

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

Budget Estimates

Fiscal Year 2013

As Presented to Congress

February 2012



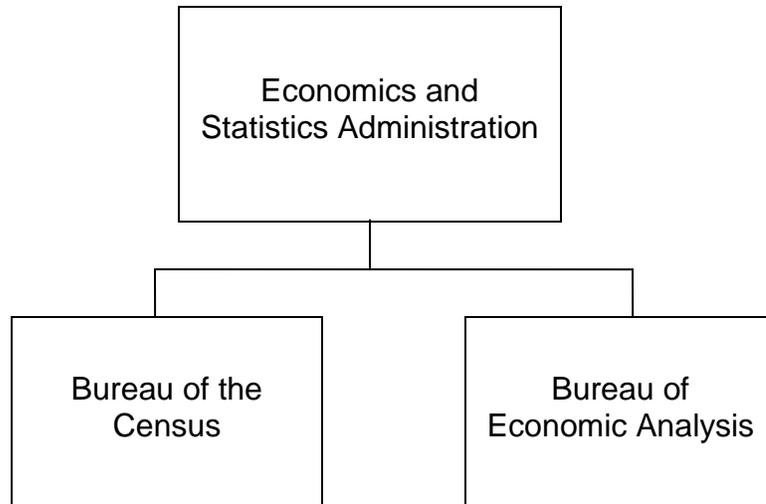
**Economic and Statistical Analysis Budget
Economics and Statistics Administration / Bureau of Economic Analysis
Budget Estimates, Fiscal Year 2013
Congressional Submission**

