For instance, BEA's continuing work to more accurately measure innovation and intangibles has resulted in a satellite account for research and development that is on track to be integrated with the GDP statistics by 2013; this account is useful in assessing the effects of R&D on the U.S. economy. Recent expansion of this initiative to include the development of a satellite account for healthcare has already resulted in important progress, with the 2010 reconciliation of BEA and HHS health statistics as well as two working papers that examined health care price indexes. Also in 2010, BEA completed all of the activities planned for that year to improve its service sector statistics by implementing new estimation models and utilizing new and improved source data. One notable result of this work is that BEA more than doubled its coverage of consumer spending—from 10% to 25%—using new Census Bureau quarterly services data. Finally, BEA met all of its FY 2010 milestones associated with the initiative to restore the industry detail for county-level statistics and the improvement of the reliability and accuracy of local-area economic statistics.

Base Resources Assessment:

BEA is a small agency and is efficiently run. There are no extraneous resources to dedicate to this important new set of statistics. In order to develop and continuously produce these new statistics, BEA requires additional staff and new data.

Major milestones and project schedule for FY12-16:

FY2012: Develop revised tables for the new measures of disposable personal income excluding tax rebates and government transfers in official BEA data tables and related press releases.

FY2013: Publish reconciliation of household survey and tax-based income data for use in alternative measures of household income. Publish alternative methodologies for state-level personal consumption expenditures. Publish preliminary estimates of stocks of detailed assets and liabilities of the business sectors and by household groups for further expansion of the BEA/Federal Reserve Board Integrated Macroeconomic Accounts of the U.S.

FY2014: Publish two *Survey of Current Business* articles unveiling prototype alternative measures of income and state-level personal consumption expenditures (PCE).

FY2015: Begin regular publication of alternative measures of income and state-level PCE.

FY2016: Accelerate publication of alternative measures of income and state-level PCE.

Deliverables:

- *Major project deliverables and outputs*
 - Alternative measures of household income:
 - Disposable personal income excluding tax rebates and government transfers
 - Net of taxes and household spending for essential items.
 - Excluding employer contributions for health, pensions and other benefits
 - Decomposition of personal income presenting mean and median income.
 - Measures of distribution of household income, savings, expenditures, assets, and liabilities
 - State-level personal consumption expenditure statistics (PCE)
 - Integrated and detailed decomposition of savings, assets, liabilities and spending by business sectors and household groups

Performance Goals and Measurement Data:

Performance Measure:	FY 12 Target	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target
Percentage of annual milestones related to Everyday Economics in BEA Strategic Plan completed	90%	90%	95%	95%	95%
With increase	90%	90%	95%	95%	95%
Without increase	< 5%	< 5%	< 5%	< 5%	< 5%

**PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)**

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Change: Everyday Economics

Title	Band	Interval	Number	Salary	Total
Senior Economist	V	1	1	123,247	123,247
Senior Economist	IV	1	6	88,666	531,996
Economist	III	1	7	62,209	435,463
Economist	II	1	4	42,034	168,136
IT Specialist	III	1	2	62,209	124,418
Total			<u>20</u>		<u>1,383,260</u>
Less Lapse			<u>(5)</u>		<u>(331,291)</u>
Total Full-time permanent (FTE)			15		1,051,969

Personnel Data

**Full-time Equivalent
Employment:**

Full-time permanent	15
Other than full-time permanent	<u>0</u>
Total	15

Authorized Positions:

Full-time permanent	20
Other than full-time permanent	<u>0</u>
Total	20

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Increase: Everyday Economics

Object Class	2012 Increase
Personnel compensation	
11.1 Full-Time permanent	1,052
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	<u>1,052</u>
12.1 Civilian personnel benefits	260
13.0 Benefits for former personnel	0
21.0 Travel and transportation of persons	73
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	9
25.1 Advisory and assistance services	67
25.2 Other services	1,453
25.3 Purchases of goods and services from Government accounts	563
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	48
25.8 Subsistence and support of persons	0
26.0 Supplies and materials	95
31.0 Equipment	231
TOTAL OBLIGATIONS	<u>3,870</u>

BEA PROGRAM CHANGE FOR FY 2012:

Modernization of Statistical Production (\$2.9 million and 0 FTE): BEA requests an increase of \$2.9 million and 0 FTE for total information technology resources of \$15.8 million and 47 FTE to modernize BEA's outdated and disparate information technology processing systems. The requested funding would use a proven IT modernization model to increase operational efficiency, employee productivity and data quality throughout the bureau.

Proposed Actions:

BEA's statistics must be accurate and timely. The current data management processes leave possible weaknesses in the production of economic statistics. The new, proposed integrated processing system will cut processing time by 30 fold. The proposal will also provide accurate and streamlined data transmission among the U.S. economic accounts, all of which are interconnected.

BEA will review and re-engineer all of its statistical production processes. Specific goals are to develop:

- New processes for the creation and management of data structures that represent the major components of the national economy and international economic flows.
- Standard aggregation and balancing processes to be implemented Bureau-wide.
- New industry-consolidated databases.
- Enhancements to the Bureau's IT security continuous monitoring programs.
- Prototype data warehouse to house historical data from all program areas in a single data store.
- Standard quality assurance balancing and reconciliation processes to be used by all program areas.
- Updated data-visualization and web-access for all customers.

