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April 13, 2012

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 FY2013 budget request of \$96.5 million for the Bureau of Economic Analysis, including funding for important program changes that will provide valuable new information about key 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 heartened by two new BEA program changes in the President's Fiscal Year 2013 budget. Together they represent an important step forward in our national accounting, promising new, highly relevant data for today's policy challenges, at a very small cost to taxpayers.

We strongly support the BEA initiative called "Decomposition of Personal Income," which will develop a new suite of statistics focused on household income, expenses, debt, and saving. 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 a "Quarterly GDP by Industry" initiative, which we also strongly support. This program change is 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.

As we emerge from a major crisis fueled in part by extensive 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 new, more probing indicators of household income is particularly important as we seek to restore household-level buying power and solvency at the heart of our economy.

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 Statistical Association
Association for University Business and Economic Research
Association of Population Centers
Association of Public Data Users
Consortium of Social Science Associations
Council for Community and Economic Research
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Demos
Marketing Research Association
Population Association of America