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

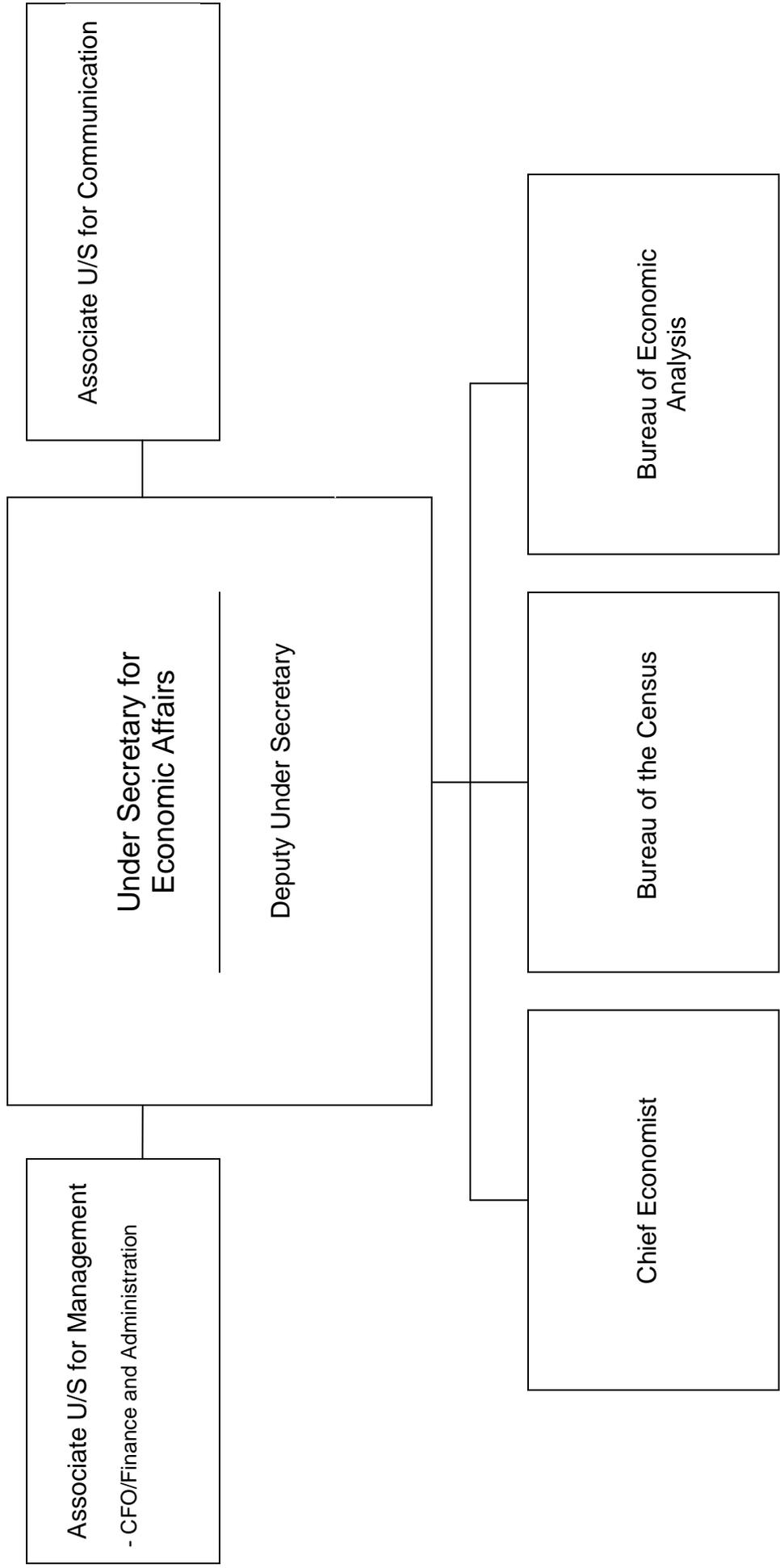


The Economics and Statistics Administration (ESA) includes ESA Headquarters, the Bureau of Economic Analysis (BEA) and the Bureau of the Census. The Bureau of the Census budget is submitted separately.

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.

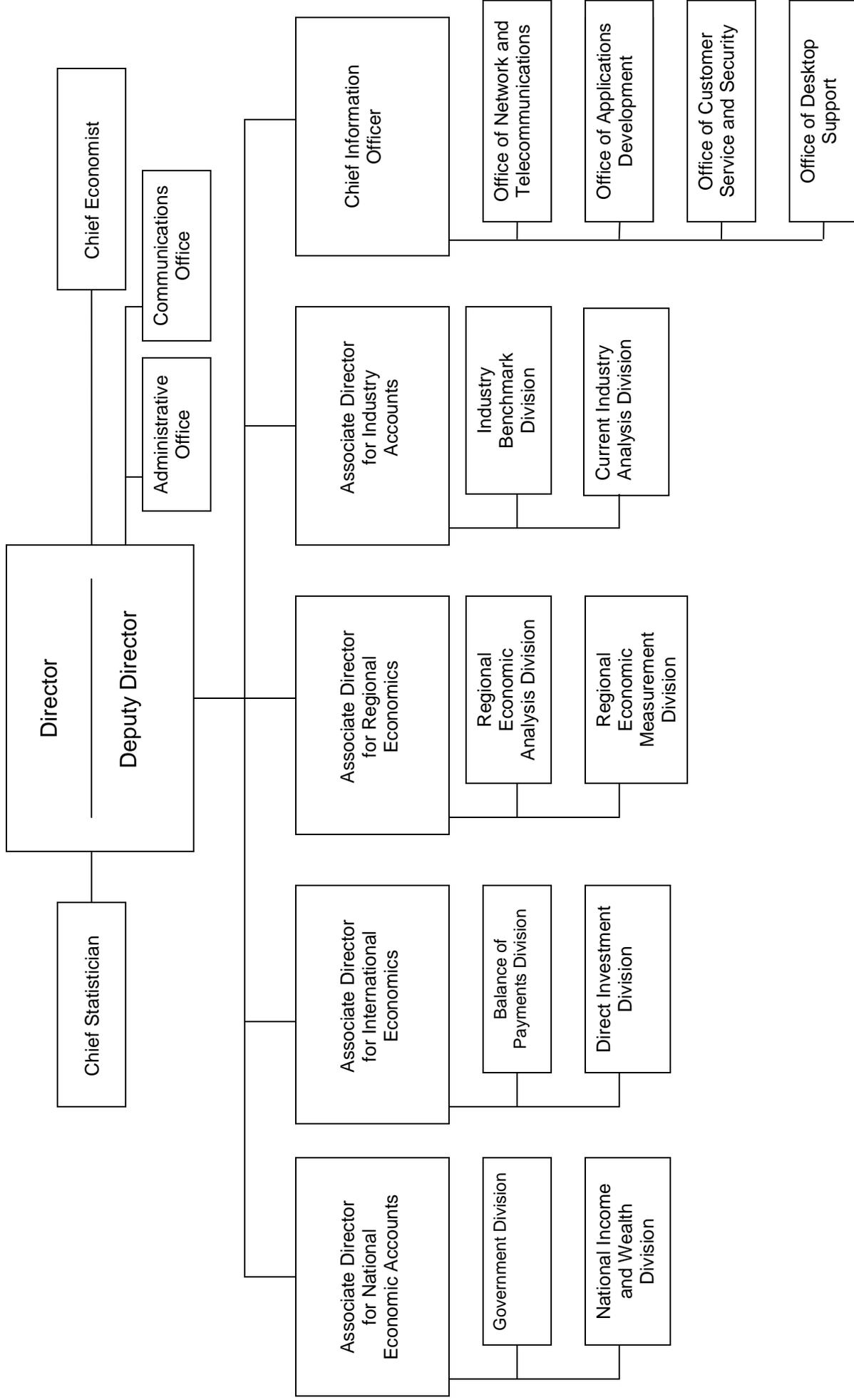
The Bureau of Economic Analysis (BEA), a principal Federal statistical agency, promotes a better understanding of the U.S. economy by providing timely, relevant, and accurate economic accounts data in an objective and cost-effective manner. BEA's national, industry, regional, and international economic 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 2012 Enacted:</u> \$96.0 million	<u>FY 2013 Request:</u> \$100.3 million	<u>Permanent positions:</u> 540	<u>FTEs:</u> 517
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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 2013 budget request. The Census Bureau submits their budget 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 2013, BEA is requesting a total of \$96.5 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 2013, BEA is requesting support for two initiatives:

Quarterly GDP by Industry- \$0.5 million and 2 FTE to produce GDP by industry on a quarterly basis to provide real-time information on the health and stability of every sector in the U.S. economy. By identifying real-time fluctuations across sectors, government and businesses will have a comprehensive set of statistics on which to base policy decisions and critical business investments.

Decomposition of Personal Income- \$0.5 million and 2 FTE that will present median, as well as mean, income and other measures of the distribution of income across households critical for understanding how the business cycle impacts U.S. households. These data will provide a more detailed picture of households' ability to consume—arguably the single most important component of economic recovery and future growth—and will fill one of the most notable gaps in public data made apparent by the economic crisis.

Administrative Savings - The Administration is continuing its pursuit of an aggressive government-wide effort to curb non-essential administrative spending. As a result, the Department of Commerce continues to seek ways to improve the efficiency of programs without reducing their effectiveness. The Department's total savings target for FY 2013 is \$176 million, which includes \$142.8 million in savings initiated in FY 2012 and an additional \$33.2 million planned for FY 2013. Building on ESA's administrative savings planned for FY 2012 (\$0.62 million), an additional \$0.14 million in savings is targeted for FY 2013 for a total savings in FY 2013 of \$0.76 million.

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 2013, ESA policy support is requesting a total of \$3.8 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.

Conclusion

The continuing 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 affect every American who runs a business, saves for retirement, or borrows to buy a home. The FY 2013 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 2013 Annual Performance Plan

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- Section 3. Priorities / Management Challenges
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Mission

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 Department's Science and Information Theme, 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. Through its identification of four strategic objectives and, within them, more detailed strategic goals, BEA's progress is tied to its contribution to the completion of the Department's themes of Economic Growth, Science and Information, customer service, organizational excellence, and workforce excellence. 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 themes to the BEA mission and, finally, to the objectives, goals, and milestones of the BEA Five-Year Strategic Plan, reinforces the link between the DOC mission and the employees at BEA.

Priorities / Management Challenges

This FY 2013 budget request enables BEA to 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.

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. 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 and energy. At the same time, 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, and accessible interface mechanisms. In addition, BEA must make information readily available to all types of data users. 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 2013 budget submission is designed to address these challenges and allow BEA to not only maintain, but improve, its high-priority statistics.

Targets and Performance Summary / FY 2013 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 tracks BEA's progress toward meeting its commitments to the President, Congress, and the American public.