BEA will acquire the services of internationally-recognized experts in economic databases to work in conjunction with existing BEA staff to develop new processing and data sharing systems, and data warehouses.

Over the last several years BEA has redirected base program funds to pilot elements of this modernization plan. The successful outcomes, along with the Bureau's excellent track record with technology investments improving critical processes, underscore the merit of this request. The pilot programs allowed BEA to develop and deploy a new processing engine for key portions of GDP. In this case, system processing time was reduced from 72 hours to 30 minutes, thus widening the critical time window for analysis of these vital economic data. New analytic tools built on the new processing engine greatly enhanced the ability of BEA analysts to validate the accuracy of published statistics based on the underlying inputs, providing new checks on the accuracy of U.S. GDP statistics. The underlying technologies developed for this effort were so innovative and impressive that Microsoft published a case study in 2009 describing the project.

This initiative fits into the Department's Strategic Plan under:

- Objective # 12 Science and Information: The new processing, aggregation and balancing applications will facilitate better understanding of the range of key economic statistics BEA produces.
- Objective # 19 & 20 Customer Service: This comprehensive data modernization and security project will provide more accurate and timely economic statistics and enhanced analysis of the U.S. economy.

- **Objective # 23 Organizational Excellence:** This initiative will streamline BEA's myriad processes and provide the ability for the new systems to easily communicate and exchange volumes of data with just a couple of key strokes.

The proposed approach balances the introduction of system improvements and new technologies with BEA's need for a reliable and stable production system, that supports, on an ongoing uninterrupted basis, the Bureau's economic program areas needs. BEA prefers not to take on large-scale re-engineering projects because as a data production shop, such projects would seriously disrupt the production process and could delay critical estimates resulting in national economic consequences. Likewise, BEA cannot afford status quo, or the current slow pace of modernization, which is not sufficient to change methodologies as quickly as necessary to measure a rapidly changing economy.

Each of BEA's economic program areas developed and maintained their own processing systems in the past, and most continue to do so now in absence of this initiative. BEA might be able to continue producing its economic statistics in this manner, but the result of such an inefficient approach is out-of-date and time-consuming.

This initiative will have a significant impact on all of BEA's economic programs. Processing speeds for producing BEA's economic statistics will be significantly improved, leaving more time for analyst evaluation and quality control. Data will be easily transferred among BEA's economic program areas electronically, eliminating the need for manual data entry or disparate programs for data transfer. In addition, BEA's IT security will be enhanced (complementing the Department's Cyber Security Initiative), and the Web site will be significantly improved, allowing customers to more easily find, analyze, and understand BEA's economic statistics.

BEA's 5 year IT modernization plan has also received endorsement from the Department of Commerce CIO. Further, the Commerce Information Technology Review Board and the Department CFO have agreed that BEA's IT systems must be brought into the 21st Century and must be better integrated.

Statement of Need and Economic Benefits – Cost Benefit Analysis:

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

As a result of spending to combat ever increasing IT security threats, and the demands of an ever changing economy on statistical methodology, BEA currently operates on a budget of less than \$1 million annually for modernization. This level of funding jeopardizes BEA's operations and the ability to process, transfer and disseminate its economic statistics. Statistics produced by BEA are calculated through a variety of out of date and non-interfacing software and processes. Compounding this challenge over the years, the Bureau's small IT modernization budget

necessitated a continuous patching and splicing of system components, rather than systematic modernization, leading to increasing degradation in analytical timeframes, and personnel inefficiencies. Current systems are built from legacy languages and equipment, often no-longer supported by manufacturers, which do not interface with each other, or support data sharing and transfer across BEA's program units and the Internet. These limitations have become even more arduous with the challenges of accurately measuring the recent downturn in the U.S economy.

Economic estimates produced by BEA's statistical processes yield the following benefits:

- Improved Federal budget projections
- Improved monetary policy decisions
- Improved business investment decisions.
- Improved projections of social security trust fund balances.
- Improved distribution of Federal grants to states.

Modernization of BEA's statistical production processes:

- Cost reduction for statistical production while increasing the amount of time and analytical tools available for quality assurance.
- Currently, a substantial number of BEA's economists and analysts are assigned to IT related tasks (database programming and reprogramming, system maintenance, software debugging and ensuring interoperability of various out of date and disparate systems). The IT modernization program will eliminate the need to have staff with critical statistical and economic skills focused on supporting activities that don't directly enhance the measurement innovation, health care, research and development, household and discretionary income, the distribution of income and other aspects of the economy.
- BEA has a long track record of leveraging efficiencies to introduce new statistical products, or make improvements to existing products, from within base funds. Some recent examples include: the development of a time-series annual I-O account; historical NAICS-based industry accounts; monthly reconciliation of Personal Consumption Expenditures (PCE) and the consumer price index (CPI); new detail on trade in services; new data on financial derivatives; new measures of insurance; and new data on banks.

