

U.S. DEPARTMENT OF COMMERCE BUREAU OF ECONOMIC ANALYSIS

**Budget Estimates
Fiscal Year 2019**

As Presented Congress

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**Department of Commerce
Bureau of Economic Analysis
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Bureau of Economic Analysis

Subactivity: **National Economic Accounts**

Goal Statement

The goal of this program is to produce official measures of U.S. domestic production, consumption, and investment; exports and imports; and national and domestic income, including measures of corporate profits and savings.

Base Program

The National Income and Product Accounts, summarized by Gross Domestic Product (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.

Statement of Operating Objectives

This program contributes directly to the BEA objective of producing and continuously improving timely and accurate national statistics to track the performance of the U.S. economy. The data produced by BEA include some of the Nation's most important and closely watched economic statistics, such as 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.

Explanation & Justification

		2017 Enacted		2018 Annualized CR		2019 Estimate	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
National Economic Accounts.....	Pos/BA	166	34,263	166	34,030	162	32,336
	FTE/Obl.	157	32,211	157	34,147	157	

The FY 2019 request for the National Economic Accounts program provides for the following critical statistics:

- **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.
- **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.
- **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.
- **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.
- **Integrated Macroeconomic Accounts for the United States:** Integrated accounts that link production and income to changes in net worth for the U.S. economy. These accounts detail the sources and uses of funds made available for capital formation or net lending as well as track assets and liabilities for all major sectors of the U.S. economy.

Activity: Bureau of Economic Analysis

Subactivity: **International Economic Accounts**

Goal Statement

The goal of this program is to produce the international accounts that provide a detailed picture of economic activity between the United States and the rest of the world.

Base Program

International Transactions Accounts (ITAs), also referred to as balance of payments accounts and International Investment Position accounts (IIPs), provide 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's direct investment programs are required by law and critical to understanding the impact of U.S. and foreign multinational companies on the U.S. and world economies.

Statement of Operating Objectives

This program contributes to the BEA objectives of producing and continuously improving timely and accurate international statistics to track the performance of the U.S. economy and to foster U.S. trade. 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. The international statistics also provide the foundation for businesses and policymakers to make decisions that will improve the global competitiveness of the United States.

Explanation & Justification

		2017 Enacted		2018 Annualized CR		2019 Estimate	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
International Economic Accounts.....	Pos/BA	178	36,339	178	36,092	175	34,295
	FTE/Obl.	171	36,771	171	36,216	171	

The FY19 request for the International Economic Accounts program allows for maintaining these high quality products:

- **U.S. International Transactions (Balance of Payments):** These accounts summarize 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.
- **Trade in Goods and Services:** Monthly and annual statistics of U.S. imports and exports of goods and services.
- **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.

- **Activities of Multinational Enterprises:** These data sets cover the financial structure and operations of U.S. multinational enterprises (MNEs) and of U.S. affiliates of foreign MNEs. The data are used to analyze the characteristics and performance of MNEs and to assess their impact on the U.S. and foreign host economies.
- **New Foreign Direct Investment:** These statistics provide information on the acquisition, establishment, and expansion of U.S. business enterprises by foreign direct investors.

Activity: Bureau of Economic Analysis

Subactivity: **Industry Economic Accounts**

Goal Statement

The goal of this program is to produce the input-output accounts that contain detailed information on the flow of goods and services to industries for use in the production process and to final users in the U.S. economy.

Base Program

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.

Statement of Operating Objectives

This program contributes to the BEA objective of preparing and continuously improving timely and accurate industry statistics to track the performance of the U.S. economy. Data from the Industry Economic Accounts form the foundation of the National Income and Product Accounts and many other key government statistics, such as the Bureau of Labor Statistics' producer price indexes. The Industry Accounts data are also 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.

Category	Key							
Type	Customer Service							
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.							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Target	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Actual	4.3	4.1	4.0	4.0	4.0	4.2		
Status	Exceeded	Exceeded	Met	Met	Met	Exceeded		
Trend	Positive							
Actions to be Taken / Future Plans	BEA has no plans to change this indicator.							
Adjustments to Targets	Adjustments to targets have not been made.							
Notes	None							
Information Gaps	There are no information gaps for this indicator.							

Indicator	Accuracy: Percent of GDP estimates correct.							
Category	Key							
Type	Contextual							
Description	This performance measure tracks BEA's ability to accurately estimate its most important statistic, 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.							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Target	85%	83%	83%	83%	83%	85%	85%	85%
Actual	87%	84%	86%	87%	89%	88%		
Status (i.e. Exceeded, Met, Not Met)	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded	Exceeded		
Trend	Positive							
Explanation (if Target not met in FY 2017)	N/A							
Actions to be taken / Future Plans	BEA has no plans to change this indicator.							
Adjustments to targets	Adjustments to targets have not been made.							
Notes	Availability of the accuracy index will always lag fiscal year reporting since it is tied to GDP release timing.							
Information Gaps	There are no information gaps for this indicator.							