Timeliness Performance Objective						
Measure 1a: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
	57 of 58	56 of 57	61 of 55	62 of 62	62 of 62	TBD
<p>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 2011, BEA met its target for on time releases.</p> <p>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.</p>						
Relevant Program Change(s):				Exhibit 12-15 Page no:		
Title:						

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 2008 Actual	4.2	FY 2009 Actual	4.2	FY 2010 Actual	4.4	FY 2011 Actual	4.1	FY 2012 Target	Greater than 4.0	FY 2013 Target	Greater than 4.0
	<p>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 2011, BEA scored 4.1 out of a maximum of 5.0, indicating users are very satisfied with the overall quality of BEA's products and services.</p> <p>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.</p>											
Relevant Program Change(s):	<p>Title: Quarterly GDP by Industry Decomposition of Personal Income</p>											
<p>Exhibit 12-15 Page no: ESA - 36</p>												

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 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
		94%	88%	88%	89%	Greater than 85%
<p>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 89% in FY 2011.</p> <p>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.</p>						
Relevant Program Change(s):		Title:				
		Exhibit 12-15 Page no:				

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 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 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 2011, 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 implemented new flexible revision procedures; incorporate improved source data and methods; and continue implementation of new IT processing systems.</p>						
Relevant Program Change(s):	<p>Title: Quarterly GDP by Industry Decomposition of Personal Income</p>					<p>Exhibit 12-15 Page no: ESA - 36</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 2013 Program Changes

	Accompanying GPRA		Base		Increase/Decrease		Ex. 12-15 Page #
	APP Page #.	Performance Measure	FTE	Amount	FTE	Amount	
Program Change:							
Quarterly GDP by Industry	ESA – 15,17	1b, 1d	0	0	2	\$0.5m	ESA – 36
Decomposition of Personal Income	ESA – 15,17	1b, 1d	0	0	2	\$0.5m	ESA – 36

Resource Requirements Table

(Dollars in millions)

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Enacted	FY 2013 Base	Increase / (Decrease)	FY 2013 Request
Total Funding	88.4	98.7	106.2	104.8	103.4	105.8	1.0	106.8
Direct	81.6	91.1	98.0	97.5	96.4	99.3	1.0	100.3
Reimbursable ¹	6.8	7.6	8.2	7.3	7.0	6.5	0.0	6.5
IT Funding	12.4	16.9	16.8	15.6	12.8	13.1	0.0	13.1
FTE ²	524	529	541	544	545	543	4	547

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

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Department of Commerce
 Economic and Statistical Analysis Budget
 Salaries and Expenses
SUMMARY OF FINANCING
 (Dollar amounts in thousands)

Comparison by activity	2011 Actual	2012 Enacted	2013 Base	2013 Estimate	2013 Increase/ (Decrease)
Total Obligations	104,771	103,378	105,764	106,764	1,000
Offsetting collections from:					
Federal Funds	(6,761)	(6,523)	(6,035)	(6,035)	0
Trust funds	(298)	(460)	(460)	(460)	0
Non-Federal sources	(725)	0	0	0	0
Recoveries and Refunds	(158)	(395)	0	0	0
Unobligated balance direct, start of year	(202)	0	0	0	0
Unobligated balance reimbursable, start of year	0	0	0	0	0
Unobligated balance transferred	395	0	0	0	0
Unobligated balance direct, end of year	0	0	0	0	0
Unobligated balance reimbursable, end of year	0	0	0	0	0
Unobligated balance expiring	38	0	0	0	0
Budget Authority	97,060	96,000	99,269	100,269	1,000
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	97,060	96,000	99,269	100,269	1,000