Return on Investment

Investment in enhancements to BEA data can generate significant returns. Although, it is difficult to quantify the overall effect of more accurate data, consider what we know:

- The Department of Commerce's National Economic Accounts have been one of the most important facilitators of the superior performance of the U.S. economy since the Great Depression. Timely, comprehensive, consistent, and accurate data on the state of the U.S. economy have been essential to successful monetary and fiscal policy in the post-Depression era.
- While difficult to quantify the effect of better GDP data in budgetary terms, if more accurate data resulting from these enhancements were to raise economic growth and productivity by as little as 1/100 of 1 percent, it would raise U.S. GDP and standards of living by \$1.5 billion each year.

- An illustration of the importance of accurate data from BEA – outside of fiscal and monetary policy – is illustrated by the importance of BEA data for budget projections and the allocation of Federal funds:
 - According to OMB, if BEA's estimate of GDP growth is off by a ½ percent, the effect on the budget deficit could be as much as \$1.5 trillion dollars over the budget planning horizon.
 - BEA's Regional GDP data are used in the annual allocation of over \$300 billion in Federal funds.

Demonstrated Results

Over the last several years BEA has initiated pilot elements of this modernization plan. These pilot reengineering efforts have provided clear tangible evidence of the returns achievable with this investment.

- Productivity
 - Benchmark GDP estimates (expenditure) processing time reduced from 72 hours to 30 minutes
 - Monthly GDP estimates (expenditure) processing time reduced from 90 minutes to 3 minutes.
 - The number of technology products utilized in generation of summary GDP statistics were significantly reduced.
 - Recent expenditure estimates for U.S Territories GDP were made with the same calculation code used for national GDP – no new programs or code changes were required; a significant cost avoidance.
 - A recently developed “universal methodology” and supporting estimator and aggregator program for Foreign Investments will replace over 60 stand alone COBOL programs.
- Quality Assurance
 - Audit capability: During the recent GDP Benchmark senior managers were given the ability to decompose all aggregates to their lowest levels. Errors were captured early in the process. These new data review capabilities were a major factor in this GDP benchmark being the smoothest in BEA's history. Overtime costs were significantly reduced.
 - Flexibility: During a recent parallel test run of the new universe estimator for the annual BE-15 Survey of Foreign Direct Investment in the U.S, requests from analysts for additional information were completed in less than 5 minutes while the legacy system took over 24 hours to modify and run.
- Effective Resource Allocation
 - BEA's initial investments have revealed that at least 65% of processing patterns are the same across all BEA program areas. Standard techniques will reduce considerable resource cost for system maintenance. With our limited initial funding we developed a common interface for our core databases. This interface will be used across all program areas.
 - Over time, BEA has discontinued work ranging from the leading economic indicators and pollution abatement and control spending to capital flow measures and the level of industry detail in various statistical programs. BEA's products are now limited to its core national, international, and regional accounts and further increases in efficiency, must come from smart IT investments. BEA predicts that with an annual investment of \$3 million, resources that previously would have been dedicated to maintaining the

status quo could be freed up and redeployed to improving the accuracy of BEA's GDP, Balance of Payments, and other statistics used by the Federal Reserve, the Administration, the Congress, and the business community.

- Security
 - The Bureau has a proven track record of adopting best practices in protecting our market sensitive and company confidential data. Our system is fully certified and accredited. Our continuous monitoring program is strong. Recently we made an investment in encrypting company confidential data. Additional funding would enable BEA to move forward in protecting its most valuable assets.
- Customer Satisfaction
 - Electronic Reporting: Our initial investments in enhancing our electronic reporting capabilities have paid dividends. Electronic reporting for our quarterly surveys has risen from an initial rate of about 30% to over 80%. New investments are required to increase response rates for our annual and benchmark surveys.
 - Data Dissemination: Our initiative work has proven that data consolidation efforts and many internally developed analytic tools can be applied to BEA's published data. Our early data consolidation efforts resulted in the four databases that are "behind the scenes" on www.bea.gov and support our most popular interactive data retrieval pages.

Base Resources Assessment:

BEA is currently moving forward with its modernization program but due to budgetary restraints the pace is too slow to meet the challenge of incorporating needed upgrades to measurement methodologies and processing systems.

The pilot programs allowed BEA to develop and deploy a new processing engine for key portions of GDP. In this case, system processing time was reduced from 72 hours to 30 minutes, thus widening the critical time window for analysis of these vital economic data.

BEA's IT modernization budget has been reduced to its current level of \$1 million a year as a result of increasing demands for IT security, maintenance of old systems, and the necessity to deploy new systems along side legacy systems to cope with the demands of the changing economy. Yet these IT systems are core to BEA's mission success. The entirety of BEA's economic statistics is produced using complex and unique IT systems. Further, all of the Bureau's statistics are provided to the public through our Web site, as required by OMB regulation. The limited modernization budget is entirely inadequate to keep BEA's statistical production processes up to date with current technologies that can support the needed upgrades to the accounts. In addition our collection of outdated systems and legacy hardware does not adequately provide for the level of IT security BEA must have. Each of these issues is addressed by this initiative.

BEA has made successful progress on modernizing major components of its GDP processing and production, but GDP is just one of dozens of major aggregates BEA produces. But this investment has been made by diverting non-IT funds. BEA can no longer expect to produce such high-quality, accurate, timely economic statistics by forcing its personnel ceiling to an artificially low level.