Indicator	Complete all major strategic milestones related to improving economic accounts.							
Category	Supporting (Strategic Plan)							
Type	Process							
Description	Clearly describe the indicator and what it comprises, including how the indicator reflects the bureau's mission and any "ingredients" integral to the indicator that may not be apparent from its name/title.							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Target	Complete Milestones	Complete Milestones	Complete Milestones	Complete Milestones	Complete Milestones	Complete Milestones	Complete Milestones	Complete Milestones
Actual	Completed Successfully	Completed Successfully	Completed Successfully	Completed Successfully	Completed Successfully	Completed Successfully		
Status (i.e. Exceeded, Met, Not Met)	Met	Met	Met	Met	Met	Met		
Trend	Stable							
Explanation (if not met in 2017)	N/A							
Actions to be taken / Future Plans	BEA has no plans to change this indicator.							
Adjustments to Targets	Adjustments to targets have not been made.							
Notes	None							
Information Gaps	There are no information gaps for this indicator.							

Other Indicators

Indicator	Identify key benchmarks and milestones for reorganizing economic and statistical programs.
Category	Key Indicator
Type	Efficiency

Description	The Office of the Under Secretary of Commerce for Economic Affairs, provides leadership, management, oversight, and policy guidance to the Census Bureau, Bureau of Economic Analysis, the Chief Economist, and the department-wide economic and statistical community. As the chief economic advisor to the Secretary, the Under Secretary monitors and interprets economic developments, domestic fiscal and monetary policies, and analyzes economic conditions and policy initiatives of major trading partners.							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Target								Develop a Plan of Action and Milestones (POA&M)
Actual								TBD
Status								
Trend	TBD							
Actions to be Taken/ Future Plans								
Adjustments to Targets		Adjustments to targets have not been made.						
Notes		This measure will be new in FY 2019						
Information Gaps		There are no information gaps for this indicator.						

Non-Recurring Indicators

Indicator	Milestones met to explore and examine future economic data sources							
Category	Key Indicator							
Type	Efficiency							
Description	ESA collects much of its information to produce its economic datasets through extensive surveys, which are expensive and time consuming to administer. The collection of data through surveys is becoming increasingly more difficult as fewer people respond to surveys. In order to meet the needs of its customers, ESA will explore alternative ways to collect the information needed to meet current and future economic needs.							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019

Target			Meet with producers of economic data and discuss possible use by DOC	Explore agreements with one or more producers of economic data	Execute and monitor agreements	Evaluate effectiveness of agreements and extend/modify/cancel as appropriate	None	None
Actual			Meetings occurred	Two agreements under negotiation	Five agreements under negotiation	4 agreements evaluated & extended; 4 explored & executed; 2 explored & not pursued	N/A	N/A
Status			Met	Met	Met	Met	N/A	N/A
Trend	Stable							
Actions to be Taken/ Future Plans		This indicator will be eliminated with the consolidation of ESA.						
Adjustments to Targets		Adjustments to targets have not been made.						
Notes		Includes data from FY 2014						
Information Gaps		There are no information gaps for this indicator.						
Justification for Elimination		ESA's functions will be consolidated into other bureaus.						

Indicator	Milestones met to explore and examine future economic products and datasets							
Category	Key Indicator							
Type	Efficiency							
Description	ESA collects much of its information to produce its economic datasets through extensive surveys, which are expensive and time consuming to administer. Raw economic information is available from a host of sources. Private-sector data providers use a number of techniques and sources of information for their products. ESA will explore these techniques and sources to determine which might be appropriate for obtaining raw economic information.							
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019

Target			Identify staff from BEA and Census to participate in the exploration and examination of future economic products and	Develop a POA&M	Execute POA&M	Execute POA&M	None	None
Actual			Staff identified	POA&M developed	POA&M executed	POA&M executed	N/A	N/A
Status			Met	Met	Met	Met	N/A	N/A
Trend	Stable							
Actions to be Taken/ Future Plans			This indicator will be eliminated with the consolidation of ESA.					
Adjustments to Targets			Adjustments to targets have not been made.					
Notes			Includes data from FY 2014					
Information Gaps			There are no information gaps for this indicator.					
Justification for Elimination			ESA's functions will be consolidated into other bureaus.					

Resource Requirements

	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 CR Annualized	FY 2019 Base	Increase / Decrease	FY 2019 Request
Total Budget Authority	96,000	93,321	99,000	100,000	109,000	107,300	106,571	107,576	-6,587	100,987
Total Positions	514	464	470	481	508	522	522	522	-20	502

Positions do not include staff funded by the Working Capital fund.

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