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Department of Commerce
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Economics and Statistics Administration / Bureau of Economic Analysis
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	FTE	Amount
<u>FY 2013 pay raise and related costs</u>		230
A general pay raise of 0.5% is assumed to be effective January 1, 2013.		
Amount requested in FY 2013 for FY 2013 pay increase (3/4 of year)		230,000
<u>Civil Service Retirement System (CSRS)</u>		(110)
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 2012 to 11.9% in FY 2013. The contribution rate will remain 7.0%.		
FY 2013 $(\$50,499,000 \times .119 \times .07)$		420,657
FY 2012 $(\$50,499,000 \times .15 \times .07)$		530,240
Total adjustment to base		(109,583)
<u>Federal Employees Retirement System (FERS)</u>		183
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 85.0% in FY 2012 to 88.1% in FY 2013. The contribution rate is 11.7%.		
FY 2013 $(\$50,499,000 \times .881 \times .117)$		5,205,285
FY 2012 $(\$50,499,000 \times .85 \times .117)$		5,022,126
Total adjustment to base		183,159
<u>Thrift Savings Plan (TSP)</u>		72
The cost of agency contributions to the Thrift Savings Plan will rise as FERS participation increases. The contribution rate based on actual performance is 4.60%.		
FY 2013 $(\$50,499,000 \times .881 \times .046)$		2,046,522
FY 2012 $(\$50,499,000 \times .85 \times .046)$		1,974,511
Total adjustment to base		72,011
<u>Federal Insurance Contribution Act (FICA)</u>		110
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 \$110,175 in FY 2012 to \$113,100 in FY 2013. The OASDI tax rate will remain 6.2% in FY 2013.		
<u>Health Insurance</u>		272
Effective January 2011 the cost of the ESA's contribution to the Federal employees' health insurance premium increased by 9.1%. Applied against the FY 2012 estimate of \$2,988,000, the additional amount requested is \$271,908.		
<u>Rental payments to GSA</u>		81
GSA rates are projected to increase 1.7% over the FY 2012 estimate of \$4,770,000 for currently occupied space. This results in an increase of \$81,090.		

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>BEA's Expiring Lease</u> BEA's lease on their current facility, 1441 L Street, NW, Washington, D.C., expires in June, 2013. This estimate provides additional funding for escalating rent costs for the remaining 3 months of FY 2013 as well as hold-over costs and design costs for improving efficiency and reducing square footage. BEA has been working closely with the Department's Real Property Office, OMB, and GSA to determine the most cost effective alternative.		2,241
<u>Per Diem</u> Effective October 1, 2010, the General Services Administration changed per diem rates. The standard increase of 6.0% was applied to the 2012 estimate of \$181,000 to arrive at an increase of \$10,680.		11
<u>GPO Printing</u> GPO has provided an estimated rate increase of 1.5%. This percentage was applied to the 2012 estimate of \$256,000 for an increase of \$3,840.		4
<u>Working Capital Fund</u> A reduction of \$98,000 toward decreases in the Departmental Management's Working Capital Fund.		(98)
<u>General Pricing Level Adjustment</u> This request applies a 1.5% general pricing adjustment based on OMB economic assumptions for FY 2013 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		(55)
This includes the general pricing adjustment applied to a base of \$281,000 (excluding utilities) for an increase of \$4,215 plus a price decrease of \$59,000 for HCHB Electricity.		
Other Services / Rental Payments to Others / Transportation of things		295
Supplies and materials		21
Equipment		12
Total, Estimated Cost Changes		3,269
Total, Adjustments to Base		3,269

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	2011 Actual		2012 Enacted		2013 Base		2013 Estimate		2013 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
National Economic Accounts.....	151	33,254	151	31,357	151	32,455	153	32,955	2	500
FTE/Obl.	144	32,246	144	31,453	144		146		2	
Direct Obligations.....	151	33,254	151	31,357	151	32,455	153	32,955	2	500
FTE/Obl.	144	32,246	144	31,453	144		146		2	

Activity: Bureau of Economic Analysis
 Subactivity: International Economic Accounts

Comparison by line item	2011 Actual		2012 Enacted		2013 Base		2013 Estimate		2013 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
International Economic Accounts. Pos/BA	182	28,784	182	31,356	182	32,454	182	32,454	-	-
FTE/Obl.	175	31,440	175	31,453	175		175		-	
Direct Obligations.....	182	28,784	182	31,356	182	32,454	182	32,454	-	-
FTE/Obl.	175	31,440	175	31,453	175		175		-	

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	2011 Actual		2012 Enacted		2013 Base		2013 Estimate		2013 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Regional Economic Accounts..... Pos/BA FTE/Obl.	113 108	17,280 18,004	113 108	17,523 17,577	113 108	18,136	113 108	18,136	-	-
Direct Obligations Pos/BA FTE/Obl.	113 108	17,280 18,004	113 108	17,523 17,577	113 108	18,136	113 108	18,136	-	-