Major milestones and project schedule for FY12-16:FY 2012

Complete digital hierarchical roadmaps of the major components of the U.S. economy supporting enhanced measurement and integrated analysis across industries and regions.

FY 2013

Build digital links across BEA's economic account databases providing internal staff and external data customers an enhanced picture of U.S. economic activity.

FY 2014

Complete enhanced production, analysis, and dissemination of measures of economic activity between the U.S. and other countries by completing the linking of enhanced international economic account methodologies and production systems

FY 2015

Complete enhanced production, analysis, and dissemination of measures of economic activity between U.S. industries by completing the linking of national and industry measures of U.S. economic activity.

FY 2016

Complete enhanced production, analysis, and dissemination of measures of U.S. regional economic activity by completing the linking of enhanced methodologies and production processes.

Deliverables:

- *Major project deliverables and outputs*
 - Data management system for the major structures of the U.S. national economy
 - Data warehouse for National Accounts statistics
 - Unified National Accounts
 - Unified Balance of Payments Accounts processing system
 - Unified survey processing methodology and processing across all foreign investment surveys.
 - Unified system for processing Regional Accounts income statistics
 - Incorporate research and development statistics into Industry Accounts statistics

Performance Goals and Measurement Data:

Performance Measure:	FY 12 Target	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target
Percentage of annual milestones in BEA 5-year modernization plan completed	90%	90%	95%	95%	95%
With increase	90%	90%	95%	95%	95%
Without increase	< 5%	< 5%	< 5%	< 5%	< 5%

Performance Measure:	FY 12 Target	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target
Number of disparate data stores into common data warehouses	10	10	10	10	10
With increase	10	10	10	10	10
Without increase	<3	<3	<3	<3	<3

Performance Measure:	FY 12 Target	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target
Number of software and systems required to produce economic estimates	32	26	18	10	8
With increase	32	26	18	10	8
Without increase	40+	40+	38+	38+	>35

Performance Measure:	FY 12 Target	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target
Score of customer service satisfaction survey	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
With increase	> 4.0	> 4.0	> 4.0	> 4.0	> 4.0
Without increase	> 4.0	> 4.0	<4.0	<4.0	<4.0

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Increase: Modernization of Statistical Production

	Object Class	2012 Increase
11.0	Personnel compensation	0
	Total personnel compensation	0
12.1	Civilian personnel benefits	0
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	2,952
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
	TOTAL OBLIGATIONS	2,952

BEA PROGRAM CHANGE FOR FY 2012:

Energy's Economic Impact (\$1.2 million and 8 FTE): BEA requests an increase of \$1.2 million and 8 FTE for a total of \$1.2 million and 8 FTE to develop expanded economic statistics on the energy sector as part of an Energy Satellite Account. This account will provide information on the supply, consumption, and prices of energy-related products in the U.S. economy. This satellite account would draw heavily on the detailed data available from the Energy Information Administration (EIA). The requested funding would enable BEA to introduce critical new statistics on the energy sector to assess this sector's impact on U.S. economic growth and productivity.

Proposed Actions:

BEA's GDP accounts provide a comprehensive, macroeconomic view of national industry-level data on the energy sector. While these accounts are well-suited for studying broad macroeconomic trends, they are not currently suitable for detailed cross-sectional and time-series analysis on the production or use of energy. To provide data and insight into the changing structure of energy supply and consumption in the U.S., as well as the impact of economic growth and inflation, BEA proposes to integrate BEA and EIA's data sets, resulting in a significant expansion of previously unavailable detail in BEA's accounts. For example, BEA would expand the level of detail for energy-related categories—from the eight current categories to upwards of 40—in the U.S. input-output (I-O) accounts and would develop detailed price and quantity measures consistent with the expanded categories.

This project will apply new estimating methods to pull together BEA and EIA data on energy and present a comprehensive and integrated picture of the energy sector. The new account will introduce new, regularly published industry statistics that will improve the accuracy of BEA's measures of consumer and business spending on energy goods and services, as well as provide a comprehensive picture of the energy sector.

Specific goals include:

- Developing expanding economic statistics for analyzing the energy sector's contribution to U.S. economic growth, productivity, inflation, the trade balance, and distributions of income.
- Introducing new, critical information on changes to the structure of energy supply and consumption, such as "in-house" production of energy by businesses.
- Expanding coverage of small business investments in energy industries, including new technology industries and renewable energy.
- Establishing a framework for environmental impact analysis to link energy production and consumption data with EIA and Environmental Protection Agency data on emissions.

This initiative fits into the Department's Strategic Plan under:

- **Objective # 12 Science and Information:** Expanded energy sector statistics will facilitate better understanding of the energy sector's affect on the U.S. economy and contributions made by energy related industries to the Nation's GDP.
- **Objective # 16 & 18 Environmental Stewardship:** These new statistics will enable decision-makers to better assess the energy sector's impact on the sustainability of U.S. economic growth and productivity.

- **Objective # 19 & 20 Customer Service:** Comprehensive energy data will provide more relevant, accurate and timely economic statistics and enhanced analysis of the U.S. economy.

