July 1, 2011

The Honorable Frank R. Wolf
Chairman
House Appropriations Subcommittee on Commerce, Justice, and Science
241 Cannon Building
Washington, DC 20515

The Honorable Barbara A. Mikulski
Chairwoman
Senate Appropriations Subcommittee on Commerce, Justice, and Science
503 Hart Senate Office Building
Washington, DC 20515

The Honorable Chaka Fattah
Ranking Member
House Appropriations Subcommittee on Commerce, Justice, and Science
2301 Rayburn House Office Building
Washington, DC 20515

The Honorable Kay Bailey Hutchison
Ranking Member
Senate Appropriations Subcommittee on Commerce, Justice, and Science
284 Russell Senate Office Building
Washington, DC 20510-4304

Dear Chairman Wolf, Chairwoman Mikulski, Ranking Member Fattah and Ranking Member Hutchison:

We, the undersigned organizations and individuals, wish to convey our strong support for the FY2012 budget request of $108.8 million for the Bureau of Economic Analysis, including funding for several new accounting frameworks that will provide extremely valuable information about important aspects of our economy in these challenging times for our country. We detail the reasons for our support in what follows, and we thank you for considering our views as you proceed with your work on appropriations.

Most people agree that the primary job of federal policymakers is to support America’s economy—our businesses, our goods and services, and our working
families. Many also realize that our economy today faces difficult challenges that are affecting national competitiveness, and there is genuine concern that our children will struggle more than we did for security and prosperity.

We all need to work together to solve these problems, and one of the keys for such problem-solving, particularly in a long-term view, is improving the economic information on which policymakers rely for setting goals and making decisions. The most vital information in this regard is generated by the Bureau of Economic Analysis, in our national economic accounts and related accounts. Thus, as economists, policy and professional groups, and private sector associations that, like you, rely heavily on BEA data, we are greatly heartened by several new BEA initiatives in the President’s Fiscal Year 2012 budget. Together they represent a major leap forward in our national accounting, promising new, highly relevant data for today’s policy challenges, at a very small cost to taxpayers. Three of these initiatives were also included in the President’s Fiscal Year 2011 budget, and we submitted a letter in support of those in May 2010. Regarding these, we wish to reiterate our support here, while also adding our support for a fourth initiative newly introduced in the FY12 budget.

We strongly support the BEA initiative called “Everyday Economics: The American Household,” which will develop a new suite of statistics focused on household income, expenses, debt, and savings. The proposed household accounts will provide a more accurate picture of income, taking regional price differences and estimates of the cost of necessities into account. They will also provide new measures of the distribution of income across households. With more than two-thirds of our Gross Domestic Product dependent on consumer spending, these new household measures, particularly of discretionary income, are vitally important for understanding the overall health of our economy.

New releases of household indicators will be extremely valuable to businesses (particularly small businesses), as well as to policymakers, the media, and the general public. The new indicators will provide a much clearer sense of the capacity of households to engage in economic activity and how this is changing over time. For small businesses in particular, which cannot afford to hire their own economists and analysts to do such research, the new household indicators will be an invaluable new source of public information for guiding credit and investment decisions, new hiring, job training, and other aspects of business development. The new household indicators will also provide invaluable real-time information for policymakers who hope to strengthen our economy at the household level, where it matters most.

In addition to the new household indicators, the BEA is also requesting funding for two other important new initiatives, which we also strongly support. The first is a new set of business and industry indicators designed to provide more detailed information for guiding business policy and regulation. Realigning and expanding on existing measures, the BEA will develop new measures of quarterly GDP-by-
industry and industry-level productivity, of the scope and activity of small
businesses across several types, and of net investment and other key aspects of
business health over the long term. These measures (among others), will create
what is effectively a new “Economic Dashboard” for monitoring business and
industry trends, providing critically important information for analysts,
policymakers, and regulators to identify problems and target responses more
effectively.

Another new initiative, on measuring “Energy’s Economic Impact,” is also vitally
important for the health of our economy. Working in consultation with the Energy
Information Administration of the U.S. Department of Energy, the BEA will
incorporate detailed data on energy prices, production, and usage into its national
and industry accounts, creating a more integrated statistical framework for
measuring energy’s impact on economic growth. This will provide critical new
information for assessing the energy-related challenges we increasingly face in
our economic development.

Finally, the Modernization of Statistical Production initiative entails critically-
needed major upgrades in the BEA’s data processing and management systems.
As detailed in the BEA’s FY2012 budget request, a pilot version of the upgrade,
applied to several components of GDP production, reduced processing time from
72 hours to 30 minutes, a tremendous increase in efficiency. In addition to major
efficiency gains, these improvements will also enhance security and greatly
expedite security troubleshooting throughout the system. In both ways, staff time
previously lost to technical inefficiencies and other technical constraints will
become available for analysis and quality control, improving the integrity of our
national accounting system in a time when the accuracy and precision of such
macroeconomic data can have relatively large impacts on policy and budget
decisions in many areas.

As we emerge from a major crisis fueled in part by massive information failures
about what was happening in our economy, we commend the Bureau of
Economic Analysis for developing new initiatives to fill critical gaps in our
economic understanding. The proposal for a new system of household accounts is
particularly important as we seek to restore household-level buying power and
solvency at the heart of our economy. We urge Congress to provide the $3.87
million requested for this vital new information source in our national accounting
system. At the same time, the new economic dashboard for business and industry
trends, at $5.2 million, and the new statistical framework for measuring energy’s
economic impact, at $1.2 million, will provide extremely valuable information for
managing and improving our economy and should also be funded. Finally, the
modernization of statistical production initiative, at $2.96 million, deserves
support as a core investment in the efficiency and quality of our national
accounting system.
Together, these small investments in our information infrastructure will repay the public many times over by filling large gaps in our economic knowledge. In today’s increasingly complex economy, this is a critical step forward for improving the effectiveness of economic policy and supporting continued progress for the American people.

Thank you.

**Associations**

American Association for Public Opinion Research
American Statistical Association
American Sustainable Business Council
Association of Academic Survey Research Organizations
Association of Population Centers
Association for University Business and Economic Research
Council for Community and Economic Research
The Council of State Governments
National Association for Business Economics
National Association of Development Organizations
Population Association of America
United States Chamber of Commerce

**Organization Leaders**

Sarah Burd-Sharps
Co-director, American Human Development Project

Craig Calhoun
President, Social Science Research Council
Allan Carlson  
**President, Howard Center for Family, Religion, and Society**

Reid Cramer  
**Director, Asset Building Program, New America Foundation**

Teresa Ghilarducci  
**Director, Schwartz Center for Economic Policy Analysis, The New School**

Neva Goodwin  
**Co-director, Global Development and Environment Institute, Tufts University**

Miles Rapoport  
**President, Dēmos**

Robert Scardamalia  
**President, Association of Public Data Users**

Howard Silver, Executive Director  
**Consortium of Social Science Associations**

Edward J. Spar  
**Executive Director, Council of Professional Associations on Federal Statistics**

John Talberth  
**President, Center for Sustainable Economics**

**Individuals**

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