Activity: Bureau of Economic Analysis
 Subactivity: Industry Economic Accounts

Comparison by line item	2011 Actual		2012 Enacted		2013 Base		2013 Estimate		2013 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Industry Economic Accounts Pos/BA FTE/Obl.	73 70	13,925 11,965	73 70	11,989 12,026	73 70	12,409	75 72	12,909	2	500
Direct Obligations Pos/BA FTE/Obl.	73 70	13,925 11,965	73 70	11,989 12,026	73 70	12,409	75 72	12,909	2	500

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	2011 Actual		2012 Enacted		2013 Base		2013 Estimate		2013 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy support..... Pos/BA FTE/Obl.	17	3,816	17	3,775	17	3,816	17	3,816	-	-
	16	3,855	16	3,886	16		16		-	-
Direct Obligations..... Pos/BA	17	3,816	17	3,775	17	3,816	17	3,816	-	-
FTE/Obl.	16	3,855	16	3,886	16		16		-	-

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

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

For FY 2013, the Economics and Statistics Administration (ESA) budget reflects an increase of \$4.3M and 4 FTE over the FY 2012 enacted level of \$96.0M for a total request of \$100.3M and 517 FTE.

BASE JUSTIFICATION FOR FY 2013:

Economics and Statistics Administration Overview

The Economics and Statistics Administration budget is organized into two subactivities under the ESA account,

- **The Bureau of Economic Analysis (BEA) subactivity (\$96.5 million and 501 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 (\$3.8 million and 16 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 \$3.2 million to fund adjustments to BEA and Policy Support programs and activities. This will provide inflationary increases for labor as well as non-labor activities, including service contracts and utilities. In addition, it provides funds to support holdover, space design, and other costs associated with the expiration of BEA's lease on their facility at 1441 L St. NW.

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 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**. 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>

PROGRAM CHANGES FOR FY 2013

For FY 2013, BEA proposes two \$500K program increases.

The **quarterly GDP by industry** component of the Economic Dashboard initiative and a **decomposition of personal income** from the Everyday Economics initiative, which were proposed but not adopted in previous budget cycles.

Producing **GDP by industry** on a quarterly basis will provide real-time information on the health and stability of every sector in the U.S. economy. By identifying real-time fluctuations across sectors, government and businesses will have a comprehensive set of statistics on which to base policy decisions and critical business investments.

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 shortcoming was due to an inability to see, both at the detailed and aggregate levels, warning signs of systematic risk. This 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.

The addition of GDP by Industry statistics on a quarterly basis will enable policymakers to quickly identify fluctuations across sectors and thus improve the ability to understand and target responses to a given sector's economic position. These key data will also help inform business investment decisions, providing more effective real-time information that will help small business improve their growth potential. They will also provide an early tool to evaluate the economic performance of U.S. industries.

A **decomposition of personal income** that presents median, as well as mean, income and other measures of the distribution of income across households are critical for understanding how the business cycle affects U.S. households and their ability to spend on such crucial items as housing, food, transportation, and medical care. These data will provide a more detailed picture of households' ability to consume—arguably the single most important component of economic recovery and future growth—and will fill one of the most notable gaps in public data made apparent by the 2008 economic crisis. These 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—key information for U.S. policymakers to have at their disposal.

Currently, no statistics provide a true picture of the discretionary income of consumers. This initiative will serve to address 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 anticipate and identify critical shifts in household discretionary income, providing policymakers with key tools to help determine the right response;
- More descriptive and detailed ability to understand and respond to the household economic experience.

This new economic indicator will provide a far more detailed and nuanced understanding of households' purchasing power and how it varies across households and over time – arguably the single most important component of overall economic recovery and future growth. As households 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 key new statistics detailing spending power and decomposition of personal income will provide a roadmap, a gauge of progress, and critical tools to identify signs of weakness in the future.