Statement of Need and Economic Benefits – Cost Benefit Analysis:

Prices of commodities, such as energy, have a direct impact on the performance of the economy and can often be quite volatile, with measurable impacts across nearly all industry sectors and consumers. Historically, run-ups in world commodity prices have dramatically affected U.S. living standards, production methods, and overall economic performance. Unfortunately, the current U.S. Industry accounts contain limited type-of-energy detail, meaning that valuable information on the impact of price volatility and energy usage by industry is unavailable to policy makers.

The need for the data is pressing. Since 2000, consumer spending on energy products has risen by 60 percent, reaching nearly \$520 billion in 2009. Prices paid by consumers for energy accounted for 10 percent of average yearly inflation since 2000, nearly four times that of the previous decade, and second only to health care costs and housing prices. In 2008, domestic industries spent over 60 percent more on energy products than they did in 2000. The air transportation industry, for example, more than doubled its spending on energy over the same period, with that increase in cost rippling through its production cycle, and throughout the many industries which depend on air transport. Most projections—such as those by the EIA and the Government Accountability Office—suggest that rising energy costs will likely continue, making energy a key economic policy issue for the coming decade.

More accurate and integrated measures for the energy sector—including linking macroeconomic statistics for the United States with micro analysis on energy supply, consumption, and prices from EIA—are critical for understanding U.S. competitiveness and the prospects for future economic growth. Such data are essential for developing a comprehensive U.S. energy policy built on accurate forecasts of energy supply and consumption. These statistics are also required by policy makers and industry leaders for assessing alternative energy options and for identifying infrastructure enhancements, such as new information technology and key capital investments, which will improve the domestic supply chain for energy goods and services.

This initiative will lead directly to an enhancement in the accuracy of energy statistics for the U.S. economy. Funds provided by this initiative will allow BEA to address critical new developments in production, supply, and consumption of energy goods and services, including new renewable energy and high-technology capital investments made by businesses to promote energy efficiency and a reduced carbon footprint. This initiative will also provide more timely and accurate statistics to BEA's entire range of customers—statistics that the Department and Administration use to promote exports and trade, and that small businesses use to make business investment decisions and to create jobs.

Over the last several years BEA has expanded measures of energy goods and services in the U.S. GDP and Industry Accounts. The successful outcomes underscore the merits of this request. For example, BEA's "KLEMS" (K-capital, L-labor, E-energy, M-materials, and S-purchased services) statistics—which provided a modest expansion of energy detail in the Accounts—have subsequently been incorporated into the official U.S. productivity statistics prepared by the Department of Labor's Bureau of Labor Statistics. These statistics are also used heavily by former Federal Reserve Chairman Greenspan and his firm Greenspan Associates in the analysis on energy's impact on U.S. economic growth and productivity.

Return on Investment:

Investments in enhancements to BEA data can generate significant returns. Undertaking this initiative would introduce a five-fold expansion of energy goods and services highlighted in the U.S. GDP and Industry Accounts. Such an expansion could provide additional specificity on upwards of \$250 billion of business investment purchases in energy infrastructure and high-technology equipment that is currently captured in broad expenditure categories. Such information is critical for businesses in assessing investment decisions, for creating jobs, and for deciding where to locate new production facilities—in the United States or overseas. Moreover, an Energy Satellite Account establishes a robust framework for environmental impact analysis by establishing a mechanism to link energy supply and demand with carbon emissions, enhancing the ability to evaluate the carbon footprint of the global supply chain for energy goods and services.

Demonstrated Results:

Over the last several years BEA has initiated a series of programs to expand the usefulness of the U.S. GDP and Industry Accounts. These initiatives have provided clear, tangible evidence of the returns achievable with this investment. Specific highlights include:

- Expanded Industry and Commodity Detail
 - Introduction of a new industry classification system has resulted in an expansion of services-sector detail by about 30 percent, allowing BEA to accurately capture the contribution of key economic sectors—such as the information sector—to growth in U.S. GDP.
 - Implementation of the first “modernization” of the classification system used to track consumer spending in 65 years, resulting in a 150-percent increase in detail on household purchases. This modernization introduced a new type-of-expenditure structure based on consumer demand that reflects contemporary spending patterns, providing a clearer picture of consumption decisions made by households.
- New statistics on the impact of Research and Development on U.S. GDP
 - The Research and Development satellite accounts have shown that treating R&D spending as investment would significantly affect the level of U.S. GDP. For 2007, GDP would have increased \$396.3 billion, or 2.8 percent over its current level.
 - State-level GDP is also affected, resulting in significant increases for New Mexico (9.2 percent), Maryland (6.2 percent), and Massachusetts (6.0 percent) over the period 1998 to 2007.
- Introduced new statistics on the inputs used to produce the Nation’s output.
 - BEA’s KLEMS statistics, introduced in 2005, provided—for the first time—data on business purchases of energy, materials, and purchased services by industry. The extension of these statistics to include the domestic and imported content of each component has facilitated analysis on domestic outsourcing and “offshore” outsourcing and its implications for growth and productivity as well as overall U.S. competitiveness in a global economy.

