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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**

**J. Lawrence Aber**  
Steinhardt School of Culture, Education, and Human Development, New York University

**Dean Baker**  
Co-director, Center for Economic and Policy Research

**Jay Bryson**  
Global Economist, Wells Fargo

**Janice L. Cooper**  
Interim Director, National Center for Children in Poverty, Columbia University

**Sheldon Danziger**

Gerald R. Ford School of Public Policy, University of Michigan

**Richard DeKaser**

The Parthenon Group

**Rajeev Dhawan**

Director, Economic Forecasting Center  
Georgia State University

**William C. Dunkelberg**

Chief Economist, National Federation of Independent Business

**Lisa Emsbo-Mattingly**

Senior Economic Analyst, Fidelity Investments

**Nancy Folbre**

Professor of Economics, University of Massachusetts-Amherst

**Carol Graham,**

Senior Fellow in Global Economy and Development, Brookings Institution

**Kevin Hassett**

Senior Fellow and Director Economic Policy Studies  
American Enterprise Institute

**Maurine Haver**

Founder and CEO, Haver Analytics

**Parul Jain**

Macrofin Analytics

**Alan Krueger**

Bendheim Professor of Economics and Public Affairs, Princeton University

**Adolfo Laurenti**

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**Robert Litan**

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**Andrew Reamer**

Research Professor, George Washington Institute of Public Policy, George Washington University

**Lynn Reaser**

Chief Economist, Point Loma Nazarene University

**Martin A. Regalia**

Senior Vice President for Economic and Tax Policy, U.S. Chamber of Commerce

**James Gustave Speth**

Professor Emeritus, Yale School of Forestry and Environmental Studies

**Chris Varvares**

President, Macroeconomic Advisers, LLC

**Rich Wobbekind**

President, National Association for Business Economics

Associate Dean for MBA and Executive Programs, University of Colorado at Boulder