PROGRAM CHANGE PERSONNEL DETAIL

(Dollar amount in thousands)

Program Change: Quarterly GDP by Industry

Activity: Bureau of Economic Analysis

Subactivity: Industry Economic Accounts

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Economist	Washington	Band II	2	84	168
Economist	Washington	Band III	2	63	126
Total			<u>4</u>		<u>294</u>
less Lapse			<u>2</u>		<u>74</u>
Total full-time permanent (FTE)			2		220
2013 Pay Adjustment					<u>1</u>
TOTAL					221
Personnel Data			<u>Number</u>		
Full-Time Equivalent Employment					
Full-time permanent			2		
Other than full-time permanent			<u>0</u>		
Total			2		

PROGRAM CHANGE PERSONNEL DETAIL

(Dollar amount in thousands)

Program Change: Decomposition of Personal Income

Activity: Bureau of Economic Analysis

Subactivity: National Economic Accounts

Title:	Location	Grade	Number of Positions	Annual Salary	Total Salaries
Economist	Washington	Band II	2	84	168
Economist	Washington	Band III	2	63	126
Total			<u>4</u>		<u>294</u>
less Lapse			<u>2</u>		<u>74</u>
Total full-time permanent (FTE)			2		220
2013 Pay Adjustment					<u>1</u>
TOTAL					221
Personnel Data			<u>Number</u>		
Full-Time Equivalent Employment					
Full-time permanent			2		
Other than full-time permanent			0		
Total			<u>2</u>		

PROGRAM CHANGE DETAIL BY OBJECT CLASS

Activity: Bureau of Economic Analysis
 Sub Activity: National and Industry Economic Accounts
 Program Change: Quarterly GDP by Industry / Decomposition of Personal Income

Object Class	2013 Change
11 Personnel compensation	
11.1 Full-time permanent	\$442
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>442</u>
12 Civilian personnel benefits	114
13 Benefits for former personnel	0
21 Travel and transportation of persons	32
22 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	8
24 Printing and reproduction	4
25.1 Advisory and assistance services	28
25.2 Other services	46
25.3 Purchases of goods & services from Gov't accounts	198
25.4 Operation and maintenance of facilities	0
25.5 Research and development contracts	0
25.6 Medical care	0
25.7 Operation and maintenance of equipment	22
25.8 Subsistence and support of persons	0
26 Supplies and materials	20
31 Equipment	86
99 Total obligations	<u>1,000</u>

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 role exports play 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 US 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.

PROGRAM CHANGES FOR FY 2013:

ESA Policy Support submits no program changes for FY 2013.

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	2011 Actual	2012 Enacted	2013 Base	2013 Estimate	2013 Increase
11 Personnel compensation					
11.1 Full-time permanent	50,566	50,961	51,150	51,614	464
11.3 Other than full-time permanent	730	730	730	730	0
11.5 Other personnel compensation	1,408	1,408	1,408	1,408	0
11.8 Special personnel services payments	0	0	0	0	0
11.9 Total personnel compensation	52,704	53,099	53,288	53,752	464
12.1 Civilian personnel benefits	14,884	15,046	15,613	15,727	114
13.0 Benefits for former personnel	26	26	26	26	0
21.0 Travel and transportation of persons	366	360	370	400	30
22.0 Transportation of things	19	18	18	18	0
23.1 Rental payments to GSA	4,845	5,240	7,562	7,562	0
23.2 Rental payments to others	87	86	86	86	0
23.3 Communications, utilities and miscellaneous charges	497	489	430	438	8
24.0 Printing and reproduction	259	256	260	264	4
25.1 Advisory and assistance services	7,043	6,867	6,871	6,897	26
25.2 Other services	2,800	2,785	2,495	2,535	40
25.3 Purchases of goods and services from Gov't accounts	9,859	8,054	8,121	8,313	192
25.4 Operation and maintenance of facilities	1,622	1,608	1,631	1,631	0
25.5 Research and development contracts	0	0	0	0	0
25.6 Medical care	0	0	0	0	0
25.7 Operation and maintenance of equipment	280	276	280	300	20
25.8 Subsistence and support of persons	0	0	0	0	0
26.0 Supplies and materials	1,407	1,385	1,406	1,424	18
31.0 Equipment	810	800	812	896	84
42.0 Insurance claims and indemnities	0	0	0	0	0
43.0 Interest and dividends	2	0	0	0	0
99.0 TOTAL OBLIGATIONS	97,510	96,395	99,269	100,269	1,000
Less, prior year recoveries and refunds	(725)	-395			
Less, prior year unobligated balance	(158)				
Less, Administrative Cost Savings					
Plus, unobligated balance, EOY	395				
Plus, unobligated balance, rescission					
Plus, unobligated balance, expiring	38				
TOTAL BUDGET AUTHORITY	97,060	96,000	99,269	100,269	1,000

Personnel Data	2011 Actual	2012 Enacted	2013 Base	2013 Estimate	2013 Increase
Full-Time Equivalent Employment:					
Full-time permanent	493	493	493	497	4
Other than full-time permanent	20	20	20	20	0
Total	513	513	513	517	4
Authorized Positions:					
Full-time permanent	516	516	516	520	4
Other than full-time permanent	20	20	20	20	0
Total	536	536	536	540	4

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JUSTIFICATION OF PROPOSED LANGUAGE CHANGES

After “\$100,269,000” insert the phrase “to remain available until September 30, 2014.”