Base Resources Assessment:

BEA has proposed two EIA-BEA collaborative projects—one to expand the level of energy-related detail in the Industry Accounts and a second to improve the measures of inventory

change for petroleum-related products in the quarterly GDP Accounts—and is currently moving forward with these plans. However, due to budgetary restraints, the pace is too slow to meet the challenges of developing new methods and researching new data sources to address existing data gaps that limit BEA’s ability to expand information on the energy sector beyond that which is already published.

Major milestones and project schedule for FY12-16:

FY 2012

Begin research to link EIA micro-data on energy prices and production with BEA statistics on energy supply and consumption within the framework of the U.S. GDP and Industry Accounts.

FY 2013

Finalize the core structure of new and expanded energy industries and commodities to incorporate into BEA’s Benchmark Accounts—the first place that changes in the industrial structure of the U.S. economy are introduced in the U.S. GDP Accounts. Construct preliminary estimates on energy production and consumption—for example, electricity production and consumption by type of fuel source.

FY 2014

Publish expanded energy statistics in the 2007 Benchmark I-O Accounts, the U.S. GDP Accounts, and annual time series of Industry Accounts spanning the period 1998-2012.

FY 2015

Introduce near real-time, quarterly industry statistics that incorporate expanded detail on the changing structure of the energy sector.

FY 2016

Introduce an Energy Satellite Account that highlights specific energy-related goods and services in the U.S. Economy as well as exports and imports of energy goods and services, including new technologies and renewable energy.

Deliverables:

Expanding the level of energy-related detail in the 2007 Benchmark Accounts is a high priority for BEA. The Benchmark Accounts provide detailed information on the sources and uses of goods and services in the economy and are used to “benchmark” most of BEA’s accounts, as well as other Federal economic statistics. Given their pivotal role, expanding the energy detail in the Benchmark Accounts provides the best starting point for expanding the detail in other economic statistics. This work will produce the following:

- Expanded Commodity Detail. Much of the potential expansion of the 2007 Benchmark Accounts depends on evaluating the quality of working-level commodity data. Starting with a list of energy-related commodities from the most recent Benchmark Account, BEA will work collaboratively with EIA to expand those previously unavailable categories of these data that will be most useful to BEA/EIA data users.
- Expanded Price Information. BEA and EIA will reconcile conceptual differences between dollar-denominated aggregates versus BTU-based aggregates. BEA will explain “chained-dollar” methodology while learning more about EIA’s price data and their applicability to constructing commodity price indexes for energy-related commodities and aggregates.
- Imports of Energy-Related Commodities. The Industry framework tracks the imports of energy-related commodities. BEA and EIA will review the working-level data on import commodities from the most recent Benchmark Account to determine if data can be expanded.

Performance Goals and Measurement Data:

Performance Measure:	FY 12 Target	FY 13 Target	FY 14 Target	FY 15 Target	FY 16 Target
Percentage of annual milestones in BEA 5-year plan completed	90%	90%	95%	95%	95%
With increase	90%-	90%	95%	95%	95%
Without increase	< 5%	< 5%	< 5%	< 5%	< 5%

PROGRAM CHANGE PERSONNEL DETAIL
(Dollar amounts in thousands)

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Change: Energy's Economic Impact

Title	Band	Interval	Number	Salary	Total
Senior Economist	IV	1	3	88,666	265,998
Economist	III	1	5	62,209	311,045
Economist	II	1	3	42,034	126,102
Total			11		703,145
Less Lapse			(3)		(168,403)
Total Full-time permanent (FTE)			8		534,742

Personnel Data

Full-time Equivalent

Employment:

Full-time permanent	8
Other than full-time permanent	0
Total	8

Authorized Positions:

Full-time permanent	11
Other than full-time permanent	0
Total	11

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Increase: Energy's Economic Impact

	Object Class	2012 Increase
	Personnel compensation	
11.1	Full-Time permanent	535
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	535
12.1	Civilian personnel benefits	130
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	28
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	12
24.0	Printing and reproduction	5
25.1	Advisory and assistance services	39
25.2	Other services	142
25.3	Purchases of goods and services from Government accounts	113
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	21
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	61
31.0	Equipment	113
	TOTAL OBLIGATIONS	1,200

BEA PROGRAM CHANGE FOR FY 2012:

Reducing County Level Statistical Production (-\$1.0 million and -5 FTE): BEA's FY 2012 request includes a reduction of \$1.0 million and 5 FTE to the production of County Level Statistics.

Proposed Actions:

In FY 2010, BEA received support and funding to restore and to enhance their county-level statistical products. BEA will continue to maintain the three-digit North American Industry Classification System (NAICS) detail to the published personal income statistics and the published GDP by metropolitan area statistics. This detail is used by policy makers, government officials, businesses and researchers to make informed policy decisions and conduct regional economic analysis and has become critical during the current economic crisis. BEA will also continue with the acceleration of the release of BEA's county-level personal income statistics. Under this enhancement to BEA's regional statistics the county-level personal income statistics will be available 10 months after the end of the reference period. This is a six month acceleration for the availability of this data. BEA will also continue with plans to develop price estimates at the state level in order to produce inflation-adjusted measures of state product and income.