ESA and BEA share a single appropriation (the Economic and Statistical Analysis Budget – Salaries and expenses) that has historically been available for two years. In the FY 2012 appropriation, ESA and BEA’s fund availability was limited to a single year. ESA proposes language that would revert to the two-year availability of ESA and BEA’s appropriation.

Each July, BEA undertakes the annual revision of its National Income and Product Accounts, which include the Gross Domestic Product (GDP). The GDP Accounts are revised for the last three years to incorporate the most accurate source data available. The timing of the revision (in summer) is linked to the availability of source data. (When necessary, BEA also revises past estimates to account for source data, methodological or presentation changes. For example, this summer’s revision incorporated updated source data for consumer spending (PCE) beginning with 2003 and carried back an improved price measure for communications equipment to 2003).

Since the source data used for the annual revision can only be compiled during the summer months, there is frequently a need to research and analyze the data—to evaluate its accuracy, reliability, and functionality—following the release of the annual revision in July. This analysis of data often requires additional clarification and/or additional source data purchases that extend beyond the close of the fiscal year. Furthermore, a comprehensive review of the processes and information technology systems that support the production of the accounts naturally occurs simultaneous to the annual revision. Often improvements to these systems and processes are identified during the annual revision process.

The two-year availability of the funds allows BEA to make deliberate decisions about the necessary corrective actions post-annual revision (system synchronization, modernization, and data sourcing, for example), as the implementation of these actions usually occur in August through December (crossing fiscal years). The two-year availability of the funding accommodates and supports this critical production schedule.

Department of Commerce
Economic and Statistical Analysis Budget
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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, \$100,269,000 to remain available until September 30, 2014.”

15 U.S.C. 171 et seq., provides for the establishment of the Bureau of Economic Analysis (BEA) and provides the authority(s) and responsibility(s) for the functions of the Bureau of Economic Analysis.

15 U.S.C. 1501 et seq., establishes the Department of Commerce and, among other responsibilities, provides the Secretary of Commerce (delegated by Departmental order to the Under Secretary for Economic Affairs) with the authority to carry out economic and statistical analysis functions.

22 U.S.C. 286f provides that the President shall make available balance of payments information as required by the Bretton Woods Agreement Act. The Bureau of Economic Analysis was assigned responsibility by Executive Order No. 10033, as amended and subsequent Departmental delegation for the collection of certain balance of payments data and the publication of the U.S. balance of payments accounts.

22 U.S.C. 3101 et seq., provides that the President shall undertake mandatory surveys of U.S. direct investment abroad and foreign direct investment in the United States. The Bureau of Economic Analysis was assigned responsibility for the direct investment surveys under this Act by Executive Order No. 11961 and subsequent Departmental delegation.

Department of Commerce
 Economic and Statistical Analysis Budget
 Economics and Statistics Administration / Bureau of Economic Analysis
 Salaries and Expenses
ADVISORY AND ASSISTANCE SERVICES
 (dollars in thousands)

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
Management and Professional Services	385	446	151
Special Studies and Analyses	0	0	0
Engineering and Technical Services	0	0	0
TOTALS	385	446	151

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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 Salaries and Expenses
PERIODICALS, PAMPHLETS, AND AUDIOVISUAL SERVICES
 (dollars in thousands)

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
Periodicals	\$169	\$169	\$170
Pamphlets	\$8	\$8	\$9
Audiovisual Services	\$0	\$0	\$0
TOTALS	\$177	\$177	\$179

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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 Salaries and Expenses
AVERAGE GRADE AND SALARIES

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
Average ES Salary	\$168,405	\$168,405	\$170,089
Average GS/GM Grade	13	13	13
Average GS/GM Salary	\$100,109	\$100,109	\$103,863

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