As the economic climate in the United States has changed, BEA has evaluated its current programs and planned program improvements in light of these differences. As a result, BEA has prioritized new and expanded data that will assist the business community and regulators and new statistics that will help policy makers understand how households are impacted by economic change over further enhancements to the county-level statistics products. BEA proposes to discontinue its plans both to produce GDP by county and to develop price estimates at the county level in order to produce real (inflation-adjusted) measures of local area product and income.

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Increase: Reduction of County Level Statistics

	Object Class	2012 Decrease
	Personnel compensation	
11.1	Full-Time permanent	(450)
11.3	Other than full-time permanent	0
11.5	Other personnel compensation	0
11.8	Special personnel services payments	0
11.9	Total personnel compensation	(450)
12.1	Civilian personnel benefits	(113)
13.0	Benefits for former personnel	0
21.0	Travel and transportation of persons	(23)
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	(6)
24.0	Printing and reproduction	0
25.1	Advisory and assistance services	(23)
25.2	Other services	(28)
25.3	Purchases of goods and services from Government accounts	(294)
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	(16)
25.8	Subsistence and support of persons	0
26.0	Supplies and materials	(18)
31.0	Equipment	(45)
	TOTAL OBLIGATIONS	(1,016)

BEA PROGRAM CHANGE FOR FY 2012:

Administrative Savings (Base Funding: 526 FTE and \$101.2 million; Program Change: 0 FTE and \$0.5 million): BEA's FY 2012 request includes a reduction of \$0.5 million in administrative savings tied to the Accountable Government Initiative.

Proposed Actions:

The Administration is pursuing an aggressive government-wide effort to curb non-essential administrative spending called the Administrative Efficiency Initiative. In order to be good stewards of taxpayer money the Federal Government should continue to seek ways to improve the efficiency of programs without reducing their effectiveness. As such, the President directed each agency to analyze its administrative costs and identify savings where possible. After reviewing its administrative costs, ESA has identified \$511,000 in administrative savings, with an additional \$107,000 in savings identified through the Department's Working Capital Fund (see the Departmental Management Working Capital Fund section for more details). ESA has targeted a number of areas to achieve its savings. Of these savings, \$283,000 is tied to the acquisition plans for FY 2012 including savings tied to strategic sourcing for commodity buys, renegotiating contracts for better rates and reducing the scope and requirements of advisory services. Another \$228,000 in administrative savings has been identified in logistics plans and in general administrative support by curtailing personnel travel and promoting e-filing to respondents to BEA surveys to save postage fees. The \$618,000 in administrative savings identified above represent real reductions to ESA's funding level and will help reduce overall spending by the Federal government.

Statement of Economic Need:

These cost savings will not detract from BEA's core function of producing key economic data that is both timely and accurate and will compel bureau wide efficiencies.

PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Economics and Statistics Administration
 Subactivity: Bureau of Economic Analysis
 Program Increase: Administrative Savings

Object Class	2012 Decrease
Personnel compensation	
11.1 Full-Time permanent	0
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	0
12.1 Civilian personnel benefits	0
13.0 Benefits for former personnel	0
21.0 Travel and transportation of persons	(110)
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	(301)
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	(100)
31.0 Equipment	0
TOTAL OBLIGATIONS	(511)

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	2010 Actual	Annualized 2011 CR Level	2012 Base	2012 Estimate	2012 Increase/ (Decrease)
11 Personnel compensation					
11.1 Full-time permanent	49,062	51,572	52,011	54,711	2,700
11.3 Other than full-time permanent	733	733	733	733	0
11.5 Other personnel compensation	1,501	1,501	1,501	1,501	0
11.8 Special personnel services payments	0	0	0	0	0
11.9 Total personnel compensation	51,296	53,806	54,245	56,945	2,700
12.1 Civilian personnel benefits	13,466	14,054	15,141	15,805	664
13.0 Benefits for former personnel	17	17	17	17	0
21.0 Travel and transportation of persons	416	476	494	567	73
22.0 Transportation of things	28	29	29	32	3
23.1 Rental payments to GSA	5,744	5,744	7,285	7,285	0
23.2 Rental payments to others	367	367	367	367	0
23.3 Communications, utilities and miscellaneous charges	411	427	511	562	51
24.0 Printing and reproduction	340	343	348	376	28
25.1 Advisory and assistance services	203	206	213	393	180
25.2 Other services	12,782	9,600	9,961	15,599	5,638
25.3 Purchases of goods and services from Gov't account	9,992	9,219	9,414	10,430	1,016
25.7 Operation and maintenance of equipment	110	110	114	237	123
25.8 Subsistence and support of persons	0	0	0	0	0
26.0 Supplies and materials	1,517	1,557	1,596	1,959	363
31.0 Equipment	1,339	1,458	1,509	2,363	854
42.0 Insurance claims and indemnities	0	0	0	0	0
43.0 Interest and dividends	0	0	0	0	0
99.0 TOTAL OBLIGATIONS	98,028	97,413	101,244	112,937	11,693
Less, prior year recoveries and refunds	(780)	(158)			
Less, prior year unobligated balance	(178)				
Plus, unobligated balance, EOY	158				
Plus, unobligated balance, rescission					
Plus, unobligated balance, expiring	27				
TOTAL BUDGET AUTHORITY	97,255	97,255	101,244	112,937	11,693

Personnel Data	2010 Actual	Annualized 2011 CR Level	2012 Base	2012 Estimate	2012 Increase/ (Decrease)
Full-Time Equivalent Employment:					
Full-time permanent	482	503	506	545	39
Other than full-time permanent	20	20	20	20	0
Total	502	523	526	565	39
Authorized Positions:					
Full-time permanent	490	517	520	573	53
Other than full-time permanent	20	20	20	20	0
Total	510	537	540	593	53

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JUSTIFICATION OF PROPOSED LANGUAGE CHANGES

After “2013” insert the phrase “including not to exceed \$2,000 for official entertainment.”

The Economics and Statistics Administration (ESA) which is composed of the headquarters of ESA and the Bureau of Economic Analysis (BEA), has a need for a funding mechanism for its Gifts and Bequests fund to use for official entertainment of foreign delegations and visitors. As such we are proposing legislative language to allow the transfer of up to \$2,000 of appropriated funds to ESA's Gifts and Bequests fund.

BEA is considered a world leader in the field of national economic statistics and is often visited by foreign delegations seeking education and guidance on systems of national economic statistics. BEA's role as a leader is important in that the results of the dissemination of BEA's methodologies and best practices are more comparable statistics across nations. More comparable economic statistics benefit policy makers in that they can see more clearly international trends.

ESA headquarters, headed by the Under Secretary of Economic Affairs, also faces occasions where official entertainment funds are necessary including hosting delegations from the U.S.-China Joint Committee on Commerce and Trade, where the Under Secretary advocates for more comparable trade statistics on behalf on the Secretary of Commerce to benefit trade discussions between the U.S. and this very important trading partner.

Below are examples from the past year of the delegations and foreign visitors ESA has hosted:

- Statistics Canada came to develop, jointly with BEA, a reconciliation of current account statistics
- Swedish government economists came to learn more about BEA's economic indicators
- Japanese government officials came to learn about underlying methodologies of BEA's key economic indicators
- Japanese government officials came to learn about how BEA measures state and local transportation and infrastructure investment
- Economists and statisticians from Belize came to learn more about personal consumption expenditures
- A group of Japanese professors came to learn how BEA measures government infrastructure and the calculation of government consumption of fixed capital
- Chinese government delegation came to learn how the U.S. national accounts relate to the regional statistics
- A delegation from South Korean universities came to discuss foreign direct investment statistics and issues related to the new international standards on foreign direct investment and balance of payments
- Economists from South Korea came to learn about how BEA estimates fixed assets
- Bulgarian Ministry of Agriculture came to learn how the farm sector is measured in the U.S. economic accounts

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APPROPRIATION LANGUAGE AND CODE CITATIONS

“For necessary expenses as authorized by law of economic and statistical analysis programs of the Department of Commerce, \$112,937 to remain available until September 30, 2013, including not to exceed \$2,000 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.

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ADVISORY AND ASSISTANCE SERVICES
 (dollars in thousands)

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Estimate
Management and Professional Services	160	160	333
Special Studies and Analyses	43	43	60
Engineering and Technical Services	0	0	0
TOTALS	203	203	393

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.

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PERIODICALS, PAMPHLETS, AND AUDIOVISUAL SERVICES
 (dollars in thousands)

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Estimate
Periodicals	\$165	\$165	\$167
Pamphlets	\$11	\$11	\$12
Audiovisual Services	\$4	\$4	\$4
TOTALS	\$180	\$180	\$183

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 its public Web site, <www.bea.gov>. The site provides a comprehensive set of data tables, economic indicator releases, methodology papers, the BEA Strategic Plan, and other key information developed by the Bureau. All are presented in a downloadable, Section 508-compliant electronic format BEA's customers can easily access (see table in Exhibit 3a). Another important means of disseminating BEA information is through creation and public distribution of periodicals, reports, pamphlets, and related printed or audiovisual materials. BEA has developed an effective portfolio of these communications tools, maximizing public access to economic account information. A variety of dissemination channels ensures customers have convenient access to BEA information in a format most suited to 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 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. The data collectively serve as a 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.

Pamphlets and other publications – Each year BEA produces and distributes a variety of publications to support its mission of providing 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. Products include the BEA brochure, the BEA Strategic Plan, the BEA Customer Service Guide, economic account fact sheets, release schedules, regional

data wheels, instructional literature on using BEA data, and the BEA Customer Satisfaction Report.

Audiovisual products - BEA annually produces and disseminates two CD-ROM products covering regional economic data. These products contain explanatory information and extensive, interactive tables provided to customers (particularly local and state governments as well as depository libraries) upon request. All CD-ROM data are downloadable from www.bea.gov.

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AVERAGE GRADE AND SALARIES

	FY 2010 Actual	FY 2011 Annualized CR	FY 2012 Estimate
Average ES Salary	\$169,482	\$169,482	\$169,482
Average GS/GM Grade	13	13	13
Average GS/GM Salary	\$98,811	\$98,811	\$98,811

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